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March 6, 2017

Company: DyDo Group Holdings, Inc.
Representative: Tomiya Takamatsu, President
(Code 2590 on the First Section of the Tokyo Stock Exchange)
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Continuation of Measures to Respond to Large-Scale Acquisition of Our Company's Stock (Takeover Defense Measures)

On January 15, 2008, Measures to Respond to Large-Scale Acquisition of Our Company's Stock (Takeover Defense Measures) were adopted by the Board of Directors of the Company and were most recently reapproved by shareholders at the Company's 39th Annual General Meeting of Shareholders on April 16, 2014 (hereinafter referred to as "the Plan"). The effective term of the current plan lasts until the end of the 42nd Annual General Meeting of Shareholders to be held in April 2017. In light of changes in socioeconomic circumstances, the appearance of various behavior and arguments in response to our Takeover Defense Measures, and the main thrust of the Corporate Governance Code determined by the Tokyo Stock Exchange, as part of our efforts to secure and improve the mutual benefit of all shareholders, as well as the value of our company, we have given ongoing consideration to the ideal state of such measures.

Therefore, in accordance with our Basic Policy regarding Corporate Governance, as part of measures to maintain continuous growth and to enhance mid-to-long term corporate value while ensuring the harmonious coexistence and mutual prosperity of all stakeholders, including our customers, our employees, our business partners, local communities and our shareholders, we have reached the conclusion that it is essential to maintain these Measures to Respond to Large-Scale Acquisition of Our Company's Stock. We therefore hereby announce that with the consent of all attending members of the Board of Directors (including two external directors) at the Board of Directors meeting today, that conditional on obtaining the approval of the shareholders at the Annual General Meeting of Shareholders, we have decided that these measures (these Takeover Defense Measures after reapproval being hereinafter referred to as "the Plan") shall be continued as the Plan. The Company's reasons for continuing with the Plan are as described in **Reasons for Continuing with the Plan** below.

With regard to the continuation of the Plan, all four of our corporate auditors have expressed their opinions stating that they are in favor of continuing with the Plan as long as the detailed aspects of the Plan are executed properly. Furthermore, the state of the Company's major shareholdersas of January 20, 2017 is as shown in **Attachment 1**. As of today, there are no proposals regarding any large-scale acquisition of our company's stock.

The major changes incorporated into the Plan over the Existing Plan are as follows:

(i) An upper limit has been established for the time period during which additional information may be sought by the Board of Directors of the Company from prospective large-scale purchasers from whom necessary information has already been received.

(ii) The Company has clarified the fact that when an allotment of stock acquisition rights without contribution is offered as a countermeasure to large-scale acquisition bids, there is no suggestion that money should be offered for the value of the stock acquisition rights that are held by the large-scale purchaser.

(iii) In addition, some changes have been made to words/phrases and the wording has been edited.

Reasons for Continuing with the Plan

In terms of whether we should accept a bid by a large-scale purchaser for large-scale acquisition of our Company's stock, bearing in mind that the final decision should be left to the shareholders, with regard to acquisition attempts that would seek to contribute to the management of the Company, the Company shall not categorically reject all such acquisition attempts if they would greatly increase the corporate value of the Company.

The purpose of the large-scale acquisition rules laid out in the Plan regarding the large-scale acquisition of our Company's stock is to provide to you, our shareholders, the information that you need to determine whether or not a large-scale acquisition bid should be accepted, and to advise you of the opinions of the members of the Board of Directors who are presently engaged in the management of the Company, in order to ensure that you have the opportunity to learn about any alternate plans. Currently, although there are some measures in place to control the abusive acquisition of stocks under the Financial Instruments and Exchange Act, it is conceivable that there are cases in which the law is not always effective. For example, when it is not possible to legally secure the time to submit and consider information prior to the commencement of a takeover bid or to restrict buying-up in the market. Therefore, we believe that establishing large-scale acquisition rules will form the basis on which you, our shareholders and investors, can make appropriate investment decisions, and that securing adequate time can be an effective means of facilitating constructive dialogue between shareholders and prospective large-scale purchasers who have the potential to improve corporate value.

The economic environment surrounding our domestic beverage business, which is our Group's core business, remains harsh, and in order to improve mid-to-long term corporate value, we are in a situation that requires us to constantly modify our earnings structure to be able to more flexibly cope with the changing times.

We believe that it is necessary, at times, from a mid-to-long-term perspective, to act rapidly and decisively to implement bold measures as a company, in order to be able to promptly cope with the changes that are expected to occur in the industry at an ever-increasing pace, and achieve continuous growth and increased corporate value in the mid-to-long term, while ensuring the harmonious coexistence and mutual prosperity of all stakeholders, namely our customers, our employees, our business partners, local communities and our shareholders. In cases where stock equivalent to more than 20% of the total number of issued shares of the Company has been acquired, however, it is feared that this will have a major influence on the management of the Company and may lead to a situation in which the aforementioned policies cannot be executed. Furthermore, when we consider factors such as the quorum and the ratio of voting rights, there is clearly the potential for such a situation to have a major impact on special resolutions at the Annual General Meeting of Shareholders.

The list of major shareholders as of January 20, 2017 is shown in **Attachment 1**. Although approximately 33% of issued shares are held by the President and Representative Director of the Company, Tomiya Takamatsu, Chairman/Director Tomihiro Takamatsu, and the asset management company under their direct control, many of our shareholders are private investors and are from a wide range of backgrounds. With the exception of the President and Chairman/Director of the Company, none of the founder-related shareholders are presently involved in the management of the company, and as voting rights are executed at the discretion of each individual, there is no difference in terms of position between them and general shareholders. With regard to shares of the Company that are held by founder-related shareholders, it is suspected that they will become further divided through assignment, inheritance and other disposition at the discretion of the individuals

involved and according to the circumstances that surround them. In light of the above, there is always the possibility that a large-scale acquisition may occur that will have a negative impact on the corporate value of the Group and be contrary to the best interests of shareholders. The following are but two examples.

(i) The domestic beverage business is our core business and we have approximately 280,000 vending machines located throughout Japan, which makes us a prominent player in the industry. Recently, there have been cases where the value of vending machine businesses has been highly appraised for their merger and acquisition potential in the beverage industry, and there is the possibility that a large-scale purchaser may focus on the large number of vending machines that we hold and we may face the threat of a hostile takeover that does not have an increase in the mid-to-long term corporate value of the Company in mind.

(ii) On the other hand, our Group's proprietary vending machine business model is built on a mutual relationship of trust between stakeholders, in which the business is run together and directly by the employees of our Group and the employees of *Kyoeikai* (the vending machine operator that deals with our products), which means that it is heavily reliant on personnel. Depending on the policy of a large-scale purchaser, a change in management policy may cause both groups of employees to feel insecure or cautious, which may lead to resistance or loss of support, resulting in a drop in the quality of the vending machine business, with the resulting huge loss of popular (high sales throughput) vending machine sites, causing reduced cash flow capacity as well as a decline in the mid-to-long term corporate value of the Company.

In light of the above, it was determined that reapproving the large-scale acquisition rules is essential in order to maintain continuous growth and enhance mid-to-long term corporate value, and to be able to respond quickly to changes that are expected to occur in the industry at an ever-increasing pace, and that it is the duty of the Board of Directors to be constantly ready for any unexpected events by continuing with the Plan based on the essence of our Group's proprietary vending machine business model.

I. Basic Policy regarding Who should Oversee Decisions regarding the Financial and Business Policies of the Company

In terms of who should oversee decisions regarding the financial and business policies of the Company, we believe that it is desirable for that person to be someone who will strive for the harmonious coexistence and mutual prosperity of all stakeholders in our Company, including you, our shareholders, our customers, local communities, our business partners, and our employees, and work to secure and improve the mutual benefit of all shareholders, as well as the corporate value of our Company.

Shareholders come to us through the freedom to trade on the share market, and ultimately it is the shareholders who control and actually oversee those who oversee the Company. Therefore, we believe that ultimately the decisions concerning whether or not to accept proposals regarding acquisitions accompanying the transfer of control of the Company should be carried out based on the will of the shareholders as a whole.

However, among the large-scale acquisition bids or acquisition offers involving the shares of this Company, we believe that there will be some that will not contribute to the corporate value of the Company or to the mutual benefit of shareholders, including those that may practically force shareholders to sell shares, those that do not provide the necessary time or information for the Board of Directors and shareholders of the Company to be able to consider the details of such an acquisition, or for the Board of Directors of the Company to present an alternative offer, those where the price offered for such acquisition, and the method and other details associated

with such acquisition, are inappropriate for the corporate value of the Company and the shareholders, and those where it is feared that such acquisition may harm the relationship between the Company and stakeholders.

The Company believes that a person who is engaged in such large-scale acquisition bids or acquisition offers, and who has the potential to have a serious detrimental effect on the corporate value and the brand of the Company, which will be reflected in the mutual benefit of shareholders, is inappropriate to have as a person to oversee decisions regarding the financial and business policies of the Company.

II. Efforts that Contribute to the Realization of the Basic Policy

In order to encourage long-term continuous investment in the Company by you, our many investors, as part of efforts to increase the corporate value of the Company and the mutual benefit of shareholders, the Company is carrying out the following measures. We believe that these efforts will contribute to the realization of the Basic Policy described in **I.** above.

1. Efforts that Contribute to the Continuous Improvement of Corporate Governance

The domestic beverage business, which is the core business of our Group, deals with the soft drink products that are so closely related to the daily lives of consumers. Approximately 85% of the sales in this segment are derived from sales through vending machines that are part of our local communities. By adopting fabless management, in which production and transportation are all subcontracted to partner businesses throughout the country without owning a factory, we can concentrate our management resources on the planning and development of our products and the vending machine operation, and the approximately 280,000 vending machines that we have throughout Japan, which are managed by the employees of our Group and *Kyoeikai* (the vending machine operator that handles our products).

As such a unique business model can only stand on the basis of mutual trust between the Company and our stakeholders, we are extremely aware that it is our corporate duty and top management priority to achieve “happiness and prosperity together with people and society as a whole”. In order to achieve that, we are working to continuously improve our corporate governance, which is the framework for transparent, fair, quick and bold decision-making that forms the foundation from which we can “continue our dynamic efforts to take on new challenges”.

Please see **Attachment 2** for the Company’s Basic Policy regarding corporate governance.

The main facets of these ongoing efforts to improve corporate governance that were carried out during the term of the Existing Plan are as shown below.

(1) Transition to a Holding Company Structure

In order to push forward with the challenge of creating corporate value for the next generation, on January 21, 2017, the Group made the transition to a holding company structure. By strengthening Group governance and clarifying the responsibilities and authority of each business, in addition to stepping up to the challenge of continually increasing the cash flow of our core domestic beverage business, in response to the increasing importance of the international beverage business within the Group, we will work to develop business and risk management systems for our international beverage businesses.

(2) Revitalizing and Strengthening the Functions of the Board of Directors

We will carry out the following plans with the aim of revitalizing and strengthening the functions of the Board of Directors. Further improvements will be planned based on the results of performance-based assessments of the Board of Directors.

(i) Reduction in the Number of Members on the Board of Directors Determined in the Articles of Incorporation

With the aim of improving the functionality of the Board of Directors and streamlining the deliberation process, at the 41st Annual General Meeting of Shareholders, which was held on April 15, 2016, we tabled a proposal to reduce the number of Directors determined in the Articles of Incorporation from nine to seven, which was approved by our shareholders.

(ii) Shortening of the Term of Directors Determined in the Articles of Incorporation

With a aim of clarifying the management responsibilities of the Directors and creating a functional management structure that is able to quickly respond to changes in the management environment, at the 41st Annual General Meeting of Shareholders, which was held on April 15, 2016, we tabled a proposal to reduce the term of board members as determined in the Articles of Incorporation from two years to one year, which was approved by our shareholders.

(iii) Ratio of Independent Outside Directors

At the 42nd Annual General Meeting of Shareholders, which is scheduled to be held on April 14, 2017, the Board of Directors will table a proposal to have two external directors out of a total of six directors, and if the proposal is approved in its original form then the ratio of independent external directors will be one third of all directors.

(3) Introduction of a Performance-Based Incentive System

Coinciding with the transition to the holding company structure, we have introduced a performance-based incentive system in which shares of the Company will be assigned according to the degree to which the key performance indicators (KPIs) are achieved. Implementing a highly transparent, objectively assessed incentive system closely linked to Group performance will heighten directors' and executive officers' awareness of the importance of improved performance and the need to contribute to greater corporate value.

(4) Early Notice of Convocation of the Annual General Meeting of Shareholders

We have been sending out the Notice of Convocation of the Annual General Meeting of Shareholders three weeks prior to the meeting in order to enable our shareholders to secure adequate time to consider the agenda of the meeting. However, starting with the 41st Annual General Meeting of Shareholders that was held on April 15, 2016, in light of the basic approach set forth in the Corporate Governance Code, ahead of sending it out, we will publish the Notice of Convocation of the Annual General Meeting of Shareholders on our website four weeks prior to the date of the meeting.

2. Efforts to Enhance Corporate Value through the Mid-Term Business Plan

(1) Overview of the Mid-Term Business Plan

Based on our new Group philosophy and Group vision, our Group is pushing ahead with our current mid-term business plan (Challenge the Next Stage), which will end in FY2018. The four challenges that we face are: growing existing businesses; enhancing product strength; expanding overseas businesses; and establishing new business foundations. Our objective is to increase consolidated sales to 200 billion yen and achieve an operating margin of 4% by FY 2018.

(2) Present Strategy and Future Prospects

With regard to the beverage industry, although no major growth is expected to occur in Japan on account of the declining birthrate and the aging population, other companies in the industry have come up with policies to improve profitability and have gone ahead with concentrating on a certain brand or revising their products/containers. The situation is still harsh, however, in terms of the earnings environment, and the current economic climate requires us to keep changing our earnings structure in line with the times in order to improve mid-to-long term corporate value.

In light of this situation, while remaining an industry leader in our core vending machine business, in order to enhance the competitiveness of the Group as a whole, our Group has already started to move beyond existing boundaries and on to the challenge of creating corporate value for the next generation.

(i) Reform the Vending Machine Business Model and Endeavor to Continuously Increase Cash flow

While giving consideration to the environment by extending the life of vending machines, we are taking up the challenge to drastically reform fixed cost structures by attempting to greatly reduce the per unit purchase price.

Furthermore, from September 2016, we also commenced our new “Smile STAND” service, which offers a new way for customers to interact with vending machines.

The network of 280,000 or so vending machines that we have spread throughout the country is part of the social infrastructure and is also one of the Group’s major assets that can be used as a platform to create new value for the Company. Part of our future investment plans includes turning 150,000 of our vending machines into a nationwide IoT platform.

(ii) Further Enhance the Power of the DyDo Blend Brand and Aim to Become a Top Brand

DyDo Blend Coffee was developed by blending only carefully selected coffee beans in order to achieve the rich and complicated flavor that our canned coffee connoisseurs are seeking. In our quest for the original taste of coffee, we continue to insist on keeping our coffee free from artificial flavors. The support of our customers for DyDo Blend Coffee over the years and the established brand value are a stable source of cash flow for our Group. In the future we plan to further enhance the power of the DyDo Blend brand, which is a big asset for the Group, and make it into the top canned coffee brand.

(iii) Accelerate Business Development and Endeavor to Achieve Dramatic Top Line Growth

With regard to our overseas development, in addition to completing our acquisition of shares in the Beverage Division of Malaysia’s Mamee Duble Decker(M)Sdn. Bhd. in December 2015, in February 2016 we acquired 90% of shares in three beverage-manufacturing subsidiaries of Yildiz Holding A.S in

the Republic of Turkey. So, as part of our plans to export our proprietary vending machine business model – which is the main strength of our Group – throughout the world, in addition to securing these new business bases in the Islamic world, we are also pushing the boundaries elsewhere, such as in Moscow, Russia, where we are further increasing the number of vending machines.

In the future, we plan to further accelerate business development overseas, focusing main on the Commonwealth of Independent States (CIS), Islamic countries and Greater China, while working to conquer the challenge of achieving dramatic top-line growth.

(iv) Establish a New Stream of Income through M&A Strategies

In order to cope with major changes in the business environment and achieve ongoing improvements in terms of profit growth and capital efficiency as a Group, we believe that in addition to working to achieve ongoing increases in cash flow through existing businesses, that a key strategy will be to utilize the internal reserves that have been accumulated over the years to enter into new fields of business with high earnings and growth potential, such as healthcare. We will tackle this challenge by reorganizing our corporate structure into one that is able to implement our M&A strategy in a timely and flexible manner.

III. Content of The Plan
(Measures to prevent the control of decision-making regarding the financial and business policies of the Company by someone inappropriate in light of our Basic Policy.)

1. Aim of Reapproving The Plan

The Plan should be reapproved in order to prevent decision-making regarding the financial and business policies of the Company being controlled by someone who is inappropriate in light of the Basic Policy as described in **I.** above.

The aim of the Plan with regard to large-scale acquisition bids is to provide necessary and adequate information and time to you, our shareholders, to enable you to be able to make appropriate decisions concerning whether or not to accept such large-scale acquisition bids by: (1) requiring prospective large-scale purchasers to provide necessary and adequate information prior to execution; (2) securing time for the Company to gather information and carry out investigations, etc., regarding large-scale acquisition bids; and (3) presenting the plans of our management team and alternative offers, and conducting negotiation with such prospective large-scale purchasers as required.

The state of our major shareholders as of 20 January 2017 is shown in **Attachment 1**. Although approximately 33% of issued shares are held by the President and Representative Director of the Company, Tomiya Takamatsu, Chairman/Director Tomihiro Takamatsu, and the asset management company under their direct control, many of our shareholders are private investors and are from a wide range of backgrounds. With the exception of the President and the Chairman/Director of the Company, none of the founder-related shareholders are presently involved in the management of the company, and as voting rights are executed at the discretion of each individual, there is no difference in terms of position between them and general shareholders. With regard to shares of the Company that are held by founder-related shareholders, as it is suspected that they will become further divided through assignment, inheritance and other disposition at the discretion of the individuals involved and according to the circumstances that surround them, these shares are

no guarantee of future stability. Furthermore, it is conceivable that in the future the stable market held by our proprietary business model using mainly vending machines and our management know-how, etc., may become exposed to the latent risk of acquisition. In light of the above, it is impossible to deny the possibility that a large-scale acquisition may occur that will have a negative impact on the corporate value of the shares of the Company and the mutual benefit of all shareholders, and as the importance of securing the necessary information and time for shareholders to make decisions when such a large-scale acquisition bid occurs is no different from that of other companies, the Board of Directors of our Company believes that it is necessary to introduce countermeasures beforehand.

In light of the above, the Board of Directors of the Company decided to establish certain rules regarding the submission of information, etc., at the time of large-scale acquisition (hereinafter, referred to as "Rules for Large-Scale Acquisition"), and, together with Takeover Defense Measures containing countermeasures for dealing with cases in which large-scale acquisition has occurred by an entity who is inappropriate in light of the Basic Policy described in **I**. above, conditional on approval of the shareholders of the Company at the Annual General Meeting of Shareholders, decided to continue with them as the Plan.

Furthermore, as mentioned above, as the Company, at this stage, believes that the ratio of shareholders that are considered to have a stabilizing influence on the company is high, in the Plan, although an Independent Committee has been established to exclude the possibility of arbitrary decision-making by the Board of Directors, when a resolution is made in a General Meeting of Shareholders regarding the execution of countermeasures, it can only be moved on the recommendation of the Independent Committee, meaning that under this system, consideration is also given to preventing the arbitrary execution of countermeasures by the Board of Directors by means of the stabilizing influence of such shareholders.

Please see **Attachment 3** for a flow diagram of the Plan.

2. Acquisition of the Shares of the Company that are the Subject of The Plan

The acquisition of the shares of the Company that are the subject of the Plan is deemed to be an attempt to acquire the share certificates, etc., of the Company (Note 3) for the purpose of making the voting rights ratio (Note 2) of a special shareholder group (Note 1) 20% or more, or an attempt to acquire the shares, etc., of the Company where as a result of such acquisition the voting rights ratio of such special shareholder group becomes 20% or more (Irrespective of the method of acquisition, whether it be a market trade or a takeover bid, acquisitions that have the prior consent of the Board of Directors of the Company are excluded. Such large-scale acquisition is hereafter referred to as "large-scale acquisition" and the entity that is engaged in the large-scale acquisition is hereafter referred to as a "large-scale purchaser".).

Note 1: Special Shareholder Group means:

(i) holders of the Company's share certificates, etc., (meaning share certificates, etc., as determined in Article 27-23 Section 1 of the Financial Instruments and Exchange Act) (including entities included in the holders in accordance with Article 27-23 Section 3 of said Act, and hereinafter the same), and their joint-holders (meaning joint-holders as determined in Article 27-23 Section 5 of said Act, including entities regarded as joint-holders in accordance with Section 6 of the same Article, and hereinafter the same) as well as entities that have a certain relationship with said holders or their joint-holders, which is similar to the relationship between holders and their joint-holders (hereinafter referred to as "quasi-joint-holders") or;

(ii) entities engaged in the acquisition, etc., (meaning the acquisition, etc., determined in Article 27-2 Section 1 of said Act, including acquisition that is carried out in the financial market of a stock exchange) of the share certificates, etc., of the Company, and special parties involved in such (meaning special parties involved as determined in Article 27-2 Section 7 of said Act, and hereinafter the same).

Note 2: Voting Right Ratio means:

(i) in the case of the special shareholder group mentioned in (i) of Note 1, the total of (1) the ratio of share certificates, etc., held by said holders (meaning the ratio of share certificates held as determined in Article 27-23 Section 4 of the Financial Instruments and Exchange Act. In such cases, the number of share certificates, etc., held by said holders' joint-holders (meaning the number of share certificates, etc., held as determined in the same Section, and hereinafter the same) shall be included in the calculation); and (2) the ratio of share certificates, etc., held by said quasi-joint-holders (however, when adding (1) and (2), the number of overlapping share certificates, etc., held between (1) and (2) shall be excluded); or

(ii) in the case of the special shareholder group mentioned in (ii) of Note 1, the total of the ratio of share certificates, etc., held by said large-scale purchaser and said special parties involved (meaning the ratio of share certificates, etc., held as determined in Article 27-2 Section 8 of said Act).
When calculating each voting rights ratio, in terms of the number of total voting rights (meaning the number as determined in Article 27-2 Section 8 of said Act) and the total number of issued shares (meaning the total number as determined in Article 27-23 Section 4 of said Act), reference can be made to the most recently submitted document from among Annual Securities Reports, Quarterly Securities Reports and Share Buyback Reports.

Note 3: Share certificates, etc., means share certificates, etc., as determined in Article 27-23 Section 1 or Article 27-2 Section 1 of the Financial Instruments and Exchange Act.

3. Establishment of the Independent Committee

Under the Plan, regardless of whether or not a large-scale purchaser adheres to the rules for large-scale acquisition, or even in cases where such rules have been adhered to, in order to maintain transparency, objectivity, fairness and rationality while preventing the Board of Directors of the Company from making arbitrary decisions concerning major decisions, including whether or not to take countermeasures when it is deemed that said large-scale acquisition will seriously damage the corporate value of the Company and the mutual benefit of shareholders, whether or not to convene a General Meeting of Shareholders to approve taking countermeasures, or whether to terminate countermeasures that have been taken, the Board of Directors of the Company is made accountable to the Independent Committee that was established as an organization separate from the Board of Directors (please see **Attachment 4** for an overview of this Independent Committee). Furthermore, this Independent Committee shall carefully evaluate and consider matters regarding large-scale acquisition from the perspective of securing and improving the corporate value of the Company and the mutual benefit of shareholders in response to inquiries from the Board of Directors of the Company, make recommendations to the Board of Directors of the Company with clear explanations regarding the reasons and basis for their decisions, and the Board of Directors of the Company shall take such recommendations into consideration with the utmost respect. An outline regarding the content of such recommendations of the Independent Committee shall be announced as required.

The Independent Committee shall be comprised of three or more people appointed from among external directors, external auditors, external experts (experienced corporate managers, persons familiar with investment/banking, attorneys, certified accountants, persons with academic experience, or similar persons) (with regard to candidates for the Independent Committee after the reapproval of the Plan, please see **Attachment 5**).

4. Overview of Large-Scale Acquisition Rules

The large-scale acquisition rules established by the Board of Directors of the Company state that: (1) a prospective large-scale purchaser shall submit necessary and adequate information regarding the large-scale acquisition prior to execution; and (2) such large-scale acquisition shall be commenced after a set period of evaluation that is conducted by the Board of Directors of the Company. An outline of these is shown below.

(1) Prior Submission of Letter of Intent

When a prospective large-scale purchaser seeks to carry out a large-scale acquisition, prior to the large-scale acquisition or proposing the large-scale acquisition, we firstly request the submission of a letter of intent in Japanese addressed to the President of this company containing a legally binding written covenant stating the intent to adhere to our rules for large-scale acquisition. When the Company has received such a letter of intent, the matter, and where necessary the details, shall be promptly announced.

(a) Name and address of large-scale purchaser
(b) Governing law for incorporation
(c) Name of representative
(d) Contact in Japan
(e) An outline, etc., of the proposed large-scale acquisition

(2) Submission of Necessary Information

Within ten (10) business days of the day following the day on which the letter of intent mentioned in (1) above was received, the Board of Directors of the Company shall issue a document containing a list of the necessary and adequate information required for you, our shareholders, to form opinions and make a decision for the Board of Directors of the Company (hereinafter referred to as the "necessary information") that we want the large-scale purchaser to submit. We request the prospective large-scale purchaser to submit such necessary information in writing in Japanese as per the requirements on the list of necessary information to the Board of Directors of the Company.

General items included in the list of necessary information are shown below. Although the specific content will differ according to the attributes of the large-scale purchaser and the content of the large-scale acquisition, in either case, the scope of the list will be restricted to the necessary and adequate information required for shareholders to make a decision and form opinions for the Board of Directors of the Company.

(a) Details regarding the large-scale purchaser and its group (including joint-holders, special parties involved, co-operative members (in the case of a fund), and other constituent members) (including names, business details, capital composition, financial details, history and information regarding experience in fields similar to the business of the Company and the Group companies of the Company).

(b) The purpose and details regarding the large-scale acquisition (including price/type of remuneration for the large-scale acquisition, etc., timing of such large-scale acquisition, etc., transaction mechanism involved, legality of the method of such large-scale acquisition, etc., feasibility of such large-scale acquisition, etc., and related transactions).

(c) The basis of determining the cost of acquiring the shares of the Company in the large-scale acquisition and substantiation of acquisition funds (including the facts on which the cost is determined, the method of calculation, information regarding figures used in the calculation, details regarding the synergy that is expected to occur as a result of a series of transactions in relation to such large-scale acquisition, the name of the provider of the funds (including the real provider), the method of acquiring the funds and details regarding related transactions).

(d) Candidates for the management team that will be installed in the Company and the Group companies of the Company after the large-scale purchaser joins the management of the Company (including information regarding experience, etc., in businesses similar to the Company and the Group companies of the Company), suggested management policies, business plan, financial plan, capital measures, dividend policy and asset utilization measures, etc.).

(e) The expected customers, business partners, employees and stakeholders of the Company after the execution of the large-scale acquisition, as well as whether or not there will be any changes in the relationship between the aforementioned parties and the Company and the Group companies of the Company, including details of such changes.

(f) Other information as deemed reasonably necessary by the Board of Directors of the Company.

In the interests of ensuring the timely implementation of the large-scale acquisition rules, the Board of Directors of the Company may, as required, give the large-scale purchaser a time limit for the submission of information. However, when the large-scale purchaser requests an extension for the submission of the information on reasonable grounds, such time limit may be extended.

Furthermore, in cases where as a result of a close examination by the Board of Directors of the Company of the necessary information that was submitted it is determined to be insufficient, after setting a reasonable time frame for receiving a reply (up to 60 days from the day on which the initial information was received) they may request the submission of additional information from the large-scale purchaser until the provision of such necessary information is complete.

When it is determined by the Board of Directors of the Company that sufficient necessary information has been provided by the large-scale purchaser to properly evaluate and consider the large-scale acquisition, a notice regarding that fact (hereinafter, referred to as the "notice regarding the completion of the submission of information") will be sent to the large-scale purchaser, as well as being announced publicly.

Furthermore, regardless of the fact that the submission of additional necessary information has been requested by the Board of Directors of the Company, when part of such information is not provided by the large-scale purchaser, if a reasonable explanation is offered with regard to why such information has not been provided, in some cases negotiations with the large-scale purchaser regarding the submission of information may be terminated even if the necessary information requested by the Board of Directors of the Company is not complete, and in addition to publically announcing that fact, the evaluation and consideration process mentioned in (3) below that is carried out by the Board of Directors of the Company may be commenced.

In addition to submitting the necessary information provided to the Board of Directors of the Company to the Independent Committee, when it is determined to be necessary for our shareholders in their decision-making process, at a time deemed appropriate by the Board of Directors of the Company, all or a part of such information will be announced.

(3) Evaluation and Consideration by the Board of Directors of the Company

Depending on the degree of difficulty in evaluating, etc., the large-scale acquisition, after the submission of necessary information to the Board of Directors of the Company by the large-scale purchaser has been completed, the Board of Directors of the Company shall establish a period for evaluation, consideration, negotiation and to form opinions and alternate proposals (hereinafter referred to as the "Board of Directors' evaluation period"), which is a maximum of 60 days in cases where all of the shares of the Company are acquired through a takeover bid using cash only (Japanese yen) for remuneration, and a maximum of 90 days in cases of any other large-scale acquisition.

During the Board of Directors' evaluation period, the Board of Directors of the Company shall, when necessary, with the advice of external specialists (financial advisers, certified accountants, attorneys and other specialists), thoroughly evaluate and consider the necessary information submitted, form an opinion as a collective body and announce the outcome. In some cases as required they may also conduct negotiations with the large-scale purchaser regarding improving the condition of the large-scale acquisition, or, as the Board of Directors of the Company, they may present alternate proposals to our shareholders.

5. Policy for Handling Large-Scale Acquisition

(1) Cases where a Large-Scale Purchaser has Adhered to the Large-Scale Acquisition Rules

When a large-scale purchaser adheres to the rules for large-scale acquisition, even though they are against such large-scale acquisition, the Board of Directors of the Company shall, as a rule, not take countermeasures against such large-scale acquisition, but only give explanations to our shareholders, including expressing dissenting opinions regarding said acquisition proposal and presenting alternate proposals. Whether or not to accept the offer by the large-scale purchaser will be left to the discretion of you, the shareholders of the Company, to decide after considering said acquisition proposal, the opinions of the Company regarding such acquisition proposal, and alternate proposals.

However, even in cases where the large-scale acquisition rules were adhered to, when the Board of Directors of the Company has determined that the corporate value of the Company and the mutual benefit of shareholders will be greatly harmed by such large-scale acquisition, for example, in cases of such large-scale acquisition as described in (a) to (f) below where it is clearly foreseeable that damage that is difficult to reverse may occur as a consequence to the Company, the Board of Directors of the Company may, based on the principle of the duty of care of a good manager, take exceptional countermeasures within the scope of what is necessary and reasonable, as permitted under company law, other laws and the Articles of Incorporation of the Company as required in order to protect the benefits of our shareholders, including the allotment of stock acquisition rights without contribution.

(a) In cases where a large-scale acquisition will clearly damage the corporate value of the Company and the mutual benefit of shareholders through the actions described in (i) to (iv) below:

(i) Acquire all the shares of the Company and demand that the Company purchase such shares at a much higher price (so called "greenmailing").

(ii) Gain temporary control of the Company and engage in management to gain profit through activities such as acquiring the major assets of the company and/or Group companies at a cheap price at the sacrifice of the Company.

(iii) Use the assets of the Company and/or the Group companies of the Company as surety for the obligations of the purchaser or its group companies, or as a source of funds to make settlement.

(iv) Take temporary control of the management of the Company in order to dispose of the high-value assets of the Company that are not directly related to the business of the Company and/or Group companies of the Company at the time, and use such proceeds to produce temporary high dividends, or to sell out shares after such a temporary high dividend has caused a steep rise in the share price.

(b) In cases where a large-scale acquisition will in reality force shareholders to sell shares through a high-handed two-stage buyout (meaning the execution of a takeover bid after soliciting a partial acquisition of shares while setting disadvantageous or unclear conditions for the second-stage acquisition), or similar procedures.

(c) In cases where it is determined that the conditions proposed by the large-scale purchaser regarding the acquisition of the shares of the Company (including but not limited to the type and amount of the purchase price, the basis for determining such price, or other details regarding conditions, legality or feasibility) are inadequate or inappropriate in light of the value of the Company.

(d) In cases where it is determined that by taking control of the Company, the large-scale purchaser will significantly damage the corporate value of the Company and the mutual benefit of shareholders through actions, such as damaging relationships with customers, business partners, employees, local communities and other stakeholders that are essential to the ongoing increase in the value of the Company.

(e) In cases where it is determined that there is a possibility that the large-scale acquisition will cause serious hindrance to the protection and improvement of the corporate value of the Company and Group companies of the Company, as well as the mutual benefit of shareholders, due to inadequate or inappropriate management policies after acquisition, which may hinder the growth and stability of the business of the Company and Group companies of the Company.

(f) In cases where it is determined that the large-scale purchaser is inappropriate to be the controlling shareholder of the Company from the perspective of public order and decency.

(2) Cases where a Large-Scale Purchaser has Not Adhered to the Large-Scale Acquisition Rules

In cases where a large-scale purchaser has not adhered to the large-scale acquisition rules, on receiving the recommendation of the Independent Committee to take countermeasures, the Board of Directors of the Company may, in some cases, within a necessary and reasonable scope as permitted by company law, other laws and the Articles of Incorporation of the Company, take countermeasures in order to protect the corporate value of the Company and the mutual benefit of shareholders, including the allotment of stock acquisition rights without contribution.

(3) Resolutions of the Board of Directors and the Convocation of a General Meeting of Shareholders

In the cases described in (1) and (2) above, when a decision has to be made regarding whether or not to take countermeasures, while paying the utmost respect to the recommendations of the Independent Committee, and after giving adequate consideration to the necessity and appropriateness of the countermeasures, as an organization that is in charge of making decisions regarding whether or not to take countermeasures as determined under company law, the Board of Directors of the Company shall pass a resolution.

With regard to specifically what kind of measures will be taken, the Board of Directors of the Company shall select the method that they deem to be the most appropriate at the time. In terms of specific countermeasures that can be taken by the Board of Directors of the Company, for example, although an outline of an allotment of stock acquisition rights without contribution is shown in **Attachment 6,** in reality, in cases where such action is taken, in some cases, other conditions will be added in light of their effectiveness as an countermeasure, including placing the restriction that one should not belong to a special shareholder group with over a certain ratio of voting rights to be able to execute the stock acquisition rights, or adding the condition to stock acquisition rights that the Company shall acquire such acquisition rights from the holder of such rights in exchange for the shares of the Company. However, there is no suggestion that money should be offered for the value of stock acquisition rights that are held by a large-scale purchaser. Furthermore, in cases where the Independent Committee has recommended that countermeasures should be taken and the necessity and appropriateness of taking such actions is deemed to be necessary to confirm the intention of shareholders, and a request has been made to hold a General Meeting of Shareholders, the Board of Directors of the Company shall set a period with a maximum of 60 days as a period during which shareholders can give adequate consideration to whether or not to take countermeasures under the Plan (hereinafter, referred to as the "consideration period for shareholders"), and during the consideration period for shareholders, in some cases a General Meeting of Shareholders may be held.

When the Board of Directors of the Company has passed a resolution regarding the convocation of a General Meeting of Shareholders and the relevant date, the evaluation period for the Board of Directors will end on such date and the consideration period for shareholders will commence.

Prior to holding said General Meeting of Shareholders, the Board of Directors of the Company will prepare a document containing the necessary information provided by the large-scale purchaser, the opinions of the Board of Directors of the Company concerning such necessary information, alternate proposals presented by the Board of Directors of the Company, and other matters deemed appropriate by the Board of Directors of the Company, and send it to our shareholders together with the convocation notice for the General Meeting of Shareholders, while disclosing such matters in a timely and appropriate manner.

When a resolution is passed at a General Meeting of Shareholders regarding whether or not to execute countermeasures, the Board of Directors of the Company shall comply with such resolution. If the execution of countermeasures is voted down in the General Meeting of Shareholders, the Board of Directors of the Company will not take countermeasures. The consideration period for shareholders will be terminated on the conclusion of such General Meeting of Shareholders and the results of such General Meeting of Shareholders shall be disclosed as required in a timely and appropriate manner after the passing of the resolution.

(4) Stand-by Period for Large-Scale Acquisition

The stand-by period prior to the execution of a large-scale acquisition shall be, in cases where the consideration period for shareholders is not given, the period up until the end of the evaluation period for the Board of Directors of the Company, while it shall be the combined period of the evaluation period for the Board of Directors and the consideration period for shareholders in cases where such period for shareholders is given. Large-scale acquisition cannot be executed during this stand-by period for large-scale acquisition.

Therefore, large-scale acquisition can only be commenced after the stand-by period for large-scale acquisition has passed.

(5) Suspension, etc., of Countermeasures

After it has been decided in the meeting of the Board of Directors of the company, or the General Meeting of Shareholders, that specific countermeasures should be executed in accordance with (3) above, in cases such as when the large-scale purchaser in question has cancelled or changed the acquisition, or the Board of Directors of the Company has decided that it is inappropriate to take countermeasures, in some cases, while giving utmost respect to the recommendations of the Independent Committee, the execution of countermeasures may be suspended.

For example, in cases where an allotment of stock acquisition rights without contribution has been scheduled, or even after it has been executed after a resolution regarding such allotment was passed at a meeting of the Board of Directors of the Company, when the Board of Directors has determined that it is not appropriate to execute the countermeasures due to cancellation or changes in the large-scale acquisition, while giving utmost respect to the recommendations of the Independent Committee, the Board of Directors may cancel said allotment up to the day one day prior to the effective date of such allotted acquisition rights, and after the allotment of such rights, the Board of Directors may suspend the countermeasure by way of stock acquisition by the Company without contribution prior to the execution of the rights. When such suspension is carried out, the decision regarding such will be disclosed as required in a timely and appropriate manner in accordance with the laws, ordinances and the regulations of the stock exchange where the stock of the Company is listed.

6. Impact on Our Shareholders and Investors

(1) The Impact of the Plan on Our Shareholders and Investors

As the allotment of stock acquisition rights without contribution is not automatically carried out under the Plan at the time of reapproval, there will not be any specific impact on the rights of shareholders at the time of reapproval. The purpose of the large-scale acquisition rules in the Plan is to provide the necessary information to enable shareholders to make decisions regarding whether or not to accept large-scale acquisitions and to present the opinions of the Board of Directors, which is actually in charge of managing the Company, and to secure an opportunity for our shareholders to be able to be presented with alternate proposals. We believe that this will enable our shareholders, on the basis of adequate information and proposals, to make the right decisions regarding whether or not to accept such offers, which will lead to the protection of the corporate value of the Company and the mutual benefit of shareholders. Therefore, the setting of large-scale acquisition rules is a prerequisite for making appropriate investment decisions for shareholders and investors, and we believe it will also contribute to your benefit.

However, as there is a difference in terms of the way in which the Company handles large-scale acquisition, depending on whether or not the large-scale purchaser adheres to the large-scale acquisition rules, we would like to advise our shareholders and investors to please pay close attention to disclosures from the Company and the movements of large-scale purchasers.

(2) Impact of the Execution of Countermeasures on our Shareholders and Investors

In cases where the Board of Directors of the Company has decided to take countermeasures mentioned in **5. Policy for Handling Large-Scale Acquisition** for the purpose of protecting the corporate value of the Company and the mutual benefit of shareholders, such decisions will be disclosed as required in a timely and appropriate manner in accordance with the laws, ordinances and regulations of the stock exchange where the

stock of the Company is listed.

We do not envisage a situation where our shareholders other than large-scale purchasers will incur substantial losses in terms of legal rights or financial aspects when such countermeasures are executed. In cases where the allotment of stock acquisition rights without contribution is to be executed as part of countermeasures, our shareholders will receive stock acquisition rights on the day of allotment without contribution according to the number of shares retained by each shareholder. Later when the Company processes the acquisition rights with the acquisition condition attached, no disadvantages will come to our shareholders, except large-scale purchasers, in exchanging the allotted stock acquisition rights given by the Company with shares of the Company. However, in cases where the Company cancels the issue of such stock acquisition rights or acquires such issued stock acquisition rights without contribution due to the decision of the Board of Directors of the Company in accordance with the recommendations of the Independent Committee, for shareholders and investors who have carried out purchases or sales with the aim of diluting the value of the shares of the Company after it has been settled which shareholders should receive the allotment of stock acquisition rights without contribution (after the day of ex-rights), there is the possibility that unforeseeable losses may occur to those shareholders and investors due to fluctuations in the share price.

As for large-scale purchasers, etc., in cases where they do not adhere to the large-scale acquisition rules, or where it is determined that such large-scale acquisition will significantly harm the value of the Company and the mutual benefit of shareholders even if the large-scale acquisition rules are adhered to, there is the possibility that they will become the subject of countermeasures, which may result in disadvantages in terms of legal rights and financial aspects. Announcement of the Plan should raise awareness among large-scale purchasers regarding the need to not infringe the large-scale acquisition rules.

(3) Procedures that Shareholders will Need to Follow When Countermeasures are Introduced

In cases where allotment of stock acquisition rights without contribution is carried out as part of countermeasures, our shareholders will be allotted stock acquisition rights without them needing to make a request, and when the company carries out the allotment procedure, the shares of this company will be issued in exchange for the stock acquisition rights, meaning that our shareholders will not need to carry out procedures, such as application requests or payment in association with said stock acquisition rights. In terms of details regarding procedures, these will be disclosed as required in a timely and appropriate manner in accordance with the laws, ordinances and regulations of the stock exchange where the stock of the Company is listed when it is actually decided that the allotment of stock acquisition rights without contribution will be carried out.

7. Commencement, Duration and Cancellation of the Plan

On condition that it is approved in the General Meeting of Shareholders, the Plan shall come into effect on the same day and the effective term shall be until the end of the Annual General Meeting of Shareholders (scheduled to be held in April 2020), which is related to the last financial year out of those that end within three years from this day.

However, even during the effective term of the Plan, if a resolution is passed in a General Meeting of Shareholders of the Company regarding the cancellation of the Plan, or such a resolution is passed by the Board of Directors of the Company, when such resolutions are passed, the Plan shall be cancelled. If the Plan is cancelled, the Company shall publically announce the fact that it is cancelled in a timely and appropriate manner.

Furthermore, even during the effective term of the Plan, when the need arises to make adjustments to the clauses determined in the Plan, including adding corrections to the definition of the terminologies used therein, due to the establishment of new rules or the revision or repeal of related laws and ordinances, or the regulations of the stock exchange, after considering the intent of such changes, while paying the utmost respect to the recommendations of the Independent Committee, and to the extent that it does not contravene the intent of the resolution of the General Meeting of Shareholders, the Board of Directors shall make any reasonable corrections required to the Plan and continue with its implementation.

IV. The Fact that the Plan Complies with our Basic Policies and Supports the Corporate Value of the Company and the Mutual Benefit of Shareholders, but is Not Intended to Maintain the Position of the Board Members of the Company

When designing the Plan, our aim was to ensure that the Plan complies with our basic policies as mentioned in **I.** above, while supporting the corporate value of the Company and the mutual benefit of shareholders, without making it a tool to maintain the position of the board members of the Company by considering the various points shown below.

1. Satisfy the Requirements of Policies regarding Takeover Defense Measures

The Plan satisfies the three rules determined in Guidelines regarding Takeover Defense Measures for Securing and Improving the Corporate Value and Mutual Benefit of Shareholders, which were announced by Ministry of Economy, Trade and Industry and Ministry of Justice on 27 May 2005 ((1) The principle of protecting and enhancing corporate value and the mutual interests of shareholders; (2) the principle of prior disclosure and respect for the intent of shareholders; and (3) the principle of confirming necessity and legitimacy). It also takes into consideration the content of a report presented by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 1998, titled, "Ideal Takeover Defense Measures in Light of Various Recent Environmental Changes" and "Principle 1-5. So-called Takeover Defense Measures" in the "Corporate Governance Code," which was announced by the Tokyo Stock Exchange on June 1, 2015.

2. Continue with the Aim of Securing and Improving the Mutual Benefit of Shareholders

The Plan makes it possible for our shareholders to have the time and information necessary to consider whether or not to accept a large-scale acquisition of the shares of the Company when such an attempt is made, and also provides an opportunity for them to see alternate proposals presented by the Board of Directors of the Company. The purpose of reapproving the Plan is to secure and improve the corporate value of the Company and the mutual benefit of shareholders.

3. Reflect the Intent of Shareholders

In this General Meeting of Shareholders, the Company would like to confirm the intention of our shareholders with regard to the reapproval of the Plan. Even during the effective term of the Plan, if a resolution is passed in a General Meeting of Shareholders or in a meeting of the Board of Directors regarding

the cancellation of the Plan, the Plan will be cancelled when such resolution is passed, reflecting the intent of our shareholders.

4. Exclude Arbitrary Decision-Making by the Board of Directors

Under the Plan, an Independent Committee will be established as a separate organization independent of the Board of Directors of the Company, and when the Board of Directors of the Company makes decisions regarding whether or not to execute countermeasures, in order to assure transparency, objectivity, fairness and rationality, and exclude the possibility of arbitrary decision-making by the Board of Directors of the Company, it shall have the utmost respect for the recommendations of the Independent Committee. It is also stipulated that an outline of the decisions of the Independent Committee shall be disclosed to shareholders, and that a structure be established to ensure the transparent operation of the Plan for the protection of the corporate value of the Company and the mutual benefit of shareholders.

5. Establish Rational and Objective Factors for the Execution of the Plan

Procedures for the execution of the Plan are designed in such a way that they are unable to proceed without satisfying certain rational and objective factors, meaning that there is a structure in place to prevent arbitrary execution by the Board of Directors of the Company.

6. No Dead-Hand or Slow-Hand Takeover Defense Measures

The Plan can be cancelled by the Board of Directors, which consists of directors who were appointed solely at the General Meeting of Shareholders of the Company. Therefore, this Plan is not a “dead-hand” measure (in which the execution of takeover defense measures cannot be cancelled even when the majority of board members are replaced).

As the term of office for board members is one (1) year in the Company with no staggered terms, the Plan is neither a “slow-hand” measure (in which it is impossible to change board members all at once and it takes a long time to stop the execution of countermeasures). There are also no additional requirements for resolutions, such as special resolutions, regarding the dismissal of directors.

Attachment 1

Status of Major Shareholders as of January 20, 2017

Shareholder name	Number of shares（1,000 shares）	Percentage of voting rights
HighWood Co. Ltd.	2,470	14.91
Santomi	2,011	12.14
Taita Corporation	738	4.45
Tomihiro Takamatsu	495	2.98
Tomiya Takamatsu	495	2.98
Akira Takamatsu	494	2.98
Tamon Takamatsu	480	2.90
Takamatsu Co., Ltd.	461	2.78
Japan Trustee Services Bank, Ltd. (Trust Account)	442	2.66
The Master Trust Bank of Japan, Ltd. (Trust Account)	303	1.83
Total	8,392	50.65

Notes. 1. The percentage of voting rights is calculated based on the total number of issued shares ratio is calculated after deducting treasury shares (950 shares).

2. The number of shares held is rounded down to the nearest 1,000 shares.

Attachment 2

Basic Policy Regarding Corporate Governance

1.Basic Approach to Corporate Governance

"DyDo Group strives to achieve happiness and prosperity together with people and society as a whole. To realize this, we will continue our dynamic efforts to take on new challenges."
Our corporate philosophy inspires us in our ongoing quest to ensure proper, upstanding business practices and rigid compliance with relevant laws and regulations. It motivates us to constantly improve management efficiency and transparency, and to promote the group's mutual benefits with all of our stakeholders, including our customers, our employees, our business partners, our communities, and our shareholders. It is the very cornerstone of our corporate governance, which is geared toward generating sustainable growth and improving corporate value over the medium- to long-term.



Our core business is Domestic Beverage Business and, as approximately 85% of those sales come from vending machines in the local community, it is fair to say that our products are familiar parts of consumers' everyday lives. Moreover, our operations are conducted under a "fabless management" system, which means we have no plants of our own and instead oursource work in close cooperation with producers and distributors nationwide to make and deliver products. We concentrate our resources on more specific roles, such as product planning and development, and vending machine operations. We have about 280,000 vending machines around Japan, which are maintained by DyDo Group employees and the DyDo Vending Partner Association (vending machine operators that handle DyDo products). It is a rather unique business model that depends on the trust of our stakeholders.

As such, we believe "happiness and prosperity together with people and society as a whole" is more than just a nice phrase for a corporate philosophy—it is our duty, and the overriding objective of our business activities. To that end, our "dynamic efforts" are founded on a bedrock of corporate governance, a steadfast platform of transparent, fair, swift, and bold decision-making. Moreover, we continually work to improve that foundation in order to contribute to the benefit of our shareholders.

2. How We Put the Japan's Corporate Governance Code

(1) Securing the rights and Equal Treatment of Shareholders

At the DyDo Group, our corporate philosophy guides us to work in close partnership with a broad range of stakeholders. For instance, we endeavor to effectively secure the rights of our shareholders, and to prepare an environment in which they can exercise those rights appropriately.

(2) Appropriate Cooperation with Stakeholders Other Than Shareholders

We are keenly aware that our efforts to generate sustainable growth and improve corporate value over the medium- to long-term (as enshrined in our corporate philosophy) are reliant on the valuable resources and contributions of a broad spectrum of stakeholders, including our customers, our employees, our business partners, and our communities. Moreover, we are proud to work in close partnership with our stakeholders, and we proactively incorporate their feedback into the running of the DyDo Group. The executives and board of directors are charged with leading the creation and maintenance of a corporate culture that demands respect for the rights and positions of stakeholders and firm adherence to corporate ethics.

(3) Ensuring Appropriate Information Disclosure and Transparency

In line with our policy of transparency, fairness, and long-term focus, we provide shareholders, investors, and all other stakeholders the information they need to make informed decisions. This includes information on our companies' finances, business performance, management strategies and issues, risks, and other matters relating to governance. Indeed, we consider our legal obligation to disclose pertinent information promptly and appropriately to be a serious matter. In addition, however, we are also eager to publish information that encourages correct understanding of the DyDo Group to the furthest possible extent.

(4) Responsibilities of the Board

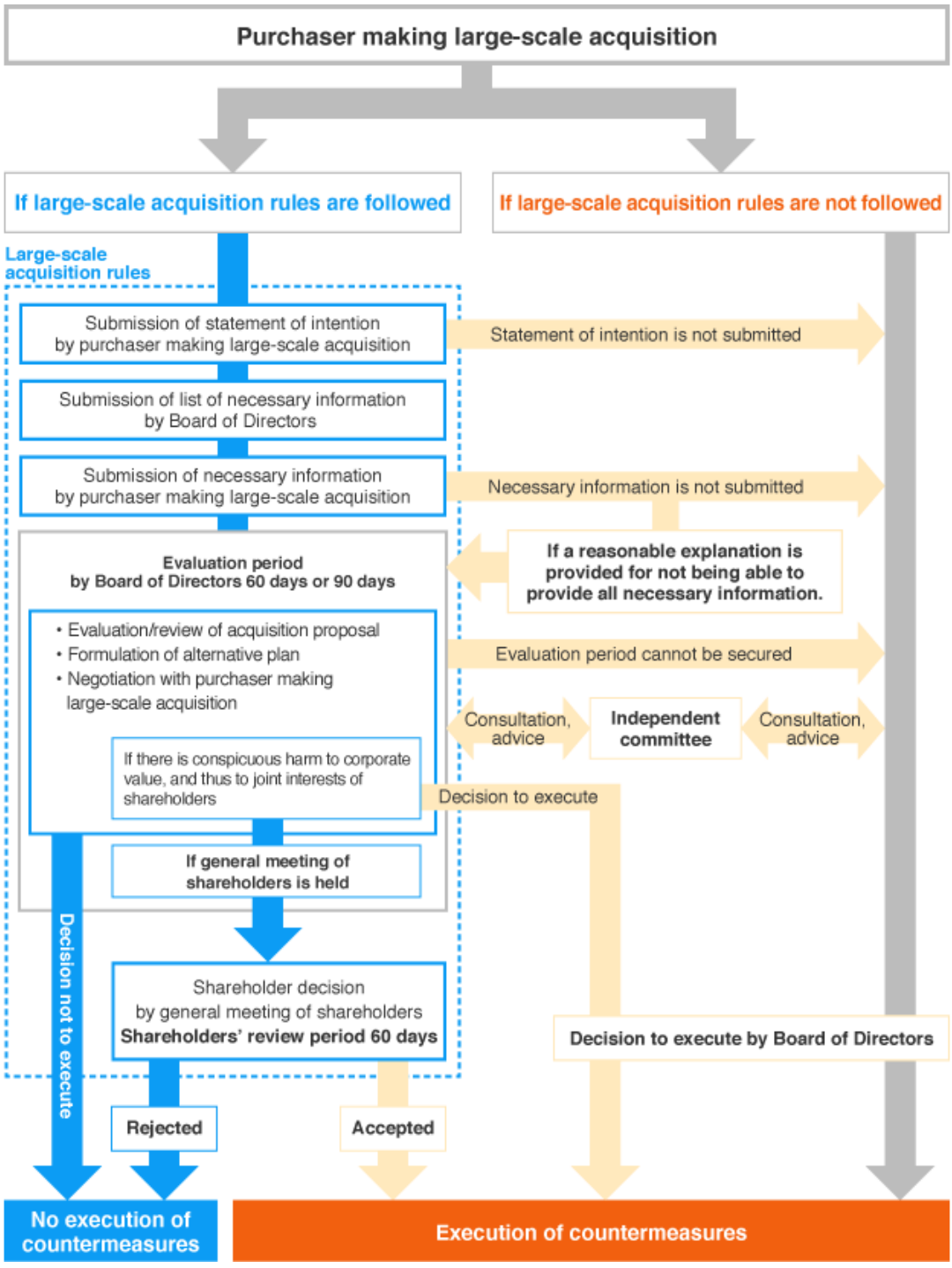
The board of directors seeks to discharge its responsibility and accountability to shareholders by pursuing a three-pronged strategy for consistent improvement of the group's earning power and capital efficiency so as to achieve sustainable growth and improve corporate value over the medium- to long-term. Those three facets are: 1) set the direction for implementation of the group's corporate strategy; 2) establish a platform for executives to take calculated risks; and 3) institute effective, independent, and objective oversight of executives and directors.

(5) Dialogue with Shareholders

Constructive dialogue with shareholders is an integral part of our IR strategy, which is geared toward our goal of sustainable growth and improved corporate value over the medium- to long-term. Such communication not only fosters correct understanding of the DyDo Group, but it also generates valuable feedback that serves as a frank appraisal of our true trustworthiness and corporate value.

Attachment 3

Overview of Rules for Large-Scale Acquisition



Note. The aim of this diagram is to help you to understand the Plan. As such, although it depicts an outline of typical procedures, it should by no means be considered as showing all procedures that can be taken. For further details, please refer to the main text of this document.

Attachment 4

An Outline of the Independent Committee

1. Entity with the Authority to Establish/Dismiss the Independent Committee

The Independent Committee shall be established or dismissed by means of a resolution of the Board of Directors.

2. Constituent Members

The Independent Committee shall be comprised of three (3) or more people appointed from among external directors, external auditors, external experts (experienced corporate managers, persons familiar with investment/banking, attorneys, certified accountants, persons with academic experience, or similar entities) by means of a resolution of the Board of Directors.

3. Convocation

Any member of the Independent Committee or the Board of Directors may convene a meeting of the Independent Committee as required.

4. Resolutions

A resolution of the Independent Committee shall be passed by means of a majority vote of those in attendance, and, as a rule, all committee members shall be present.

5. Recommendations

The Independent Committee shall give recommendations to the Board of Directors together with an attached explanation regarding the reasons and basis for such decision in response to an inquiry from the Board of Directors. Each member of the Independent Committee shall make recommendations from the perspective of whether or not the decision in question will contribute to the corporate value of the Company and the mutual benefit of shareholders.

6. Powers and Duties

(1) The Independent Committee may request the Board of Directors to provide them with the explanations and information necessary to enable them to make appropriate decisions.

(2) When the Independent Committee determines that the information submitted by a large-scale purchaser is insufficient, or that additional information is required, the Independent Committee may request said large-scale purchaser directly or through the Board of Directors to provide more information as deemed reasonable and necessary.

(3) The Independent Committee may seek advice from investment banks, security companies, attorneys or other external specialists as required at the expense of the Company.

7. The Duty of the Board of Directors to Respect the Independent Committee

The Board of Directors must give the utmost respect to the recommendations of the Independent Committee.

Attachment 5

Independent Committee Member Candidate Backgrounds

Shinji Mori

Profile

April 1972:	Joined the Supreme Court Legal Training and Research Institute.
April 1974:	Appointed to serve as a judge on the Yokohama District Court.
April 1986:	Became a judge on the Kyoto District Court.
April 1989:	Registered as a member of the Osaka Bar Association.
April 2001:	Appointed External Auditor of the Company
April 2014:	Appointed External Director of the Company (his current position)

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Taizo Yoshida

Profile

January 1979	Registered as Licensed Tax Accountant
February 1979	Opened Yoshida Certified Tax Accountant Office
April 1999	Appointed External Auditor of the Company (his current position)

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Sachie Kato

Profile

April 1969:	Joined the Supreme Court Legal Training and Research Institute.
April 1971:	Appointed to serve as a public prosecutor on the Tokyo District Public Prosecutors Office.
April 1974:	Registered as a member of the Osaka Bar Association.
April 2014:	Appointed External Auditor of the Company (her current position)

Notes. 1. There are no particular conflicts of interest between any of the above candidates and the Company.

2. External Director Shinji Mori is registered as an independent officer in accordance with the regulations of the Tokyo Stock Exchange.

Attachment 6

Outline of Allotment of Stock Acquisition Rights Without Contribution

1. Shareholders Eligible for an Allotment of Stock Acquisition Rights without Contribution

Shareholders that are recorded in the final Shareholder Register on the reference date determined by the Board of Directors of the Company shall be allotted stock acquisition rights without new contribution at a ratio of one (1) stock acquisition right for one (1) share of common stock of the Company held (excluding common stock held by the Company).

2. Type and Number of Shares to be Acquired upon Execution of Stock Acquisition Rights

The type of shares to be acquired upon execution of stock acquisition rights shall be common stock of the Company and the upper limit for the total number of shares that can be acquired through the exercise of such stock acquisition rights shall be the difference between the total number of authorized shares of the Company as of the reference date set by the Board of Directors and the total number of issued common shares of the Company (excluding the common shares of the company that are held by the Company). The number of shares to be acquired upon exercise of each of the stock acquisition rights shall be determined elsewhere by the Board of Directors of the Company. However, in cases where a stock split or a reverse stock split is carried out by the Company, the required adjustment shall be carried out.

3. Total Number of Stock Acquisition Rights to be Issued

The total number of stock acquisition rights to be issued shall be determined by the Board of Directors of the Company elsewhere. The Board of Directors of the Company may conduct allotment of stock acquisition rights multiple times.

4. Value of Property to be Invested upon Exercise of Stock Acquisition Rights (Price to be Paid)

The value of property to be invested upon exercise of each stock acquisition right (price to be paid) shall be an amount of one (1) yen or more as determined by the Board of Directors of the Company.

5. Restrictions on the Transfer of Stock Acquisition Rights

Acquisition of stock acquisition rights by means of transfer of such rights requires the approval of the Board of Directors of the Company.

6. Conditions for the Execution of Stock Acquisition Rights

Conditions applying to the execution of stock acquisition rights include that the eligible person should not belong to a special shareholder group that has 20% or more of voting rights (however, this shall exclude persons that have already obtained the prior approval of the Board of Directors of the Company). Details regarding such conditions shall be determined by the Board of Directors of the Company elsewhere.

7. Stock Acquisition Rights Execution Period

The first day on which stock acquisition rights can be executed, the execution period, conditions for acquisition and other necessary matters shall be determined by the Board of Directors of the Company elsewhere. With regard to conditions for acquisition, the Company may set rules, such that the Company may acquire stock

acquisition rights held by persons other than those whose exercise of the stock acquisition rights is not approved based on the conditions described in **6.** above, and issue common shares of the Company at a ratio of a number determined by the Board of Directors of the Company elsewhere for one (1) unit of stock acquisition rights. However, there is no suggestion that cash will be issued in the exchange of the stock acquisition rights held by persons whose exercise of stock acquisition rights is not approved.