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Securities Code: 7294

January 7, 2021

To Our Shareholders:

3-7-60 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa

YOROZU CORPORATION

President Ken Shido

Notice of the Extraordinary General Meeting of Shareholders

The Company would hereby like to request shareholders to attend the Company's Extraordinary General Meeting of Shareholders as described below.

This Extraordinary General Meeting of Shareholders is going to be held in response to a request from a shareholder, and the only submitted agenda item is the one that was proposed by the shareholder. The details of the said agenda item are as stated in the Reference Materials for the General Meeting of Shareholders.

The Company's Board of Directors is against the said agenda item proposed by the shareholder. Please refer to pages 7 to 10 for the opinion of the Company's Board of Directors on the said agenda item.

To prevent the spread of novel coronavirus and protect the safety of shareholders, the Company requests that you exercise your voting rights in advance in writing or via the Internet, etc. for this General Meeting of Shareholders and refrain from coming to the venue on the day of the meeting to the extent possible. You are kindly requested to exercise your voting rights via the methods stated in "To exercise your voting rights by mail " or "To exercise your voting rights via the Internet, etc." on page 3. Please do so on or before the end of the Company's business hours (5:30 p.m.) on Thursday, January 21, 2021 (Japan Standard Time), after examining the Reference Materials for the General Meeting of Shareholders on the following pages.

1. Date and Time	10:00 a.m. on Friday, January 22, 2021
2. Venue	3-7-60 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa Yorozu Corporation Head Office Building
3. Purpose Item to be resolved	<Proposal from a shareholder> Agenda Item: Amendment to the Articles of Incorporation regarding Anti-Takeover Measures

- ◎ If any revisions are made to the Reference Materials for the General Meeting of Shareholders and other matters in this Notice, the revisions will be disclosed on Yorozu's website (<http://www.yorozu-corp.co.jp>).
- ◎ If neither approval nor disapproval of the agenda item is indicated when you exercise your voting right by way of the form to exercise your voting right, the Company will deem that you indicated your "disapproval" of the agenda item proposed by the shareholder.
- ◎ As to exercising a voting right by proxy, you may exercise your voting right by designating one (1) other shareholder who has a voting right of the Company as your proxy. In this case, please submit a letter of proxy as well as your form and the proxy's form to exercise a voting right as documentary proof of the right of representation. Please note that anyone other than shareholders such as a proxy or an accompanying person who is not a shareholder is not allowed to attend the General Meeting of Shareholders.
- ◎ Although it is described as "Company's proposal" in some parts of the website for exercising your voting right, the agenda item for this Extraordinary General Meeting of Shareholders is only "a proposal from a shareholder" and there is no "Company's proposal." Therefore, please disregard any part called "Company's proposal" on the website for exercising your voting right.
- ◎ As a measure to prevent infection with the novel coronavirus, sufficient space will be ensured between seats at the venue. Depending on the situation, we may have to restrict entry to the venue. We would appreciate your understanding. If any changes are made to the operation of the shareholders' meeting based on the situation in the future, information will be posted on the Company's website mentioned above.
- ◎ No souvenirs will be provided for the shareholders' meeting. In addition, light meals and beverages will not be provided, either. We would appreciate your understanding.
- ◎ The notice of resolution of this General Meeting of Shareholders will be posted on the website mentioned above.

Reference Materials for the General Meeting of Shareholders

<Agenda item proposed by a shareholder>

This agenda item is proposed by one (1) shareholder (Reno, Inc. hereinafter referred to as the “claimant”). The Board of Directors is against this proposal. Please read the opinion of the Board of Directors as stated at the end of the agenda item and exercise your voting right.

The Summary of the Agenda Item and the Reason for the Proposal are written as stated in the document submitted by the claimant, which was dated November 20, 2020. This is regarding a request for convening an extraordinary general meeting of shareholders pursuant to Article 297, Paragraph 1 of the Companies Act (hereinafter referred to as “the said document”).

Agenda Item: Amendment to the Articles of Incorporation regarding Anti-Takeover Measures

Opinion of the Board of Directors	The Board of Directors is against the proposal.
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1. Summary of the Agenda Item

The following Paragraph 3 shall be added to Article 15 of the current Articles of Incorporation.

“3. Yorozu’s policy (Anti-Takeover Measures) on large-scale purchasing of its own shares (as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act) may be abolished by a resolution of the general meeting of shareholders (including, but not limited to, resolutions on agenda items proposed by shareholders pursuant to Article 303, Paragraph 2 and Article 305, Paragraph 1 of the Companies Act).”

2. Reason for the Proposal

Yorozu’s policy on large-scale purchasing of its own shares (Anti-Takeover Measures) (hereinafter referred to as the “Company’s Anti-Takeover Measures”) was introduced after approval at the Company’s Ordinary General Meeting of Shareholders held in June 2018. It is stipulated that the Company’s Anti-Takeover Measures may be abolished by a resolution of the Board of Directors or by a resolution of the general meeting of shareholders, even before the expiration of the effective period, instead of setting the effective period of the Measures as long as three years. The Company’s Anti-Takeover Measures, therefore, were introduced with approval from the general meeting of shareholders along with the explanation that it can be abolished at any time at the discretion of shareholders.

Accordingly, when the claimant attempted to propose abolishing the Company’s Anti-Takeover Measures as an agenda item for the Company’s Ordinary General Meeting of Shareholders to be

held in June 2019, the Company's Board of Directors refused to place the abolition of the Company's Anti-Takeover Measures on the agenda of the general meeting of shareholders on the grounds that it is not subject to the shareholders' right of proposal. The decision made by the Board of Directors' as above was inconsistent with the explanation given when the Company's Anti-Takeover Measures were introduced (it can be abolished at any time by the shareholders' decision), the Tokyo High Court finally ruled that, under the Company's current Articles of Incorporation, the abolition of the Company's Anti-Takeover Measures is not a matter that falls within the scope of authority of the general meeting of shareholders.

The claimant is therefore proposing an amendment to the current Articles of Incorporation to clarify that abolition of the Company's Anti-Takeover Measures is within the scope of authority of the general meeting of shareholders.

In a letter to the Company dated September 10, 2020, the claimant requested the Company to publicly announce by the end of October 2020 that it will submit an agenda item as the Company's proposal to its Ordinary General Meeting of Shareholders to be held in 2021 in order to amend its Articles of Incorporation and specify that it grants decision-making authority on the abolition of the Anti-Takeover Measures to the general meeting of shareholders (the deadline was subsequently extended to November 10 of the same year).

The claimant does not think that the Company has deliberately designed its Articles of Incorporation to not reflect the will of its shareholders as to the abolition of Anti-Takeover Measures, and believes that such an error should be promptly resolved.

With respect to the Company's Anti-Takeover Measures, Agenda Item No.7 of the Ordinary General Meeting of Shareholders held by the Company on June 10, 2015 (Continuation of Yorozu's policy on large-scale purchasing of its own shares [Anti-Takeover Measures]) was approved with 130,417 votes in favor and 95,913 against, or a significantly low approval rate of 57.62%. Also, Agenda Item No.3 of the Ordinary General Meeting of Shareholders held by the Company on June 18, 2018 (Continuation of Yorozu's policy on large-scale purchasing of its own shares [Anti-Takeover Measures]), was passed by a narrow margin, with 118,772 in favor and 101,094 against, or an approval rate of 54.00%. It is thought to be a sign of strong criticism against the Company's Anti-Takeover Measures by many of its shareholders, including major domestic and international institutional investors.

The Company also announced its consolidated financial results on May 28, 2020 for the fiscal year ended March 31, 2020. These showed net sales were down 11.4 billion yen to 157.7 billion yen (down 6.8%), and operating income fell 3.1 billion yen to 2.2 billion yen (down 58.3%). On top of the significant decrease in net sales and operating income, the Company recorded a large amount of impairment losses on tangible fixed assets and a loss on the write-down of shares of affiliates. Hence, ordinary income fell 4.5 billion yen to 770 million yen (down 85.2%), and net income dropped 13.3 billion yen to a loss of 12.9 billion yen. In addition, the Company announced

its financial results on November 10, 2020 for the first half of the fiscal year ending March 31, 2021. They showed net sales of approximately 43.9 billion yen (down 43.8%), an operating loss of 4.2 billion yen and a net loss of 3.2 billion yen. Even in the medium-term results for the past five years, the value of the Company has significantly decreased. Its market capitalization, which is an important index that measures corporate value, has fallen from approximately 62.5 billion yen as the closing price on March 31, 2015 to approximately 30.2 billion yen as the closing price on November 18, 2020, down by as much as 52%.

The Corporate Governance Code states in its Principles 1-5 (so-called Anti-Takeover Measures) that “Measures taken with the intention of bringing about an effect of takeover defense shall not be designed for the purpose of self-protecting of the management and Board of Directors.”

Denying shareholders their right of proposal on the abolition of Anti-Takeover Measures and persisting to continue the Anti-Takeover Measures amid a state where the management is significantly damaging its corporate value even in the medium term as mentioned above is nothing but self-protection of the management at the expense of its shareholders.

(Company’s note)

The above statements are written as stated in the Summary of the Agenda Item and the Reason for the Proposal in the said document submitted by the claimant.

Opinion of the Board of Directors

Opinion of the Board of Directors

The Board of Directors is against the proposal.

The Board of Directors of the Company is against this agenda item proposed by the shareholder (hereinafter referred to as “the said shareholder’s proposal”). Reasons for the opposition are as follows.

1. The claimant has not dared to make a shareholder’s proposal with the same content as the said shareholder’s proposal at any Ordinary General Meeting of Shareholders in the past although there were multiple opportunities to do so. In addition, the same purpose as the said shareholder’s proposal can be achieved by making a shareholder’s proposal with the same content as the said shareholder’s proposal at the Company’s 76th Ordinary General Meeting of Shareholders to be held in June 2021.

The claimant made a shareholder’s proposal (hereinafter referred to as “Shareholder’s Proposal 2019”) to the Company at the Company’s 74th Ordinary General Meeting of Shareholders held on June 17, 2019 (hereinafter referred to as “Ordinary General Meeting of Shareholders 2019”), to place the matter of abolishing the Company’s policy on the large-scale purchasing of its own shares (hereinafter referred to as “Anti-Takeover Measures”) on the agenda. In response, the Company informed the claimant that since there were legal doubts about the Shareholder’s Proposal 2019, the Company would place the shareholder’s proposal on the agenda of the General Meeting of Shareholders if it were duly made in the form of an agenda item to amend the Articles of Incorporation in the same manner as the said shareholder’s proposal. The claimant, however, dared to ignore the aforementioned offer by the Company and filed a motion for a preliminary injunction requiring a description of the agenda item proposed by the shareholder (hereinafter referred to as “the said motion for a preliminary injunction”). The claimant sought to include the agenda item and so forth for Shareholder’s Proposal 2019 in the Notice and Reference Materials. With respect to the said motion for a preliminary injunction, the Company’s objection was accepted and the Yokohama District Court dismissed the case dated May 20, 2019 (hereinafter referred to as “the said district court decision”). The Tokyo High Court, the upper instance court, also dismissed the appeal dated May 27, 2019, rejecting all of the claimant’s allegations. Thus, the Company’s sweeping victory has been confirmed (for details, please refer

to the “Notice of court decision to dismiss a shareholder's petition for an order of provisional disposition and court decision to reject the appeal against the dismissal”.

As stated above, the claimant was fully aware that it was legally possible to consult with shareholders at the Ordinary General Meeting of Shareholders 2019 as to the abolition of the Anti-Takeover Measures by making a shareholder proposal as an agenda item to amend the Articles of Incorporation. In addition, the Company informed the claimant of the fact that this was possible; however, the claimant did not dare to do so. Furthermore, perhaps in light of the fact of having lost the said motion for a preliminary injunction, the claimant did not dare to make a shareholder proposal although it was able to do so without any problem at the Company's 75th Ordinary General Meeting of Shareholders held on June 26, 2020 with the same content as the said shareholder's proposal.

In addition, the Reason for Proposal for the said shareholder's proposal does not contain any convincing reason as to why it is necessary to deliberately and laboriously hold an Extraordinary General Meeting of Shareholders to discuss the said shareholder's proposal with shareholders. This is true especially at this time of the year when the novel coronavirus (COVID-19) has not been brought under control and is expected to spread further into the winter. The said shareholder's proposal does not contain any convincing reason for not bringing up the matter at the Company's 76th Ordinary General Meeting of Shareholders that is scheduled to be held in June 2021.

In this way, (1) the claimant did not dare to make a shareholder's proposal with the same content as the said shareholder's proposal at any Ordinary General Meeting of Shareholders in the past although there were multiple opportunities to do so. In addition, (2) despite the fact that the same purpose as the said shareholder's proposal can be achieved by making a shareholder proposal with the same content as the said shareholder's proposal at the Company's 76th Ordinary General Meeting of Shareholders that will be held in June 2021, the claimant has dared to request the convocation of a laborious Extraordinary General Meeting of Shareholders without any justifiable reason at this time of the year when the pandemic of the novel coronavirus (COVID-19) is spreading and the Company's business is also hugely and adversely impacted. We are at a loss to understand and are extremely puzzled by the fact that such a request was made by the claimant without taking into consideration the circumstances of other shareholders attending the General Meeting of Shareholders and of the Company while we are facing an unprecedented situation where there is no prospect of when the pandemic of COVID-19 will be brought under control.

2. It can be inferred that the purpose is to sell a large number of the Company's shares at a high price to the Company and/or its related parties in a short period of time and to enjoy a huge profit.

With regard to the claimant, the said district court decision affirms that it can be inferred (1) the claimant is under the strong influence of Mr. Yoshiaki Murakami (hereinafter referred to as "Mr. Murakami"), and (2) in the same manner as the claimant (or a corporation that was also under the strong influence of Mr. Murakami) had previously done to investee companies, the claimant seeks to purchase a large number of shares of the Company and to enjoy a huge profit by selling them off to the Company and/or its related parties at a high price in a short period of time by pressuring the Company's management on many fronts, and therefore intends to abolish the Anti-Takeover Measures, which hinder the scheme. In fact, as for Toshiba Machine Co., Ltd. (currently Shibaura Machine Co., Ltd.; hereinafter referred to as "Toshiba Machine"), which had introduced anti-takeover measures similar to the Company's Anti-Takeover Measures, CITYINDEX 11 Co., Ltd., which, like the claimant, is under the strong influence of Mr. Murakami and is also a joint holder of the Company's share certificates and so forth, launched a hostile takeover bid to acquire up to approximately 44% of the shares of Toshiba Machine on January 21, 2020. This was about seven months after Toshiba Machine decided not to continue (or abolish) the said anti-takeover measures at the closing of its Ordinary General Meeting of Shareholders held on June 21, 2019. The purpose was to make Toshiba Machine provide more than 12 billion yen of shareholder returns (see the published letter from Office Support Co., Ltd. to Toshiba Machine dated March 17, 2020 / the said takeover bid was eventually withdrawn on April 2 of the same year).

In addition, the claimant had been continuously purchasing the Company's shares since March 31, 2020, which is the record date for the Company's 75th Ordinary General Meeting of Shareholders held on June 26 of the same year. During this period, the claimant's shareholding ratio, together with its joint holders, increased from 9.48% to 11.25% (as of October 13, 2020) and even afterward the claimant has been continuously purchasing the Company's shares.

In light of this background, the said shareholder's proposal is considered to be seemingly taking the form of an agenda item to amend the Articles of Incorporation to the effect that the abolition of Anti-Takeover Measures shall be a matter within the scope of authority of the General Meeting of Shareholders, since the said motion for a preliminary injunction was rejected and the abolition of Anti-Takeover Measures cannot be placed directly on the agenda for the General Meeting of Shareholders. However, the true purpose of the said shareholder's proposal, as affirmed by the said district court decision as above, is to use the abolition of the Company's Anti-Takeover

Measures as an opportunity to purchase a large number of shares of the Company, and sell them off to the Company and/or its related parties at a high price in a short period of time by pressuring the Company's management on many fronts. In this respect, the said shareholder's proposal is considered to be ultimately intended to pursue only the private interests of the claimant at the sacrifice of the Company's medium-to-long-term corporate value.

3. Conclusion

For the reasons above, the Company believes that the claimant has dared to request a convocation of the Extraordinary General Meeting of Shareholders at this timing to place the said shareholder's proposal on the agenda or as an agenda item with an aim to pressure the Company's management. Its ultimate purpose is considered to be to sell off the large number of the Company's shares it has purchased to the Company and/or its related parties at a high price in a short period of time. The Company believes that it is highly likely that the said shareholder's proposal will not only make it difficult for the Company to achieve sustainable growth, but also damage its medium-to-long-term corporate value and the common interests of the Company's shareholders.

The Board of Directors, therefore, is against the said shareholder's proposal.