

[Translation]

Notice and Proxy Excerpt of 38<sup>th</sup> Annual Meeting of Shareowners

The 38<sup>th</sup> annual meeting of shareowners of Kakuyasu Group Co.,Ltd. will be held on June 26, 2020 for the following purposes:

1. To approve an incorporation-type company split plan;
2. To approve partial amendments of the Article of Incorporation;
3. To elect nine (9) persons to the Board of Directors.

June 10, 2020

**Junichi Sato**  
Representative Director and President

Disclaimer

The notice and proxy statement constitutes a translation of the Japanese originals and is provided as an excerpt in English for reference purpose. Please understand that if any discrepancies between the excerpt and the originals, the originals shall prevail.

[Translation]

## Proposal 1: Approval of an incorporation-type company split plan

The Company seeks your approval for a plan to split itself into two separate companies. The split will result in the creation of a new company named Kakuyasu Co., Ltd. that will take over the Company's rights and obligations related to all its operations except those related to the management of its subsidiaries and affiliates. The reason for the company split is as follows:

### 1. Reason for incorporation-type company split

On December 23, 2019, the Company was listed in the 2nd Section of the Tokyo Stock Exchange. The Company's management philosophy is centered around its determination and preparedness to meet any customer demand. The Company's stores are named *Anything Liquor Store Kakuyasu*, reflecting the philosophy. On going public, the Company formed a growth strategy to transform into a "delivery platform company" by utilizing its established distribution infrastructure. The Company also aims to expand the "Kakuyasu model" to major cities beyond Tokyo and its surrounding prefectures. On May 1, 2020, the Company acquired Sannoh Co.,Ltd. in Fukuoka, marking the first step of expansion into regional cities.

The domestic liquor market is on a downward trend and is facing a major turning point due to the coronavirus pandemic. The Company expects that changes in the business environment will accelerate.

To achieve sustainable growth in this environment, the Company believes it needs to create a flexible and dynamic management structure that allows it to quickly respond to rapidly changing market environments. The Company has thus decided to establish a holding company structure.

The new structure will clearly separate the Kakuyasu Group's strategic management function and business execution function. As a result, the operating company will have the responsibility and authority to establish a flexible business structure that enables it to respond to changes. This allows the company to execute business operations efficiently and meet customer expectations. The holding company aims to develop management strategies for sustainable growth of the Group. It plans to consolidate operations within the Group to strengthen and streamline the management infrastructure. Additionally, the holding company will create a system that allows it to boldly allocate resources to growth areas. It will accelerate the expansion of the

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business domain by taking advantage of business and capital alliances and M&A.

### 2. Outlines of incorporation-type company split

Kakuyasu Co., Ltd. (the business name will change to Kakuyasu Group Co., Ltd. on October 1, 2020; hereinafter “KYG”) will undergo an incorporation-type company split (hereafter “the Split”) to allow a new company named Kakuyasu Co., Ltd. (hereinafter “KY”) to take over KYG’s rights and obligations related to all its operations except those related to the management of its subsidiaries and affiliates (hereinafter “the Operations”) and will prepare a plan for an incorporation-type company split (hereinafter “the Plan”). The following text outlines the details of the Plan.

#### Articles 1. (Matters about KY stated in the articles of incorporation)

1. KY’s purpose, business name, head office address, number of authorized shares, and other matters shall be stated in the Articles of Incorporation.
2. The address of KY’s head office shall be 2-3-1 Toshima, Kita-ku, Tokyo.

#### Article 2. (KY's directors and auditors at incorporation)

KY's directors and auditors at incorporation shall be as follows:

- (1) Directors at incorporation: Junichi Sato, Nobuhiko Sekiguchi, Kimikazu Kirihara, Yoshio Suda, Katsumi Tanahashi
- (2) Auditor at incorporation: Akihiko Tajima

#### Article 3 (Rights and obligations to be succeeded to by the Company)

1. KYG shall transfer its assets, liabilities, employment contracts, and other rights and obligations related to the Operations to KY on the establishment date set out in Article 6. These rights and obligations shall be based on the balance sheet and other financial statements as of March 31, 2020, and shall reflect any increases or decreases up to the date immediately preceding the establishment date mentioned in Article 6 (the details are set out in Attachment 2). KY shall take over the assets, liabilities, employment contracts, and other rights and obligations.
2. The liabilities that KY takes over from KYG shall be jointly and severally assumed by KY. After the Split, KYG shall be liable for the liabilities jointly and severally with KY.

#### Article 4 (Number of shares that KY shall deliver at the time of the Split)

At the time of the Split, KY shall issue 500 common shares and deliver all of them to KYG as payment for the rights and obligations set forth in paragraph

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1 of the preceding article.

### Article 5 (Amounts of KY's capital and reserves)

The amounts of KY's capital and reserves shall be as follows:

- (1) Amount of capital: Ten million (10,000,000) yen
- (2) Amount of legal capital surplus: Ten billion (1,000,000,000) yen or the amount of change in shareholder's equity, etc. set forth in Article 49, Paragraph 1 of the Corporate Accounting Rules minus the amount specified in (1), whichever is smaller
- (3) Amount of legal retained earnings: 0 yen

### Article 6 (Date of establishment of the company incorporated through incorporation-type company split)

The date of establishment of KY (hereinafter "the Establishment Date") shall be October 1, 2020. KYG may change the Establishment Date as necessary according to the progress in the procedure.

### Article 7 (Resolution to approve the Split, etc.)

KYG shall approve the Plan at its shareholders' meeting and implement other necessary procedures in accordance with applicable laws and regulations by the date immediately preceding the Establishment Date set forth in Article 6.

### Article 8 (Duty not to compete)

KYG shall not be obligated to avoid competition in the Operations taken over by KY.

### Article 9 (Change to the Plan, etc.)

KYG may modify the Plan and cancel the Split if its financial position or business situation undergoes significant changes due to acts of God or other causes or if any issues arise that may hinder the Split process from the creation of the Plan to the Establishment Date.

### Article 10 (Effectiveness of the Plan)

If the Plan fails to gain approval from the shareholders' meeting mentioned in Article 7 or the regulatory authorities set forth in relevant laws and regulations, it shall become invalid.

### Article 11 (Matters not stipulated in the Plan)

Necessary matters related to the Split, other than those set forth in the Plan, shall be determined according to the Plan's purpose.

May 25, 2020

[Translation]

## Proposal 2: Partial Amendment to the Articles of Incorporation

The Company requests changes in Article 1 and Article 2, effective October 1, 2020, provided that the company split described in Proposal 1 takes effect, and other changes effective June 26, 2020. The reasons are as follows.

### 1. Reasons for proposal

- 1) After the reorganization, the Company will control or manage other companies engaged in business activities and plans to change Article 1 (Trade name) and Article 2 (Purpose) accordingly.
- 2) The Company plans to make it possible to purchase treasury shares flexibly by resolution of the Board of Directors. To do so, the Company intends to add Article 7 (Purchase of treasury shares) and move all articles that follow down by one position. Additionally, the Company intends to modify the phrasing of Article 39 (Decision-making body about dividends, etc.) that currently exists.

### 2. Details of amendments

(The changes are underlined.)

	Current Articles of Incorporation		Changes proposed
(Trade name)		(Trade name)	
Article 1.	The trade name of the Company shall be Kakuyasu Co., Ltd.	Article 1.	The trade name of the Company shall be Kakuyasu Group Co., Ltd.
(Purpose)		(Purpose)	
Article 2.	The purpose of the Company shall be to engage in the following businesses.	Article 2.	The purpose of the Company shall be to hold shares or equity of companies (including foreign companies) engaged in businesses set out in each item below and other entities to control or manage their business activities.

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	<ol style="list-style-type: none"> <li>1. Retail business that delivers goods or sell them at stores</li> <li>2. Delivery service or services at stores</li> <li>3. Online sales and catalog mail order business, and intermediary service thereof</li> <li>4. Retail sale, wholesale sale, and collection of liquors and their containers, and intermediary service thereof</li> <li>5. Sale of beverages, food, and seasonings, and intermediary service thereof</li> <li>6. Sale of flowers, ornaments, tobacco, books, DVDs, and stationery, and intermediary service thereof</li> <li>7. Sale of consumables, clothing, daily expendable items, and cooking utensils, and intermediary service thereof</li> <li>8. Issuance and sale of gift certificates and prepaid cards, etc.</li> <li>9. Planning, development, export, and import of goods mentioned in each item above</li> <li>10. Services related to the operation of restaurants</li> <li>11. Services related to the management of franchise business</li> <li>12. Advertising, ad agency service, marketing, information provision</li> <li>13. Freight vehicle transportation business</li> <li>14. Consigned freight forwarding business</li> <li>15. All businesses incidental or related to the above</li> </ol>		<ol style="list-style-type: none"> <li>1. Retail business that delivers goods or sell them at stores</li> <li>2. Delivery service or services at stores</li> <li>3. Online sales and catalog mail order business, and intermediary service thereof</li> <li>4. Retail sale, wholesale sale, and collection of liquors and their containers, and intermediary service thereof</li> <li>5. Sale of beverages, food, and seasonings, and intermediary service thereof</li> <li>6. Sales of flowers, ornaments, tobacco, books, DVDs, and stationery, and intermediary service thereof</li> <li>7. <u>Sale of drugs and quasi-drugs and intermediary service thereof</u></li> <li>8. Sale of consumables, <u>clothing</u>, daily expendable items, and cooking utensils, and intermediary service thereof</li> <li>9. Issuance and sale of gift certificates and prepaid cards, etc.</li> <li>10. Planning, development, export, and import of goods mentioned in each item above</li> <li>11. Services related to the operation of restaurants</li> <li>12. Services related to the management of franchise business</li> <li>13. Advertising, ad agency service, marketing, information provision</li> <li>14. Freight vehicle transportation business</li> <li>15. Consigned freight forwarding business</li> <li>16. <u>Management consulting</u></li> <li>17. <u>Development, sale, design, and contract operation of computers, information processing equipment, and software related to these products, and consulting about these products</u></li> <li>18. <u>Contract paperwork and business processing in various industries</u></li> <li>19. <u>Outsourcing related to human resources management, labor management, and social and labor insurance</u></li> <li>20. <u>Real estate sale, rental, management, and agency service, and building contractor business</u></li> <li>21. <u>Acquisition, possession, and management of trademark rights, design rights, and other intellectual property</u></li> <li>22. <u>Money lending, monetary guarantee, and investment</u></li> <li>23. <u>All businesses incidental or related to the above</u></li> </ol>
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	Current Articles of Incorporation		Changes proposed
			2) The Company may engage in the businesses set forth in each item above and all businesses incidental or related to them.
		(Purchase of treasury shares)	
		Article 7	<u>The Company may acquire treasury stock by a resolution of the Board of Directors pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act.</u>
	(Organization that determines dividends of surplus, etc.)	(Organization that determines dividends of surplus, etc.)	
Article 39	The Company shall determine dividends of surplus and other matters specified in the items of Article 459, paragraph (1) of the Companies Act by resolution of the Board of Directors, without a resolution of a shareholder's meeting, unless otherwise provided for by laws and regulations.	Article 40	The Company <u>may determine</u> the distribution of dividends from surplus and other matters specified in the items of Article 459, Paragraph 1 of the Companies Act by a resolution of the Board of Directors, without a resolution of a shareholder's meeting, unless otherwise provided for by laws and regulations.

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### Proposal 3: Election of nine (9) Directors

The term of the office of all seven (7) incumbent directors will expire at the conclusion of the Annual Meeting of Shareowners. The Company proposes the election of nine (9) directors.

Meanwhile, three candidates including Yoshiyuki Maegaichi, Kimikazu Kirihara, and Junichiro Shinozaki will assume office as of October 1, 2020, subject to the corporate split being effective.

Candidate No.	Status	Name	Current Title
1	Reappointment	Junichi Sato	Representative Director and President
2	Reappointment	Akihiko Tajima	Director and Executive Vice President
3	Reappointment	Yoshihiko Namiki	Director
4	Reappointment	Nobuhiko Sekiguchi	Director
5	Reappointment	Katsuhiko Ikeda	Outside Director
6	Reappointment	Kimio Tsujitani	Outside Director
7	New appointment	Yoshiyuki Maegaichi	Executive Officer
8	New appointment	Junichiro Shinozaki	Executive Officer
9	New appointment	Kimikazu Kirihara	Executive Officer