

Note: This English translation is an abridged version of the original notice in Japanese. In the event of a discrepancy, the Japanese version shall prevail.

TO OUR SHAREHOLDERS

June 10, 2024

(Start date of electronic provision of materials: June 4, 2024)

Securities code: 3205

Daidoh Limited

1-16 Sotokanda 3-chome, Chiyoda-ku, Tokyo

**NOTICE OF THE 101st ORDINARY GENERAL MEETING OF
SHAREHOLDERS**

Dear Shareholder:

Please be informed that the 101st Ordinary General Meeting of Shareholders of Daidoh Limited (the “Company”) will be held at 10:00 a.m. (the reception is scheduled to open at 9:00 a.m.) on Thursday, June 27, 2024, at Kanda Myoujin Hall on the 2nd floor of EDOCCO EDO Culture Complex, at 16-2 Sotokanda 2-chome, Chiyoda-ku, Tokyo. (Please note that the venue is different from last year's venue.)

When arriving at the meeting venue, please submit the enclosed Voting Form at the reception desk.

When convening this Ordinary General Meeting of Shareholders, the Company has taken measures for electronic provision of materials, and has posted the matters to be provided electronically as the “Notice of the 101st Ordinary General Meeting of Shareholders” on the website at the link below.

Our website: <https://www.daidoh-limited.com/english/ir/meeting.html>

In addition to the above, the information is also available on the following website. Please access the Tokyo Stock Exchange website below, enter “DAIDOH LIMITED” in “Issue name (company name)” or “3205” in “Code,” click “Search” and select “Basic information,” “Documents for public inspection/PR information,” “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting,” and then confirm the information.

Tokyo Stock Exchange (TSE-Listed Company Search) Website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

The Company requests that you exercise your voting rights by using the proxy form enclosed with this Notice of the General Meeting of Shareholders. Please review the “Reference Materials for the Solicitation of Proxy Votes and Reference Materials for the Ordinary General Meeting of

Shareholders” below, fill in the necessary sections of the proxy form enclosed with this Notice, affix your seal, and return the proxy form together with the Voting Form using the return envelope. Please make sure that it reaches us no later than 6:30 p.m. on Wednesday, June 26, 2024.

Souvenirs will not be provided to the shareholders attending the meeting. We appreciate your understanding.

Sincerely,

Tsukasa Nabewari
Representative Director
President & CEO

MEETING AGENDA

Items to be Reported:

1. The Business Report, the Consolidated Financial Statements and the Report of the Audit of the Consolidated Financial Statements by Accounting Auditors and the Board of Corporate Auditors for the 101st term from April 1, 2023, to March 31, 2024, will be reported at the meeting.
2. The Non-consolidated Financial Statements for the 101st term from April 1, 2023, to March 31, 2024, will be reported at the meeting.

Items to be Resolved:

(Company Proposals)

Item 1: Appropriation of Surplus

Item 2: Election of Six (6) Directors

Item 3: Introduction of Remuneration for Allotting Restricted Stock to Directors and Abolishment of the Stock Compensation-Type Stock Options for Directors and Corporate Auditors

(Shareholder Proposal)

Item 4: Election of Six (6) Directors

Item 4 is proposed by a shareholder, and the Board of Directors of the Company opposes this proposal.

Matters decided for the convening of the General Meeting of Shareholders

- (1) If you are exercising your voting rights by proxy, one shareholder with voting rights may attend the General Meeting of Shareholders as your proxy. In this case, (i) a document certifying the proxy's power of representation (a letter of proxy) and (ii) the shareholder's Voting Form, and certificate of the seal stamped on the letter of proxy, or a copy of passport, driver's license, health insurance card or any other document that identifies the shareholder must be submitted along with the Voting Form of the proxy. Please note that persons other than shareholders, such as proxies and accompanying persons who are not shareholders, are not permitted to attend the General Meeting of Shareholders.
- (2) If you exercise your voting rights in duplicate, by proxy and in writing (by postal mail) or via the Internet, the vote by proxy will be deemed valid.
- (3) If voting rights are exercised in duplicate, in writing (by postal mail) and via the Internet, the vote exercised via the Internet will be deemed valid.
- (4) If you exercise your voting rights more than once via the Internet, the last exercise of your voting rights will be deemed valid.

This document sent also serves as a document describing the matters for electronic provision of information based on document delivery request. The following items are excluded in accordance with laws and regulations and provisions of Article 16 of the Company's Articles of Incorporation.

- (1) "Consolidated Statement of Changes in Equity" in the Consolidated Financial Statements
- (2) "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements
- (3) "Non-consolidated Statement of Changes in Equity" in the Non-consolidated Financial Statements
- (4) "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial

Statements

Therefore, the attached documents are a part of documents audited by the Corporate Auditors and the Accounting Auditor when they prepared the audit report.

In the event of any amendments to the electronic materials, a notice to that effect and details of such amendments will be posted on each of the websites where the materials are posted as mentioned above.

CONSOLIDATED BALANCE SHEET

Daidoh Limited

As of March 31, 2024

	Millions of yen
Assets:	
Current assets:	
Cash and deposits	5,377
Notes receivable - trade	155
Accounts receivable - trade	2,515
Inventories	7,258
Other	2,021
Allowance for doubtful accounts	(84)
Total current assets	17,245
Non-current assets:	
Property, plant and equipment:	15,614
Buildings, net	9,637
Structures, net	170
Machinery and equipment, net	180
Vehicles, net	12
Tools, furniture and fixtures, net	149
Land	5,436
Leased assets, net	21
Construction in progress	6
Intangible assets:	1,671
Software	208
Leased assets	21
Other	1,442
Investments and other assets:	6,350
Investment securities	4,567
Leasehold and guarantee deposits	1,532
Deferred tax assets	121
Other	408
Allowance for doubtful accounts	(278)
Total non-current assets	23,636
Total assets	40,882

CONSOLIDATED BALANCE SHEET

Daidoh Limited

As of March 31, 2024

	Millions of yen
Liabilities:	
Current liabilities:	
Notes and accounts payable - trade	1,473
Short-term borrowings	6,571
Current portion of long-term borrowings	771
Lease liabilities	147
Income taxes payable	121
Contract liabilities	456
Deposits received	1,544
Provision for bonuses	325
Other	2,266
Total current liabilities	13,677
Non-current liabilities:	
Long-term borrowings	5,802
Lease liabilities	1,490
Long-term guarantee deposits	2,066
Deferred tax liabilities	2,387
Retirement benefit liability	169
Other	641
Total non-current liabilities	12,558
Total liabilities	26,235
Net assets:	
Shareholders' equity:	10,946
Share capital	6,891
Capital surplus	4,548
Retained earnings	1,764
Treasury shares	(2,258)
Accumulated other comprehensive income	2,835
Valuation difference on available-for-sale securities	1,467
Foreign currency translation adjustment	1,368
Share acquisition rights	195
Non-controlling interests	668
Total net assets	14,646
Total liabilities and net assets	40,882

CONSOLIDATED STATEMENT OF INCOME

Daidoh Limited

For the year ended March 31, 2024

	Millions of yen
Net sales	28,697
Cost of sales	13,777
Gross profit	14,919
Selling, general and administrative expenses	15,362
Operating profit (loss)	(442)
Non-operating income:	485
Interest income	70
Dividend income	112
Foreign exchange gains	56
Commission income	78
Subsidy income	26
Other	141
Non-operating expenses:	379
Interest expenses	202
Commission expenses	85
Other	91
Ordinary profit (loss)	(336)
Extraordinary income:	471
Gain on sale of non-current assets	1
Gain on sale of investment securities	469
Extraordinary losses:	598
Loss on sale and retirement of non-current assets	29
Impairment losses	43
Loss on sale of investment securities	233
Business restructuring expenses	266
Other	26
Profit (loss) before income taxes	(463)
Income taxes - current	150
Income taxes - deferred	(935)
Profit (loss)	321
Profit (loss) attributable to non-controlling interests	29
Profit (loss) attributable to owners of parent	291

NON-CONSOLIDATED BALANCE SHEET

Daidoh Limited

As of March 31, 2024

	Millions of yen
Assets:	
Current assets:	
Cash and deposits	2,482
Notes receivable - trade	84
Short-term loans receivable	9,145
Other	160
Allowance for doubtful accounts	(65)
Total current assets	11,806
Non-current assets:	
Property, plant and equipment: 116	
Buildings, net	36
Land	56
Other, net	23
Intangible assets: 43	
Software	2
Other	41
Investments and other assets: 15,186	
Investment securities	4,321
Shares of subsidiaries and associates	10,781
Other	242
Allowance for doubtful accounts	(158)
Total non-current assets	15,346
Total assets	27,153

NON-CONSOLIDATED BALANCE SHEET

Daidoh Limited

As of March 31, 2024

	Millions of yen
Liabilities:	
Current liabilities:	
Short-term borrowings	5,300
Current portion of long-term borrowings	771
Accounts payable - other	37
Accrued expenses	48
Income taxes payable	27
Deposits received	10
Provision for bonuses	39
Other	11
Total current liabilities	6,245
Non-current liabilities:	
Long-term borrowings	5,802
Long-term accounts payable - other	274
Deferred tax liabilities	533
Other	2
Total non-current liabilities	6,613
Total liabilities	12,859
Net assets:	
Shareholders' equity:	12,508
Share capital	6,891
Capital surplus	4,959
Legal capital surplus	3,147
Other capital surplus	1,812
Retained earnings	2,916
Legal retained earnings	959
Other retained earnings	1,956
Retained earnings brought forward	1,956
Treasury shares	(2,258)
Valuation and translation adjustments	1,590
Valuation difference on available-for-sale securities	1,590
Share acquisition rights	195
Total net assets	14,294
Total liabilities and net assets	27,153

NON-CONSOLIDATED STATEMENT OF INCOME

Daidoh Limited

For the year ended March 31, 2024

	Millions of yen
Operating revenue	1,202
Selling, general and administrative expenses	979
Operating profit (loss)	222
Non-operating income:	233
Interest and dividend income	220
Other	13
Non-operating expenses:	150
Interest expenses	110
Provision of allowance for doubtful accounts	20
Other	20
Ordinary profit (loss)	305
Extraordinary income:	469
Gain on sale of investment securities	469
Extraordinary losses:	233
Loss on sale of investment securities	233
Profit (loss) before income taxes	541
Income taxes - current	22
Income taxes - deferred	(42)
Profit (loss)	561

REFERENCE MATERIALS FOR THE SOLICITATION OF PROXY VOTES AND REFERENCE MATERIALS FOR THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

1. Proxy solicitor

Tsukasa Nabewari

Representative Director and President & CEO, Daidoh Limited

2. Agenda items and reference materials

<Company Proposals (Items 1 to 3)>

Item 1: Appropriation of Surplus

Proposed appropriation of surplus for the 101st term is as follows:

Year-end dividends

The Company considers the returning of profits to shareholders to be one of its most important tasks.

As a basic policy, the Company has implemented a performance-related dividend policy under which the basic rate of dividends is 30% of the Company's consolidated ordinary profit, with the aim of sharing the effects of increased profits through a flexible profit-sharing scheme. Additionally, 30% of the Company's extraordinary income or losses that generate cash flow, such as gain on sale of securities and non-current assets, are added to the source of basic dividend payments for future years to provide a stable, continuous dividend while comprehensively taking into consideration the business environment and other matters such as the necessity of bolstering of internal reserves.

1) Type of dividends to be paid

Dividends shall be paid in cash.

2) Amount of dividend per share and total amount of dividends to be allocated

Two (2) yen shall be paid per common share of the Company as a dividend, which brings the total amount of dividends to 56,163,820 yen.

3) Effective date of dividend payment

The effective date of dividend payment shall be June 28, 2024.

Item 2: Election of Six (6) Directors

As the terms of office of all the current five (5) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders, the Company is requesting electing six (6) Directors. It should be noted that Mr. Hidetoshi Hagiwara resigned as Director on May 24, 2024 due to personal reasons.

The candidates for Directors are as follows:

Candidate number	Name		Current position and responsibilities at the Company, and significant concurrent occupations or positions at other organizations
1	Masahiro Yamada	New appointment	Representative Director and CEO of Gemini Strategy Group Inc. Part-time Executive Director of Management of Kamegaya Co., Ltd. Representative Director and President of Oba Baking Co., Ltd. Representative Director of Gemini Solutions Inc. Representative Director and President of Bakery Innovation Inc. Professor of Tourism Management, Ritsumeikan University Graduate School of Management
2	Koichiro Naruse	New appointment	Senior Management Expert of Gemini Strategy Group Inc. Representative Director of ForDi Co., Ltd. Director of Oba Baking Co., Ltd. Director of Bakery Innovation Inc.
3	Keiichi Shirokoda	Reappointment	Director and Executive Officer of the Company in charge of Corporate Administration in charge of Diversity Promotion Director of Brooks Brothers (Japan), Ltd. Director of PONTETORTO S.p.A.
4	Kazutoshi Imai	New appointment	Executive Officer of the Company General Manager of Business Promotion Office for China and Asia in charge of Legal Affairs for Business in China Chairman and General Manager of SHANGHAI NEWYORKER CLOTHING SALES CO., LTD.
5	Taise Kuboki	New appointment External Director Independent Officer	Representative Partner of Walls and Bridges Consulting firm LLC.
6	Eri Fujiwara	New appointment External Director Independent Officer	Representative Partner of Aoba Labor and Social Security Attorney Office Outside Director of Matsuya Foods Holdings Co., Ltd. Outside Auditor of INGS Inc.

Candidate number	Name (date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent occupations or positions at other organizations	Number of shares of the Company held
1	Masahiro Yamada (July 28, 1977)	<p>April 2000 Joined The Chuo Mitsui Trust and Banking Company, Limited. (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>June 2001 Joined PricewaterhouseCoopers Consultants Co., Ltd. (currently IBM Japan Ltd.)</p> <p>July 2003 Director of f-tem Co., Ltd.</p> <p>April 2010 Director in charge of Revitalization of SHINKO SENI CO.,LTD.</p> <p>June 2011 Representative Director and CEO of Strategyx Partners, Inc. (currently Gemini Strategy Group Inc.) (current) Senior Managing Director of f-tem Co., Ltd.</p> <p>September 2015 Representative Director and CEO of AKAKURA Co., Ltd.</p> <p>December 2015 Outside Director of Kamegaya Co., Ltd.</p> <p>June 2018 Representative Director of Gemini Solutions Inc. (current)</p> <p>September 2019 Director of Gemini Career Inc. (current)</p> <p>December 2019 Director of Oba Baking Co., Ltd. Director of Bakery Innovation Inc.</p> <p>January 2021 Representative Director and President of Oba Baking Co., Ltd. (current) Representative Director and President of Bakery Innovation Inc. (current)</p> <p>December 2023 Part-time Executive Director of Management of Kamegaya Co., Ltd. (current)</p> <p>April 2024 Professor of Tourism Management, Ritsumeikan University Graduate School of Management (current)</p>	- shares

		<p>Reasons for nomination as a candidate for Director:</p> <p>Mr. Masahiro Yamada has extensive experience in company management through his activity as a management consultant in several consulting firms. Based on this experience, he has served not only as a representative director of consulting firms, but also as a director of many other companies. As a management expert, he has a wealth of insights and achievements in various areas including corporate reform, business strategy planning, and new business development. In addition, as an external expert, he was involved in the formulation of the Medium-term Management Plan announced by the Company on May 20, 2024. He thoroughly understands the details of the Company's business and the Medium-term Management Plan and has the expertise to implement and realize it.</p> <p>Therefore, the Company requests the election of Mr. Yamada as a new Director as he is the optimal person to implement and realize the Medium-term Management Plan and to increase the long-term corporate value.</p>
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Candidate number	Name (date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent occupations or positions at other organizations	Number of shares of the Company held
2	Koichiro Naruse (January 14, 1970)	<p>October 1997 Joined OPT, Inc.</p> <p>June 2006 Outside Director of Hotto Link Inc.</p> <p>June 2007 Executive Director and COO of Hotto Link Inc.</p> <p>June 2012 Representative Director and President of Gala Buzz Inc.</p> <p>March 2013 President & Representative Director of Hottolink Consulting Inc.</p> <p>May 2015 Director of Effyis Inc.</p> <p>September 2016 Outside Director of Visits Technology Inc.</p> <p>June 2017 Executive Vice President of Warranty technology, inc</p> <p>February 2018 Director of Warranty Solutions, Inc</p> <p>June 2019 Representative Director and CEO of Warranty Solutions, Inc</p> <p>June 2020 President and CEO of Warranty technology, inc</p> <p>March 2022 Management Partner of Gemini Strategy Group Inc.</p> <p>June 2022 Executive Director and COO of Hiramatsu Inc.</p> <p>October 2023 Senior Management Expert of Gemini Strategy Group Inc. (current)</p> <p>November 2023 Representative Director of ForDi Co., Ltd. (current)</p> <p>January 2024 Director of Oba Baking Co., Ltd. (current)</p> <p>January 2024 Director of Bakery Innovation Inc. (current)</p>	- shares
<p>Reasons for nomination as a candidate for Director:</p> <p>Mr. Koichiro Naruse has served as the head of sales and marketing departments in digital marketing companies. As a director, he has the experience of leading the listing of an SNS marketing support company. Based on this experience, he has served as a director in many companies, including listed companies, and as a management expert, he has extensive insights and practical experience in management strategy, marketing strategy, DX, and other areas. In addition, as an external expert, he was involved in the formulation of the Medium-term Management Plan announced by the Company on May 20, 2024. He thoroughly understands the details of the Company's business and the Medium-term Management Plan and has the expertise to implement and realize it.</p> <p>Therefore, the Company requests the election of Mr. Naruse as a new Director as he is the optimal person to implement and realize the Medium-term Management Plan and to increase the long-term corporate value.</p>			

Candidate number	Name (date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent occupations or positions at other organizations	Number of shares of the Company held
3	Keiichi Shirokoda (December 31, 1967)	<p>April 1990 Joined the Company</p> <p>June 2013 General Manager, Accounting and Finance Department of the Company (currently Management Control Office)</p> <p>June 2018 Executive Officer of the Company</p> <p>January 2021 Director of Brooks Brothers (Japan), Ltd. (current)</p> <p>May 2023 Director of PONTETORTO S.p.A. (current)</p> <p>June 2023 Director and Executive Officer of the Company (current) In charge of Corporate Administration (current) In charge of Diversity Promotion (current)</p> <p>Reasons for nomination as a candidate for Director: As a Director and Executive Officer, Mr. Keiichi Shirokoda carries out an appropriate role in stabilizing the financial base and strengthening governance. As a Director of Brooks Brothers (Japan), Ltd. and PONTETORTO S.p.A., he promotes the growth of the clothing business and the improvement of management efficiency. He also has a wealth of experience and knowledge of management and the Company's business, having served as the head of the Company's Corporate Administration. Therefore, the Company requests the reelection of Mr. Shirokoda as a Director as he is the optimal person to implement and realize the Medium-term Management Plan announced by the Company on May 20, 2024 and to increase the long-term corporate value.</p>	6,000 shares

Candidate number	Name (date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent occupations or positions at other organizations	Number of shares of the Company held
4	Kazutoshi Imai (June 24, 1965)	<p>April 1989 Joined the Company</p> <p>April 2010 Director of NEWYORKER LTD. (currently DAIDOH FORWARD LTD.)</p> <p>April 2014 Managing Director of NEWYORKER LTD. (currently DAIDOH FORWARD LTD.)</p> <p>June 2014 Executive Officer of the Company (current)</p> <p>January 2017 Director of DAIDOH FORWARD LTD.</p> <p>April 2022 General Manager of Business Promotion Office for China and Asia (current)</p> <p> In charge of Legal Affairs for Business in China (current)</p> <p> Chairman and General Manager of SHANGHAI NEWYORKER CLOTHING SALES CO., LTD. (current)</p>	8,000 shares
		<p>Reasons for nomination as a candidate for Director: As an Executive Officer of the Company and as a Chairman of SHANGHAI NEWYORKER CLOTHING SALES CO., LTD., Mr. Kazutoshi Imai carries out an appropriate role in promoting the improvement of management efficiency and profitability of the retail division in China. He also has a wealth of experience and knowledge of management and the Company's business, having served as a Managing Director of NEWYORKER LTD. (currently DAIDOH FORWARD LTD.)</p> <p>Therefore, the Company requests the election of Mr. Imai as a new Director as he is the optimal person to implement and realize the Medium-term Management Plan announced by the Company on May 20, 2024 and to increase the long-term corporate value.</p>	

Candidate number	Name (date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent occupations or positions at other organizations	Number of shares of the Company held
5	Taise Kuboki (September 11, 1959)	<p>April 1982 Joined World Co., Ltd.</p> <p>June 2005 Executive Officer and Manager of Commodity Business of World Co., Ltd.</p> <p>June 2008 Members of the Board and Managing Executive Officer of World Co., Ltd. President & Representative Director of the Board of World Store Partners Co., Ltd.</p> <p>May 2010 Director, Senior Managing Executive Officer, and Executive General Manager of Sales Headquarters of Adastria Co., Ltd.</p> <p>April 2014 Director and President of Yu-Shin Creation Co., Ltd.</p> <p>July 2016 Representative Director of BASE Co., Ltd.</p> <p>February 2019 Established Walls and Bridges Consulting firm LLC. Representative Partner (current)</p>	- shares
		<p>Reasons for nomination as a candidate for External Director and expected roles:</p> <p>Having served as a director of several listed apparel companies and EC service companies, Mr. Taise Kuboki has a wealth of experience and knowledge in the business domain of the Company. Based on his experience and knowledge of brand management and product planning and design, the Company expects him to contribute to strengthening the supervisory function of the Board of Directors and securing the transparency of the management by giving opinion and advice beneficial to the management of the Company and taking a supervisory role at the Board of Directors from an independent standpoint.</p> <p>Therefore, the Company requests the election of Mr. Kuboki as a new External Director as he is the optimal person to implement and realize the Medium-term Management Plan announced by the Company on May 20, 2024 and to increase the long-term corporate value.</p>	

Candidate number	Name (date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent occupations or positions at other organizations	Number of shares of the Company held
6	Eri Fujiwara (August 7, 1961)	<p>April 1987 Joined Chugai Pharmaceutical Co., Ltd.</p> <p>April 2000 Joined Nomura Securities Co., Ltd.</p> <p>August 2004 Established Aoba Labor and Social Security Attorney Office Representative Partner (current)</p> <p>June 2015 Outside Director of Matsuya Foods Co., Ltd. (currently Matsuya Foods Holdings Co., Ltd.) (current)</p> <p>March 2024 Outside Auditor of INGS Inc. (current)</p>	- shares
		<p>Reasons for nomination as a candidate for External Director and expected roles: In addition to her experience as a representative partner of a labor and social security attorney office, Ms. Eri Fujiwara, as an outside director of listed companies, has a wealth of experience and knowledge in company management. She also works as a seminar presenter in the field of human resources and labor. The Company expects her to contribute to strengthening the supervisory function of the Board of Directors and securing the transparency of the management by giving opinion and advice beneficial to the management of the Company from a diversity perspective and taking a supervisory role at the Board of Directors from an independent standpoint. Therefore, the Company requests the election of Ms. Fujiwara as a new External Director as she is the optimal person to implement and realize the Medium-term Management Plan announced by the Company on May 20, 2024 and to increase the long-term corporate value.</p>	

- Notes:
1. No special relationship exists between the Company and the above candidates.
 2. Mr. Taise Kuboki and Ms. Eri Fujiwara are candidates for External Directors.
 3. The Company's Articles of Incorporation provide that the Company may enter into a contract for limitation of liability with its External Directors. Pursuant to this provision, if Mr. Taise Kuboki and Ms. Eri Fujiwara assume office as Directors, the Company plans to enter into the said contract for limitation of liability with each of them. Under the said contract, the amount of liability for damages is up to the minimum liability amount provided by law.
 4. Mr. Taise Kuboki and Ms. Eri Fujiwara meet the requirements for independent directors as set forth by the provisions of Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. If their election as External Directors is approved, they will be registered as independent directors.
 5. The Company shall enter into a directors and officers liability insurance contract, as stipulated under Article 430-3, Paragraph 1 of the Companies Act, with an insurance company, designating all of its Directors as the insured. The contract shall cover potential compensation for damages, litigation costs, etc. that the insured may incur in the course of performing their duties. Each candidate will be included as the insured under this contract if they assume office. The Company plans to renew the contract with the same terms and conditions at the time of the next renewal.

(Reference) The skill matrix of the candidates for Directors and the Corporate Auditors, in the event that Item 2 is approved at this Ordinary General Meeting of Shareholders, is as follows:

	Name	Current position at the Company	Knowledge and experience expected of the candidates for Directors and the Corporate Auditors						
			Company Management Corporate Strategy	Retail, Sales, Marketing	Finance and Accounting	Legal Risk Management	IT Digital	International Experience Overseas Business	ESG, Sustainability, Diversity
Director	Masahiro Yamada	Representative Director and Chairman & CEO	●	●	●		●		
	Koichiro Naruse	Representative Director and President & COO	●	●	●		●	●	
	Keiichi Shirokoda	Director and Senior Executive Officer	●		●	●	●		●
	Kazutoshi Imai	Director and Executive Officer	●	●				●	●
	Taise Kuboki	External Director	●	●			●		
	Eri Fujiwara	External Director	●			●			●
Corporate Auditor	Kanai Tozawa	Full-time Corporate Auditor	●	●	●	●			
	Masakuni Takeda	External Corporate Auditor			●	●	●		●
	Maako Kido	External Corporate Auditor					●		●

Note: The above contents are not an exhaustive indication of each person's insights and experience.

Item 3: Introduction of Remuneration for Allotting Restricted Stock to Directors and Abolishment of the Stock Compensation-Type Stock Options for Directors and Corporate Auditors

The overall limit on the Company's executive compensation is as follows: At the 83rd Ordinary General Meeting of Shareholders held on June 29, 2006, it was approved that the upper limit of compensation for Directors of the Company be 180 million yen per year (excluding salaries for employees) and that the maximum amount of remuneration for stock acquisition rights allocated as stock options to the Company's Directors and Corporate Auditors be 40 million yen per year and 10 million yen per year, respectively. In addition, at the 71st Ordinary General Meeting of Shareholders held on June 29, 1994, the upper limit of compensation for Corporate Auditors was approved as 60 million yen per year.

The Company has decided to revise this executive compensation plan in order to further improve corporate governance. As part of the revision, the Company seeks to introduce a Restricted Stock Compensation Plan (the "Plan") for Directors of the Company (excluding External Directors; hereinafter "Eligible Directors") to pay new remuneration for allotments of shares with transfer restrictions ("Restricted Stock"), separately from the above remuneration amounts. The allotment of Restricted Stock is intended to provide Eligible Directors with incentives to continually enhance the corporate value of the Company and to promote further value sharing with shareholders.

In connection with this, the Company will abolish the overall limit on above-mentioned stock compensation-type stock options for Directors and Corporate Auditors and will not grant any stock acquisition rights as stock compensation-type stock options from the overall limit.

Regarding the Plan, in light of the above objectives, the Company has determined appropriate that the total amount of monetary compensation claims to be paid to Eligible Directors not to exceed 40 million yen per year. The specific timing of payment and allocation to each Eligible Director will be determined by the Board of Directors based on the report of the Nomination and Compensation Advisory Committee.

At present, the number of Directors (excluding External Directors) is three (3) and the number of Corporate Auditors is three (3). If Item 2 (Company Proposal) is approved and adopted as originally proposed and Item 4 (Shareholder Proposal) is rejected, the number of Directors (excluding External Directors) will be four (4) and the number of Corporate Auditors will be three (3).

Restricted Stock to be allotted to Eligible Directors are as follows:

1. Matters concerning payment for the issuance of Restricted Stock

Each fiscal year, Eligible Directors shall, in principle, tender all monetary compensation claims related to the Plan awarded based on a resolution of the Board of Directors of the Company as a contribution in kind in exchange for shares of common stock of the Company through issuance or disposal.

2. Number of shares of Restricted Stock allotted to Eligible Directors

The total number of shares of common stock to be issued or disposed of by the Company to Eligible Directors under the Plan shall not exceed 45,000 shares per year. However, if a stock split (including a gratis allotment of the Company's common stock) or a reverse stock split of the Company's common stock is conducted with an effective date on or after the date of resolution of this Ordinary General Meeting of Shareholders, the Company may adjust the total number of shares within a reasonable range, as necessary, on or after the effective date.

The amount to be paid per share of common stock issued or disposed of to Eligible Directors

under the Plan shall be determined by the Board of Directors within a range that will not be a particularly advantageous amount to the Eligible Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the meeting of the Board of Directors held to determine the terms and conditions of the offer of the common stock (if there are no trades on such day, the closing price on the most recent preceding trading day).

3. Matters concerning Restricted Stock allotted to Eligible Directors

The Company and Eligible Directors shall enter into the Restricted Stock Allotment Agreement (the "Allotment Agreement") including the following details. (The common stock allotted under the Allotment Agreement are referred to as the "Allotted Shares").

(1) Transfer restriction period

Eligible Directors may not transfer, create a security interest in, make an inter vivos gift of, or otherwise dispose of the Restricted Stock allotted to them during the period from the payment date of the Allotted Shares until the date of resignation or retirement from Director of the Company or any other position determined by the Board of Directors (the "Transfer Restriction Period").

(2) Conditions for lifting transfer restrictions

The Company will lift the transfer restrictions on all Allotted Shares at the expiration of the Transfer Restriction Period, provided that the Eligible Directors have served continuously as Director of the Company or in the position determined by the Board of Directors for the period from the payment date of the Allotted Shares until the close of the first Ordinary General Meeting of Shareholders of the Company (the "Service Provision Period") and that the performance conditions specified in (4) below have been met.

(3) Acquisition without consideration

If an Eligible Director resigns or retires with no justifiable reason during the Service Provision Period, the Company shall automatically acquire the Allotted Shares without consideration.

In addition, if the transfer restriction on any of the Allotted Shares has not been lifted as of the expiration of the Transfer Restriction Period specified in (2) above, the Company shall automatically acquire such Allotted Shares without consideration.

(4) In case of non-achievement of performance conditions

If the performance conditions, including the operating profit target, as determined by the Company's Board of Directors, are not achieved, the Company shall automatically acquire all of the Allotted Shares without consideration immediately after the point of time of such non-achievement.

(5) Treatment in case of organizational restructuring, etc.

Notwithstanding the provision of (1) above, in the event that a proposal for organizational restructuring, such as a merger agreement under which the Company would be absorbed, a share exchange agreement, a share transfer plan, or any other matter relating to organizational restructuring in which the Company would become a wholly-owned subsidiary, is approved by the General Meeting of Shareholders of the Company (or by the Board of Directors if approval by the General Meeting of Shareholders is not required for the organizational restructuring in question), the Company shall, by a resolution of its Board of Directors, reasonably adjust the number of allotted shares from which the transfer restriction is to be removed and the timing at which the transfer restriction is to be removed, as necessary. In such case, immediately after the point of time when the transfer restriction is lifted, the Company shall automatically acquire without consideration any Allotted Shares whose transfer

restriction has not been lifted.

(6) Other matters

Other matters related to the Allotment Agreement shall be determined by the Board of Directors of the Company.

4. Reason for the reasonableness of the allotment of Restricted Stock

The Company has adopted a policy for determining individual Director's remuneration at the Board of Directors as described in the Business Report on page 43 (in Japanese only). If this proposal is approved, the details of the stock compensation included in the policy will be revised to be consistent with the approved details. In addition, as the Plan was adopted by the Board of Directors after discussion and recommendations by the Nomination and Compensation Advisory Committee, the Company believes that the Plan is reasonable because under the Plan, the value of the Restricted Stock evaluated at the market value at the time of the Board of Directors' resolution regarding the allotment is not to exceed 40 million yen per year, and the total number of shares of common stock to be issued or disposed of to Eligible Directors is limited to a maximum of 45,000 shares per year, keeping the dilution ratio to the total number of shares issued minimal at around 0.15%.

During the Transfer Restriction Period, shares allotted to each Eligible Director under the Plan will be managed in an exclusive account opened by the Eligible Director at a securities company designated by the Company so that the shares may not be transferred, pledged, gifted inter vivos, or otherwise disposed of during the Transfer Restriction Period.

(Reference)

The Company will also introduce a restricted stock compensation plan similar to the Plan for the Executive Officers of the Company not concurrently serving as Director of the Company after this proposal is approved and adopted.

<Shareholder Proposal>

Item 4 is a proposal from a shareholder.

The following details of the proposal and the reasons thereof are presented in their original form as submitted by the proposing shareholder in Japanese, except for formal revisions. [Translation note: This paragraph is not applicable to English translation.]

The Board of Directors of the Company opposes the shareholder proposal (Item 4). Reasons for opposition to Item 4 are stated below on page 31.

Item 4: Election of Six (6) Directors

Outline of the Proposal

The detailed information about the shareholder proposal presented below is available on the following website (<https://stracap.jp/english/3205-DAIDOH.pdf?202405011500>), or visit a special site from a link on the upper right corner of the homepage of Strategic Capital Inc. (<https://stracap.jp/english/>). The figures cited in the shareholder proposal are based on the consolidated financial statements unless noted as “non-consolidated.”

Election of Six (6) Directors

The election of six (6) candidates below for Directors is proposed.

- (1) Toshihiko Nakayama
- (2) Michio Osawa
- (3) Masaki Murata
- (4) Shingo Shinozaki
- (5) Takashi Shimamura
- (6) Kayo Iketeru

Reason for the Proposal

The Company’s management team has continued to undermine shareholder value of the Company. Full-time Directors, Tsukasa Nabewari and Katsuo Watabe have served as Executive Officers since 2017 and 2013, respectively, and both have served as Directors since 2019, and all through their tenure, the Company’s performance has continued to decline. In addition, External Directors Kazuyuki Nishioka (Director since 2016) and Kensuke Narita (Director since 2020) have failed to fulfill their management oversight responsibilities allowing the management team to run the Company at a loss. In light of the above, the shareholder proponent stands against the reelection of four (4) Directors, Messrs. Tsukasa Nabewari, Katsuo Watabe, Kazuyuki Nishioka, and Kensuke Narita, among six (6) incumbent Directors proposed to be reelected by the Company and elect six (6) new Directors instead of the above four.

The management of the Company has the following problems.

Decline in stock price due to long-term losses

The Company’s operating results have been in the red for the past 10 years. An extraordinary gain from the sale of its headquarters building resulted in a positive net income for the year ended March 31, 2023, but this was a one-time event, and the core business continues to deteriorate.

As a result, since 2006, the stock price has declined consistently and by 2022 the value was less than

one-tenth. The stock price has risen since the proponent began buying but it is still well below the liquidating value when accounting for the market value of the rental real estate and other real estate properties.

Long-term slump in apparel business

Over the past 10 years, the Company's core clothing business has posted an operating loss every year with the exception for the year ended March 31, 2019. The cumulative loss amounts to 9,910 million yen over that time frame. While other apparel companies are recovering from the downturn due to the COVID-19 pandemic, the Company is expected to remain in red for the year ended March 31, 2024 and shows little signs of improving.

Employee restructuring and management benefitting from one-yen stock options

The Company has executed voluntary retirement packages for approximately 150 employees in total in 2017 and 2021, and in 2024 newly announced a workforce reduction of approximately 120 employees in China. The Company's non-consolidated headcount has decreased from 73 for the year ended March 31, 2014 to 35 in the year ended March 31, 2023, with an average annual salary decreasing from 6.51 million yen to 5.54 million yen over that time.

On the other hand, since 2006, the management and auditors have continued to be granted stock options that allow them to acquire shares of the Company for one yen, with the number of shares they earn increasing as the stock price declines. This continued last year, ignoring repeated requests for improvement by the proponent.

In this way, the Company continues to maintain a system that benefits only the management and auditors, while making employees bear the burden of poor performance.

M&A failures

The Company recorded goodwill impairment losses of 553 million yen in the year ended March 31, 2021, as a result of its acquisition of PONTETORTO S.p.A. in November 2016. In addition, an impairment loss on fixed assets was recorded in May 2023 (which is believed to account for a certain percentage of the 130 million yen recorded for the clothing business for the year ended March 31, 2023) with respect to Brooks Brothers (Japan), Ltd., which became a consolidated subsidiary in November 2020.

Significant impairment losses have been recorded on their M&A activities.

Continuation of real estate leasing business which earns less than cost of capital

Ignoring the proponent's repeated requests, the Company has not only continued to hold rental properties that provide a return far below the cost of capital, but also acquired a budget hotel (acquisition price: approximately 3,000 million yen) and an office building (approximately 6,000 million yen) using the proceeds from the sale and leaseback of its former head office building.

Although sale-and-leaseback transactions are generally conducted for improving capital efficiency, the sale of the former head office building did not contribute to improving capital efficiency as the Company acquired other real estate from the proceeds. The proponent assumes that the purpose of the sale was to turn the Company's bottom line into a profit from accounting perspective in order to avoid criticism from shareholders for continuing to operate at a loss.

The proponent made several proposals to the Company since it began investing in the Company, but

they have rarely been adopted, which lead to a conclusion that it is impossible to improve the shareholder value under the current management. Therefore, the proponent proposes to reorganize the Board of Directors in order to reconstruct the business and establish a sound governance structure with the aim to improve shareholder value.

The proponent believes that the proposed candidates will contribute to enhance shareholder value. Specifically, the candidates include those who have experience in the management of apparel and real estate businesses, etc. as well as business reconstruction who fit the needs of the Company. A female candidate will also contribute to promoting diversity.

Since each candidate will be able to perform his/her duties independently and for the benefit of all shareholders, this proposal is not intended to acquire control over the Company.

[Candidate number, name, and career summary of candidates]

(1) Toshihiko Nakayama

(Date of birth: June 22, 1959)

Career summary:

April 1983	Joined Silver Seiko Co., Ltd.
January 1990	Joined American Express International Japan Co., Ltd.
January 1993	Joined Sun Microsystems Japan, Inc.
January 1996	Joined Master Foods Ltd.
May 2001	Co-founded Nikko antfactory K.K.
November 2008	Joined COLE HAAN JAPAN LLC; President & CFO
October 2014	Joined Clarks Japan Co., Ltd; General Manager & Sales Director
July 2016	Joined DoCLASSE Co., Ltd.; CFO
August 2017	Joined George & Oliver Group; CFO, COO,
December 2017	Joined Brooks Brothers (Japan), Ltd.; CFO & Director of Human Resources and General Affairs, Logistics, and Administrative Departments
August 2021	Manages an apparel company, an operating company and an investment consulting business (self-employed) (current)

[Significant concurrent occupations]

None

[Number of shares of the Company held]

0 shares

[Reason for nomination as a candidate for Director]

Mr. Nakayama has extensive experience in M&A (especially hands-on corporate restructuring) having worked for major foreign companies for 10 years before helping found an investment company. He then moved to the fashion industry where he worked for 15 years as a CFO (concurrently as an HR manager for eight years), mainly in foreign companies. From December 2017 to May 2021, he was CFO of the Japanese subsidiary of Brooks Brothers, one of the main brands of the Company. With his experience in corporate restructuring and management in the fashion industry, he is expected to lead the Company's management restructuring and is therefore proposed for appointment as Executive Director of the Company.

[Special interest with the Company]

There will be no special interest between Mr. Nakayama and the Company after he is elected as Director. Currently, Mr. Nakayama runs an apparel company, operating company and investment consulting business but has no contracts with the Company. He intends to terminate these businesses

immediately on the day of the appointment to Director to focus on working for the Company.

(2) Michio Osawa

(Date of birth: February 2, 1956)

Career summary:

April 1978	Joined Kashiya Co., Ltd.
March 2006	Executive Officer of Onward Kashiya Co., Ltd.
September 2007	Managing Director of Onward Trading Co., Ltd.
March 2009	Representative Director and President of Onward Trading Co., Ltd.
September 2012	Managing Executive Officer of Onward Holdings Co., Ltd.
March 2015	Representative Director and Chairman of Onward Trading Co., Ltd.
September 2015	Representative Director and President of Onward J Bridge Co., Ltd.
March 2016	Director and Senior Managing Executive Officer of Onward Kashiya Co., Ltd.
	Director and Chairman of Onward Trading Co., Ltd.
March 2017	Representative Director and President, and Executive Officer of Onward Kashiya Co., Ltd.
May 2018	Senior Managing Director of Onward Holdings Co., Ltd.
May 2019	Representative Senior Managing Director of Onward Holdings Co., Ltd.
March 2020	Chairman and Director of Onward Kashiya Co., Ltd.
June 2020	Chairperson of Fashion Industry SCM Promotion Association (current)
June 2021	Chairman of Japan Apparel Fashion Industry Council
September 2021	Auditor of Taisei Printing Co., Ltd.
September 2022	Special Advisor of Across Transport Corp. Special Advisor of Tokyo Nohin Daiko Co., Ltd.

[Significant concurrent occupations]

Chairperson of Fashion Industry SCM Promotion Association

Special Advisor of Across Transport Corp.

Special Advisor of Tokyo Nohin Daiko Co., Ltd.

Auditor of Taisei Printing Co., Ltd.

[Number of shares of the Company held]

0 shares

[Reason for nomination as a candidate for Director]

Mr. Osawa has held various important positions at Kashiya Co., Ltd. (currently Onward Holdings Co., Ltd.) and its affiliated companies, and has extensive experience in the apparel business and corporate management. He is currently engaged in the promotion of the supply chain management in the textile industry as the chairperson of Fashion Industry SCM Promotion Association and has a broad network in the textile industry, distribution industry and other industries in general. Therefore, he is expected to provide accurate management supervision and advice in the management reform of the Company's apparel business, especially in the optimization of production and logistics etc. The proponent proposes his appointment as External Director.

[Special interest with the Company]

None

(3) Masaki Murata

(Date of birth: June 9, 1957)

Career summary:

April 1982	Joined Nomura Securities Co., Ltd.
April 2003	Joined The Nomura Trust Banking Co., Ltd.; Manager of Asset Finance, Fund and Exchange Department
June 2003	President and Representative Director of Mori Trust Asset Management Co., Ltd.
June 2005	Auditor of Business Breakthrough, Inc.
June 2006	Executive Officer of Mori Trust Sogo Reit, Inc.
February 2009	Representative Director, MT Advanced Technology Co., Ltd. (current)
June 2011	President and Representative Director, MA Platform, Inc.

[Significant concurrent occupations]

Representative Director of MRT International Co., Ltd. (former MT Advanced Technology Co., Ltd.)

[Number of shares of the Company held]

0 shares

[Reason for nomination as a candidate for Director]

Mr. Murata has a wealth of experience and expertise in real estate having served as a representative director in several real estate-related companies. He also has international experience including a stint in London with Nomura Securities. Therefore, the proponent proposes that he be appointed as an External Director expecting that he will provide accurate management supervision and advice for the fundamental reform of the Company's real estate business.

[Special interest with the Company]

None

(4) Shingo Shinozaki

(Date of birth: August 17, 1962)

Career summary:

October 1990	Joined Chuo Shinko Audit Corporation. Registered as trainee certified public accountant.
March 1994	Registered as certified public accountant (Registration number: 12028)
June 1995	Joined Microsoft Japan Co., Ltd.
June 1998	Join Master Foods Ltd.; Accounting Manager of Accounting and Finance Division and Director of Human Resource Division
June 2000	Established and Joined Shinozaki C.P.A. Office (current)
December 2005	President, Representative Director and CEO of Lotteria Co., Ltd.
March 2011	Established S Associates and assumed the role of Director (current)
April 2015	CEO of CPN INTERNATIONAL LTD.
August 2021	Director of VCKS MANAGEMENT & CONSULTING CORP. (current)
January 2024	Advisor, Office of the President of LAPULAPU-CEBU INTERNATIONAL COLLEGE (current)

[Significant concurrent occupations]

Shinozaki C.P.A. Office

Director of S Associates

Director of VCKS MANAGEMENT & CONSULTING CORP.

Advisor, Office of the President of LAPULAPU-CEBU INTERNATIONAL COLLEGE

[Number of shares of the Company held]

0 shares

[Reason for nomination as a candidate for Director]

After working as a certified public accountant at a major auditing firm, Mr. Shinozaki has held key positions mainly in the field of accounting and finance at several foreign companies, acquiring a wealth of experience in the field. He also has experience in leading the management restructuring of Lotteria Co., Ltd. As its President and Representative Director. In light of his expert knowledge as CPA and his achievements in management restructuring, proponent proposes that he be appointed as an External Director expecting that he will provide accurate management supervision and advice for the Company's overall management.

[Special interest with the Company]

None

(5) Takashi Shimamura

(Date of birth: October 12, 1963)

Career summary:

April 1987	Joined JFE Shoji Corporation
May 1996	Joined Jupiter Telecom Co., Ltd.
May 1999	Joined USJ LLC.; General Manager of Human Resource Department
July 2006	Joined Nike Japan Corp.; HR Business Partner and Asia Pacific Region Talent Acquisition (Recruiting Group) Director
May 2011	Joined Tapestry Japan, LLC.; Head of HR East Asia (Japan, Korea, and Taiwan), SVP and Head of Talent Management for Asian Region
September 2013	Joined Adecco, Inc.; Chief HR Officer for Asian Region and Director and Manager of Human Resources of Adecco Group Japan
May 2015	Joined Twitter Japan K.K.; Head of People, JAPAC
May 2019	Joined USJ LLC.; Executive Officer, Senior Vice President and Chief Administrative Officer

[Significant concurrent occupations]

None

[Number of shares of the Company held]

0 shares

[Reason for nomination as a candidate for Director]

Mr. Shimamura has extensive experience in business management in industries and management that require speedy management such as IT-related companies and startups. He also has extensive experience in organization and human resources, risk management and ESG/SDGs initiatives in companies that require globalization as well as advising on business management, organization and human resources for new entries into Japan and Asia. Most recently as Executive Vice President of USJ LLC, he was responsible for the company's business management. In light of his background and experience he is expected to provide accurate supervision and advice for the Company's overall management. The proponent proposes that he be appointed as External Director.

[Special interest with the Company]

None

(6) Kayo Iketeru

(Date of birth: September 6, 1967)

Career summary:

July 1991	Joined ECC Co. Ltd.
May 1992	Joined Master Foods Ltd.
November 1997	Joined Ford Japan Limited
December 1999	Joined adidas Japan K.K.; Senior Manager of Human Resources Department
October 2001	Joined Pfizer Japan Inc.
June 2004	Joined Nihon Pall Ltd.; Manager of Asia Pacific HR project
March 2006	Representative Director of I'S Plus Co., Ltd. (current)
April 2021	Specially Appointed Professor of Yamano College of Aesthetics (current)

[Significant concurrent occupations]

Representative Director of I'S Plus Co., Ltd.

Specially Appointed Professor of Yamano College of Aesthetics

[Number of shares of the Company held]

0 shares

[Reason for nomination as a candidate for Director]

After starting her career at an English conversation school, Ms. Iketeru was engaged in all aspects of human resource management including the design and operation of human resource systems and the planning and implementation of programs to promote women's advancement at several, mainly foreign-related, companies. After returning to work from a maternity leave, she is mainly involved in supporting companies in the design and implementation of HR systems, internal and external communications, education and career programs, consulting etc. She is also active as a management skills and workshop facilitator. As the Company has many female employees, she is expected to provide accurate supervision and advice regarding the creation of diverse personnel systems and mechanisms to motivate employees. Therefore, the proponent proposes that she be appointed as External Director.

[Special interest with the Company]

None

[Opinion of the Board of Directors about Item 4]

The Company's Board of Directors opposes the shareholder proposal.

■ Reasons for opposition

(1) The Company's proposed management structure with six (6) candidates for Directors is optimal for the recovery of the Company's business performance and sustainable enhancement of corporate value through the implementation and realization of the new Medium-term Management Plan.

As stated in our press release dated May 20, 2024, "Notice Concerning the Formulation of the Medium-term Management Plan," the Company has formulated and announced a new Medium-term

Management Plan for the three-year period from the year ending March 31, 2025 to the year ending March 31, 2027 (“Medium-term Management Plan”) under the theme of “Innovation and Evolution,” in order to quickly break away from the sluggish performance until the most recent fiscal year, build a stronger profit-making structure, and make an appropriate return to our shareholders. The Medium-term Management Plan defines “business model evolution” (specifically, “business portfolio renewal” and “implementation of business-specific measures”) as a measure for the Company’s growth strategy, in addition to “strengthening of management structure” as a prerequisite for the plan. **Based on this Medium-term Management Plan, the Company aims to achieve consolidated operating profit of 1.5 billion yen and ROE of 8.0% in the year ending March 31, 2027, continuously improving the Company’s corporate value by implementing reforms and improvements without sanctuary as a unified team.**

As part of the “strengthening of the management structure” mentioned above, the Company has examined the optimal composition of the Board of Directors that can steadily implement and realize the Medium-term Management Plan and achieve a recovery in the Company’s business performance and sustainable improvement of its corporate value. As a result, considering that in order to increase the probability of achieving the Medium-term Management Plan, it is necessary to complement the expertise needed to execute and realize the plan and to improve the corporate governance. Accordingly, the Company has decided to (i) complement the specialized know-how and human resources needed to implement reforms decisively through cooperation with outside experts, and strengthen the management structure fundamentally, (ii) appoint External Directors who are knowledgeable about the apparel industry in which the Company operates, and (iii) appoint female External Directors to promote diversity. In this way, the Company believes that an optimal Board of Directors will be realized.

Based on the above review, the Board of Directors of the Company unanimously approved the candidates for Directors to be proposed by the Company at this Ordinary General Meeting of Shareholders based on the report by the Nomination and Compensation Advisory Committee of the Company of which half of the members are independent External Directors (Mr. Tsukasa Nabewari, currently Executive Director of the Company, did not participate in the Nomination and Compensation Advisory Committee at the time of this nomination; and the same applies hereinafter). The Company’s Corporate Auditors also unanimously agreed to this decision.

The candidates for Directors proposed by the Company, their career summary, etc., and the skill matrix pertaining to the composition of the Board of Directors proposed by the Company are shown on pages 13 through 21, and the Company believes that the composition of the Board of Directors satisfies all of the elements described in (i) through (iii) above. Of these, Mr. Masahiro Yamada (“Mr. Yamada”) and Mr. Koichiro Naruse (“Mr. Naruse”), both candidates for new Executive Directors, have been involved in the formulation of the Medium-term Management Plan as outside experts and have thorough understanding of the Company’s business and the Medium-term Management Plan with expertise to execute and realize it. Accordingly, the Company plans to appoint Mr. Yamada as Representative Director and Chairman & CEO, and Mr. Naruse as Representative Director and President & COO of the Company, respectively, after this Ordinary General Meeting of Shareholders. In addition, among the candidates for External Directors, Mr. Taise Kuboki (“Mr. Kuboki”) has experience managing an apparel company and has extensive knowledge of the industry, and Ms. Eri Fujiwara (“Ms. Fujiwara”) has expertise in human resources and labor strategies as a Labor and Social Security Attorney and also has an understanding of corporate governance of listed companies as

Outside Director of Matsuya Foods Holdings Co., Ltd. Ms. Fujiwara, as a female director, can also contribute to bringing diversity to the Board. We are confident that their presence will contribute to the realization of “Innovation and Evolution” of the Company.

Mr. Tsukasa Nabewari and Mr. Katsuo Watabe, who are currently Executive Directors of the Company, and Mr. Kazuyuki Nishioka and Mr. Kensuke Narita, who are currently External Directors of the Company, will retire from their posts as Director of the Company at the conclusion of this Ordinary General Meeting of Shareholders. In addition, Mr. Hidetoshi Hagiwara resigned as Director on May 24, 2024 due to personal reasons.

As stated above, the Company believes that the steady implementation and realization of the Medium-term Management Plan will lead to a recovery in the Company’s business performance and sustainable enhancement of its corporate value, and is confident that the composition of the Board of Directors with the six (6) candidates for Directors proposed by the Company is optimal as a management structure for this purpose.

(2) The management structure composed of candidates for Directors in the shareholder proposal is inappropriate for the recovery of the Company’s business performance and sustainable enhancement of its corporate value.

(i) The management structure composed of candidates for Directors in the shareholder proposal does not have a specific management plan for the recovery of the Company’s business performance and sustainable improvement of its corporate value.

In the shareholder proposal, the proponent has presented no feasible and specific management plan as to how the management system to be comprised of the proposed candidates for Directors will improve the Company’s business performance. Moreover, in the shareholder proposal, only Mr. Toshihiko Nakayama (“Mr. Nakayama”), one of the candidates for Directors, was nominated as a candidate for Executive Director, and when the Company’s Nomination and Compensation Advisory Committee asked Mr. Nakayama about the Company’s management policies and plans, Mr. Nakayama did not provide any specific answers.

The Company recognizes that it is an urgent issue for the Company to quickly recover from the sluggish business performances of up to the most recent fiscal year. Under such circumstances, the Company believes that launching a management structure with candidates for Directors in the shareholder proposal who have no management strategy or plan for that purpose will impede the recovery of the Company’s business performance and hinder the sustainable improvement of the Company’s corporate value.

(ii) It is possible that the management structure with candidates for Directors in the shareholder proposal will hinder the execution and realization of the Medium-term Management Plan.

In order to nominate candidates for Directors who will truly contribute to the improvement of the Company’s corporate value, the members of the Nomination and Compensation Advisory Committee interviewed all of the candidates for Directors proposed by the Company and all of the candidates for Directors in the shareholder proposal individually. During such interviews, the committee members endeavored to objectively and fairly evaluate the candidates' understanding of the Company’s business and the source of the Company’s corporate value, their knowledge that

contributes to the improvement of the Company's corporate value, etc., from the perspective of which candidate would contribute most to enhance the Company's corporate value, regardless of whether or not they are incumbent Directors, and whether or not they are candidates in the shareholder proposal. As a result, the members of the Nomination and Compensation Advisory Committee have come to believe that the candidates in the shareholder proposal do not have a sufficient understanding of the Company's business and are not appropriate for prompt and reliable implementation of the Company's management plan and realize recovery of the Company's performance, given the current situation of the Company.

In addition, the Company's Board of Directors and executive structure is based on the premise that the Company's Executive Directors, who have deep knowledge of the Company's business, can function effectively. If the Company's Executive Director were to be a single new Director with no business strategy or management plan for the Company, the Company's business execution function would deteriorate, and it is possible that the Company cannot conduct appropriate business operations to achieve a recovery in its business performance. In particular, the scope of business operations envisaged for the execution and realization of the Medium-term Management Plan is wide-ranging, such a situation would make it extremely difficult to promote the Medium-term Management Plan.

Furthermore, as mentioned above, under the management structure by the candidates for Directors in the shareholder proposal, only one new Director, Mr. Nakayama, is expected to be an Executive Director. Since Mr. Nakayama once held the position of CFO of a subsidiary of the Company, not a few of the executives and employees of the Company Group know Mr. Nakayama, and there are strong objections within the Group against the shareholder proposal, about having Mr. Nakayama return as Director of the Company. Therefore, if Mr. Nakayama is elected as Director of the Company by any chance, there is a risk that a great deal of confusion will arise within the Group, and a considerable number of officers and employees will leave the Group, which may impair the Company's corporate value.

Additionally, the knowledge and experience possessed by the candidates for Directors in the shareholder proposal can be more than adequately provided by the candidates proposed by the Company. For example, Mr. Kuboki, a candidate for Director proposed by the Company, has knowledge and experience in the apparel industry, and Ms. Fujiwara, a Labor and Social Security Attorney and a candidate for Director proposed by the Company, has expertise in the field of HR and personnel affairs. Under these circumstances, we believe that it is not necessary to elect the candidates for Directors in the shareholder proposal, because duplicate appointments of candidates for External Directors would impede the speedy and flexible decision-making of the Board of Directors and could hinder the improvement of the Company's corporate value.

As described above, the management structure by the candidates for Directors in the shareholder proposal may hinder the execution and realization of the Medium-term Management Plan, and is inappropriate for the management structure of the Company to work for the recovery of business performance and sustainable improvement of corporate value.

(iii) Summary

Based on the above, the Company believes that the management structure consisting of the six (6) candidates for Directors in the shareholder proposal is inappropriate from the perspective of

recovering the Company's business performance and continuously improving the Company's corporate value.

- (3) The shareholder proposal is inappropriate in light of the purpose of the Guidelines for Corporate Takeovers in that it does not indicate the management policy, etc. after the replacement of Directors.

While the Company's Articles of Incorporation stipulate that the number of directors shall be no more than eight (8), the shareholder proposal proposes the election of six (6) candidates for Director. In this regard, the "Guidelines for Corporate Takeovers—Enhancing Corporate Value and Securing Shareholder Interests—" (the "Guidelines for Corporate Takeovers") published by the Ministry of Economy, Trade and Industry on August 31, 2023, states in footnote 38 (page 31), "there is another issue regarding transparency in cases of corporate control acquisition, where a shareholder proposing an election or dismissal of directors acquires a significant amount of shares in concert with other shareholders, without disclosing its intention to acquire corporate control, and subsequently requests a convocation of the shareholders' meeting to resolve its proposal to replace the directors with those whom it can influence." And in such cases, "it is advisable for the acquirer requesting for the meeting to furnish shareholders with a summary of the purpose of the request, the person requesting the meeting (and the persons, if any, who have agreed with the person requesting for the meeting on the acquisition or disposal of shares, or the exercise of rights as shareholders), the basic management strategy after the proposal is approved, and other appropriate information at least to the same extent as that contained in the tender offer registration statement (The underlines added by the Company). The purpose of the above footnote made in the Guidelines for Corporate Takeovers is clearly valid for the use of the annual shareholders' meeting to achieve a similar result by exercising the right to make shareholder proposals.

However, the proposing shareholder did not provide any information regarding the basic management policy, etc. after the shareholder proposal is approved, moreover, when the Company asked the proponent in writing on March 19, 2024, they stated that the number of shares to be purchased was "undetermined at this moment," and as for the management policy, "We do not have a management policy because we do not plan to control the management of the Company." As to the policy for holding the Company's shares, the proposing shareholder only responded to the effect that "nothing concrete has been decided." This is a complete failure to provide the information necessary to determine the impact of the proponent's purchase of the Company's shares and the shareholder proposal on the Company's corporate value and the common interests of shareholders, and is inappropriate in light of the purpose of the Guidelines for Corporate Takeovers.

Therefore, the Company believes that the shareholder proposal is inappropriate from this perspective as well.