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Securities Code: 8011

May 9, 2025

Start date of measures for electronic provision: April 25, 2025

To our shareholders:

Shinji Oe, Representative Director and President  
**SANYO SHOKAI LTD.**  
6-14 Yotsuyahonshio-cho, Shinjuku-ku, Tokyo

## **Notice of the 82nd Annual General Meeting of Shareholders**

We hereby inform you of the 82nd Annual General Meeting of Shareholders of SANYO SHOKAI LTD. (the “Company”), which will be held as indicated below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters subject to the electronic provision measures) in electronic format, and posts this information on the following websites. Please access any of the websites by using the internet addresses shown below to review the information.

The Company’s website:

<https://www.sanyo-shokai.co.jp/en/ir/shareholder/meeting/>

You can conveniently access the convocation notice on the following website, which also provides financial highlights such as performance trends. We hope you find the information helpful and informative:

<https://p.sokai.jp/8011/> (in Japanese)

Note: The matters subject to the electronic provision measures are also posted on the TSE website (Listed Company Search), in addition to the Company’s website. For more details, please refer to the next page.

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing (by mail). Please review the Reference Documents for General Meeting of Shareholders and exercise your voting rights.

- 1. Date and Time:** Thursday, May 29, 2025, at 10:00 a.m. (JST) (Reception: from 9:00 a.m.)  
**2. Venue:** Convention hall Ruri, Hotel Grand Hill Ichigaya (East Wing, third floor)  
4-1 Ichigaya Honmuracho, Shinjuku-ku, Tokyo

**3. Purpose of the Meeting**

**Matters to be reported:**

1. The Business Report and the Consolidated Financial Statements for the 82nd fiscal year (from March 1, 2024 to February 28, 2025), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 82nd fiscal year (from March 1, 2024 to February 28, 2025)

**Matters to be resolved:**

- Proposal No. 1**      Appropriation of Surplus  
**Proposal No. 2**      Election of Seven Directors

**4. Handling of votes**

- (1) If a voting right is exercised both in writing and via the Internet or other means, the online vote shall be deemed effective.
- (2) If a voting right is exercised via the Internet more than once, the last vote shall be deemed effective.
- (3) If there is no indication of approval or disapproval to each proposal on the voting form, the Company will treat the vote as “approve.”

The matters subject to the electronic provision measures are also posted on the TSE website (Listed Company Search), in addition to the Company’s website. To view them, access the TSE website, enter “SANYO SHOKAI” in “Issue name (company name)” or the Company’s securities code “8011” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting].”

TSE website (Listed Company Search):

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

- If you are attending the meeting in person, you are kindly requested to submit the voting form sent out with this notice at the reception desk.
- Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents. In addition, the Audit & Supervisory Board Members and the Financial Auditor have audited the documents subject to audit, including the following matters.
  - (i) Notes to the Consolidated Financial Statements
  - (ii) Notes to the Non-consolidated Financial Statements
- If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company’s website stated on the previous page and the TSE website.

## Reference Documents for General Meeting of Shareholders

### Proposal No. 1      Appropriation of Surplus

While strengthening our management structure, we consider return of profit to the shareholders to be one of the most important management matters. We plan to set the dividend on equity ratio (DOE) for the current fiscal year at 4% and pay a year-end dividend of ¥129 per share as follows.

#### Year-end dividends

- (1) Type of dividend property  
To be paid in cash.
- (2) Allotment of dividend property to shareholders and the aggregate amount  
¥129 per common share of the Company  
Total payment: ¥1,376,385,237
- (3) Effective date of distribution of surplus  
May 30, 2025

**Proposal No. 2** Election of Seven Directors

The terms of office of all seven Directors will expire at the conclusion of this meeting. In this regard, the Company proposes the election of seven Directors.

The candidates for Director are as follows.

Candidate No.	Category	Name	Gender	Current position, responsibility in the Company, etc.	Number of years in office	Attendance at meetings of the Board of Directors
1	Reelection	Shinji Oe	Male	Representative Director Chief Executive Officer & President	5 years	14/14 (100%)
2	Reelection	Ikuro Kato	Male	Director and Executive Vice President, General Manager of Operation Headquarters, and General Manager of Business Headquarters	5 years	14/14 (100%)
3	Reelection Outside Independent	Chihiro Nihashi	Male	Outside Director	5 years	14/14 (100%)
4	Reelection Outside Independent	Ikuo Yasuda	Male	Outside Director	5 years	14/14 (100%)
5	Reelection Outside Independent	Osamu Nakamoto	Male	Outside Director	2 years	14/14 (100%)
6	Reelection Outside Independent	Kayo Murakami	Female	Outside Director	2 years	14/14 (100%)
7	New Outside Independent	Yoshiki Hirabayashi	Male	—	—	—

Reelection: Candidate for Director to be reelected

New: Candidate for Director to be newly elected

Outside: Candidate for Outside Director

Independent: Independent officer as provided for by the securities exchange

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
1	Shinji Oe (August 27, 1947)  Reelection	Apr. 1971      Joined Mitsui & Co., Ltd. July 1997      General Manager of Textile Department 3 July. 2004      Administrative Officer, Deputy General Manager of Consumer Service Business June 2007      Director, Senior Managing Director and General Manager of Corporate Planning Headquarters of GOLDWIN INC. Apr. 2010      Director, Vice President, General Manager of Corporate Planning Headquarters and General Manager of Business Management Headquarters Apr. 2014      Director, Vice President and Assistant to the President June 2016      Director and Advisor June 2018      Advisor Apr. 2019      Senior Adviser Mar. 2020      Joined the Company, Executive Vice President Apr. 2020      Executive Vice President and General Manager of Corporate Management Headquarters May 2020      Representative Director Chief Executive Officer & President, and General Manager of Corporate Management Headquarters Mar. 2023      Representative Director Chief Executive Officer & President (current position)		35,202 shares
[Reasons for nomination as candidate for Director] Shinji Oe has experience in the management of a listed company in the textile and apparel industry. In addition to his extensive knowledge and experience in the apparel industry from material sourcing through to sales, he has a proven track record of restructuring businesses as a manager. He has provided leadership in the formulation and execution of the Medium-term Business Plan for the Company. The Company has determined that he has the suitable qualifications for leading the Company, including a wealth of experience in the business, international experience, and knowledge of legal and financial matters as a manager. We expect him to continue to be a member of the Nomination and Compensation Committee (an optional committee) after his election.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
2	Ikuro Kato (January 4, 1961)  Reelection	Apr. 1985	Joined the Company	14,509 shares
		July 2008	General Manager of EVEX DIV, Women's Attire Second Business Department, Business Headquarters	
		July 2010	General Manager of First Planning DIV, Women's Attire Business Department, Business Headquarters	
		Jan. 2012	Managing Officer and General Manager of Women's Attire Planning Department, Private Product Management Business Department, Business Headquarters	
		July 2014	Managing Officer and General Manager of Business Development Department, Business Headquarters	
		July 2016	Managing Officer and General Manager of Women's Attire Planning Department, Planning Management Business Department, Business Headquarters	
		Jan. 2017	Managing Officer and General Manager of Brand Business Department, Business Headquarters	
		Jan. 2019	Managing Officer and General Manager of Second Business Headquarters	
		Apr. 2020	Executive Managing Officer and General Manager of Business Headquarters	
		May 2020	Director, Executive Managing Officer, and General Manager of Business Headquarters	
		Apr. 2021	Director, Executive Managing Officer, General Manager of Business Headquarters, and General Manager of Digital Marketing Strategy Headquarters	
		Mar. 2022	Director, Senior Executive Managing Officer, General Manager of Business Headquarters, and General Manager of Marketing & Digital Strategy Headquarters	
		Mar. 2024	Director and Executive Vice President, General Manager of Operation Headquarters, and General Manager of Business Headquarters (current position)	
		<p>[Reasons for nomination as candidate for Director]</p> <p>Since joining the Company, Ikuro Kato has served in the planning department, and has been involved in branding, product planning, production, and technology of the Company's major brands. He has the necessary experience and broad knowledge as a person in charge of the management of apparel companies. As the current Executive Vice President, General Manager of Operation Headquarters, and General Manager of Business Headquarters of the Company, he has led the business of the Company, such as the promotion of brand business and the expansion of business domains responding to diversified markets. The Company considers him a key person for achieving the Company's Medium-term Business Plan.</p>		

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Chihiro Nihashi (January 26, 1954)  Reelection Outside Independent	<p>Apr. 1976      Joined Isetan Co., Ltd.</p> <p>June 2002      Executive Officer and General Manager in charge of women's attire sales, MD Administration Department, Department Store Business Planning &amp; Operation Headquarters</p> <p>June 2004      Executive Managing Officer and General Manager of MD Administration Department, Department Store Business Planning &amp; Operation Headquarters</p> <p>Feb. 2006      Senior Managing Executive Officer and General Manager of Department Store Business Planning &amp; Operation Headquarters</p> <p>June 2006      Director, Senior Managing Executive Officer and General Manager of Department Store Business Planning &amp; Operation Headquarters</p> <p>Apr. 2008      Director of Isetan Mitsukoshi Holdings Ltd.</p> <p>June 2008      Representative Director, Senior Managing Executive Officer and General Manager of Department Store Business Planning &amp; Operation Headquarters of Isetan Co., Ltd.</p> <p>Jan. 2010      Senior Managing Executive Officer</p> <p>Jan. 2010      Representative Director and Executive President of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>Apr. 2011      Senior Managing Executive Officer of Isetan Mitsukoshi Holdings Ltd.</p> <p>Feb. 2018      Director and Chairman of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>Apr. 2019      Director and Advisor of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>Apr. 2020      Special Advisor of TOKYU DEPARTMENT STORE CO., LTD.</p> <p>May 2020      Outside Director of the Company (current position)</p> <p>Apr. 2022      Honorary Advisor of TOKYU DEPARTMENT STORE CO., LTD.</p>	—
<p>[Reasons for nomination as candidate for outside Director and expected role, etc.]</p> <p>Chihiro Nihashi has been involved in department store management for many years and is well versed in the apparel and retail industry. His opinions and suggestions based on his extensive management experience in department stores and his vast knowledge of branding and marketing are beneficial in realizing the Company's Medium-term Business Plan, and he also contributes to stimulating discussions at the Board of Directors meetings. After his election, we expect him to appropriately perform his duties, such as making decisions on important management matters and supervising the execution of business. He retired from Isetan Mitsukoshi Holdings Ltd. in March 2015. He was not involved in the business execution of TOKYU DEPARTMENT STORE CO., LTD. after April 2020, and retired from office as Honorary Advisor to the company in March 2023.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company’s shares owned
4	Ikuo Yasuda (April 28, 1953)  Reelection Outside Independent	Apr. 1977	Joined The Long-Term Credit Bank of Japan, Limited	—
		July 1998	Joined General Electric International Inc.	
		Jan. 2000	Representative of Lehman Brothers Japan Inc.	
		May 2003	Visiting Professor of Tama University Renaissance Center	
		Sept. 2004	Established Pinnacle Inc., Representative Director and Chairman	
		May 2005	Director of TAY TWO., LTD.	
		Apr. 2006	Specially Appointed Professor of Kyushu University	
		Nov. 2009	Representative Director, Chairman and President & CEO of Pinnacle Inc. (current position)	
		Mar. 2012	Director of The Tokyo New Business Conference	
		Sept. 2015	Outside Director of HOUSE DO Co., Ltd. (currently &Do Holdings Co., Ltd.)	
		Oct. 2017	Advisor of Tokai Tokyo Financial Holdings, Inc.	
		Apr. 2018	Senior Director of The Tokyo New Business Conference (current position)	
		Apr. 2018	Member of Japan Association of Corporate Executives (current position)	
		Dec. 2018	Director and Chairman of Pinnacle TT Solution Inc.	
		Mar. 2019	Advisor of TKP Corporation	
May 2020	Outside Director of the Company (current position)			
Jan. 2021	Representative Director and President of MAfolova inc.			
[Reasons for nomination as candidate for outside Director and expected role, etc.] Ikuo Yasuda possesses extensive business experience in financial institutions in Japan and overseas. Drawing on his financial knowledge, he specializes in M&A, business succession, and business restructuring. His knowledge in financial markets and M&A is beneficial to the realization of the Company’s Medium-term Business Plan for business growth. After his election, we expect him to appropriately perform his duties, such as making decisions on important management matters and supervising the execution of business. We also expect him to chair the Board of Directors and the Nomination and Compensation Committee (an optional committee).				



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
5	Osamu Nakamoto (October 16, 1950)  Reelection Outside Independent	Mar. 1973	Joined Yagi Tsusho Limited	
		June 1994	Head of Milan Office	
		July 1996	General Manager of Imported Clothing Department	
		June 1999	General Representative for Europe and Head of Milan Office	
		Feb. 2004	General Manager of Brand Business Department and General Manager of Fashion Resource Business Department	
		June 2006	Officer, General Manager of Brand Business Department and General Manager of Fashion Resource Business Department	
		June 2007	Officer and Representative Director and Vice Chairman of Mackintosh UK Ltd.	
		June 2009	Director and Representative Director and Vice Chairman of Mackintosh UK Ltd.	
		June 2010	Director, in charge of Second Imported Clothing Department	
		Apr. 2012	Director, in charge of J&M Davidson Division	
		June 2015	Representative Director and Senior Managing Officer of InterBridge Corporation	
		May 2023	Outside Director of the Company (current position)	
	[Reasons for nomination as candidate for outside Director and expected role, etc.] Osamu Nakamoto has held key positions in the brand business at a trading company that mainly imports apparel, and has also served as Representative Director and Vice Chairman of an overseas affiliate of the aforementioned company (in the U.K.). He is well versed in the apparel and retail industry, and his extensive experience and broad knowledge in areas such as product planning, branding, and international business will be beneficial in realizing the Company's Medium-term Business Plan. After his election, we expect him to appropriately perform his duties, such as making decisions on important management matters and supervising the execution of business. He retired from Yagi Tsusho Limited in June 2015 and InterBridge Corporation in May 2018, respectively.			
6	Kayo Murakami (September 16, 1967)  Reelection Outside Independent	Sept. 1990	Joined AG Company	
		Dec. 1996	Founded MK CONET Ltd.	
		May 2001	Joined Netyear Group Corporation	
		Mar. 2007	Joined Culture Convenience Club Co., Ltd.	
		Sept. 2012	Joined Rakuten, Inc. (currently Rakuten Group, Inc.)	
		Sept. 2013	Joined P.G.C.D. JAPAN, Inc.	
		Oct. 2016	Joined Synapse co., Ltd.	
		June 2020	Outside Director of en Japan Inc.	
		July 2020	Senior Partner and CEO of Kazu and Company LLC (current position)	
		Apr. 2023	Advisory Fellow of IT Innovation and Strategy Center Okinawa (current position)	
		May 2023	Outside Director of the Company (current position)	
		June 2024	External Director (Audit & Supervisory Committee Member) of PRESS KOGYO CO., LTD. (current position)	
	[Reasons for nomination as candidate for outside Director and expected role, etc.] Kayo Murakami specializes in digital marketing and digital transformation areas, and she is well versed in these areas. Her knowledge of marketing and EC will be beneficial to the realization of the Company's Medium-term Business Plan. In the restructuring of the Company's EC site, she provides necessary and accurate advice and recommendations from her professional perspective. After her election, we expect her to appropriately perform her duties, such as making decisions on important management matters and supervising the execution of business. We expect her to be a member of the Nomination and Compensation Committee (an optional committee).			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	Yoshiki Hirabayashi (February 1, 1963)  New Outside Independent	<p>April 1986      Joined MITSUI &amp; CO., LTD.</p> <p>May 2025      Deputy General Manager of Secretariat (secretary to the President)</p> <p>July 2008      Vice President of Mitsui &amp; Co. Moscow LLC</p> <p>October 2012    General Manager of Service Division, Consumer Service Business Unit, MITSUI &amp; CO., LTD.</p> <p>April 2015      General Manager of Consumer Service Business Unit</p> <p>April 2016      General Manager of Healthcare &amp; Service Business Unit</p> <p>April 2017      Managing Officer of Retail Business Unit</p> <p>April 2021      Executive Managing Officer and General Manager of Human Resources &amp; General Affairs Division</p> <p>April 2023      Senior Executive Managing Officer and General Manager of Human Resources &amp; General Affairs Division</p> <p>April 2025      Advisor (current position)</p>	—
<p>[Reasons for nomination as candidate for outside Director and expected role, etc.]</p> <p>Yoshiki Hirabayashi has extensive global experience in the lifestyle-related industries, having worked at a general trading company. His experience in the consumer services and fashion businesses, which are highly responsive to shifts in living environments and evolving customer needs, will be advantageous for the Company. Besides his experience in consumer spending, fashion business, and branded business, he also has knowledge in well-being management, human resource development, and enhancing human capital. Thus, after his election, we expect him to appropriately fulfill his duties, including making important management decisions and overseeing business execution. Please note that he retired as Senior Executive Managing Officer of MITSUI &amp; CO. LTD. in March 2025. After his retirement, he took on the role of advisor and was not involved in any business operations at the company when the agenda for this Annual General Meeting of Shareholders was decided.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. Yoshiki Hirabayashi is a candidate for a new Director.
  3. Candidates Chihiro Nihashi, Ikuo Yasuda, Osamu Nakamoto, Kayo Murakami and Yoshiki Hirabayashi are candidates for outside Directors.
  4. The Company has submitted notification to Tokyo Stock Exchange, Inc. (TSE) that candidates Chihiro Nihashi, Ikuo Yasuda, Osamu Nakamoto and Kayo Murakami have been appointed as independent officers as provided for by the aforementioned exchange.
  5. The Company intends to appoint the candidate Yoshiki Hirabayashi as an independent officer as provided for by TSE and submit notification to the exchange accordingly. The Company does not have any business dealings with MITSUI & CO. LTD. However, one of its equity-method associates (50% stake) MN Inter-Fashion Ltd. is a major supplier to the Company.
  6. The five individuals listed in Notes 4 and 5 satisfy the "Independence Criteria for Outside Directors and Audit & Supervisory Board Members" established by the Company.
  7. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has entered into agreements with candidates Chihiro Nihashi, Ikuo Yasuda, Osamu Nakamoto and Kayo Murakami to limit their liability for damages as outside Directors to the extent stipulated by laws and regulations. If their reelection is approved at this meeting, the Company plans to renew the respective agreements with each of them.
  8. The Company intends to enter into an agreement with the candidate Yoshiki Hirabayashi, if his election is approved at this general meeting, to limit his liability for damages as outside Director to the extent stipulated by laws and regulations pursuant to the provisions of Article 427, paragraph 1 of the Companies Act.
  9. The Company has entered into a directors and officers liability insurance policy with Directors, Audit & Supervisory Board Members, executive officers and management employees of the Company and the Company's subsidiaries as the insureds. The policy covers losses that may arise from all the insured Directors' assumption of liability incurred in the course of their performance of duties or receipt of claims pertaining to the pursuit of such liability. If the respective candidates are appointed as Director, they will continue to be covered by this insurance policy, and the Company also plans to renew the insurance policy with the same details during their terms of office.
  10. At en Japan Co., Ltd. (hereinafter "en Japan"), the candidate Kayo Murakami served as an outside director from June 2020 until her retirement in June 2024. It was discovered in May 2023 that the General Manager of en Japan's consolidated

overseas subsidiary (a local company in China) Talent Alliance (Beijing) Technology Development Limited (hereinafter “Talent JV”) had misappropriated the subsidiary’s deposits for personal use. In addition, the investigation revealed that social insurance premiums had not been paid at Talent JV since 2006, the year en Japan invested in the company. Following the discovery of the misappropriation of deposits in May 2023, en Japan has investigated through a special investigation committee. en Japan received the investigation report from the committee in July 2023 and has since been working on the recurrence prevention measures it announced in August of the same year. Although Murakami was unaware of the above two facts before the discovery, she consistently advocated for legal compliance during board meetings and other meetings. After the above facts came to light, she fulfilled her responsibilities appropriately by proposing measures to strengthen group governance and enhance the compliance system to prevent a recurrence during board meetings and other meetings.

11. The “Number of the Company’s shares owned” by candidates Shinji Oe and Ikuro Kato indicates the effective number of shares, including equities in the SANYO SHOKAI LTD. Officers’ Shareholding Society.
12. The officially registered name of candidate Kayo Murakami is Kayo Kanazawa.

■ (Reference) Skill Matrix of the Directors and Audit & Supervisory Board Members (Scheduled) after the Annual General Meeting of Shareholders

<Skills Required for the Board of Directors>

The criteria for the appointment of a Director and an Audit & Supervisory Board Member of the Company stipulate that they must possess the appropriate character and knowledge for a Director and an Audit & Supervisory Board Member, sufficient experience and expertise to contribute to the continuous enhancement of corporate value, insight and ability to supervise management, and the ability to analyze and make judgments in an objective manner.

Meanwhile, the long-term goals set out in our newly formulated Medium-term Business Plan (covering the fiscal year ending February 28, 2026 to the fiscal year ending February 28, 2028) are to “strive to be a top performer with a dominant presence and competitive edge in the upper-middle market” and to “execute new growth strategies to expand business scale and optimize portfolio.” To achieve these long-term goals, we have formulated a three-year plan using a backcasting approach. This approach focuses on sustaining organic growth and promoting a new growth strategy that includes M&A, a brand strategy, and a channel strategy.

In order to accomplish this plan and at the same time maintain a high level of transparency in management, we believe that the composition of the Board of Directors should have the following skills.

<Definition of the selected skill>

Corporate Management Experience	Management experience or knowledge and experience in corporate governance
Knowledge of the Industry and Retail in General	Knowledge of the apparel industry and business experience in retail such as department stores, company-operated stores, and outlets required to drive our channel strategy
Branding	Knowledge in the area of branding, including expressing brand philosophy and brand value enhancement necessary to promote our brand strategy, as well as business experience required to expand our licensing business
Product Planning Production and Technology	Knowledge in product planning and production to create high-quality, high-grade, high-value-added products (which is one of our strengths), as well as in the technology and quality control fields that support this planning and production
Marketing CRM	Extensive knowledge in marketing and CRM (Customer Relationship Management) expertise required to drive our marketing strategy
EC OMO	Extensive knowledge of the EC sector, cross-border EC, and inbound support necessary to establish a mutually complementary system between EC and brick-and-mortar stores (OMO: online and offline integration) in order to promote our EC strategy
International Experience Overseas Business	International experience and knowledge of overseas business (including the licensing business) necessary to consider future overseas business development
Financial Markets M&A	Expertise in financial markets necessary to manage a prime market listed company and knowledge of M&A as a tool of a future growth strategy
Legal Compliance	Expertise in the legal field or experience in a leadership role in the field
Finance/Tax/Accounting	Expertise in the financial, tax, or accounting field or experience in a leadership role in the field
HR Strategy/ HR Development	Knowledge required for implementing measures to strengthen investment in human capital. These measures include improving overall strength by maximizing individual competencies and creating synergy through the optimal use of these competencies, as well as integrating diverse knowledge and experiences.

The knowledge, experience and skills that the Directors and Audit & Supervisory Board Members (Scheduled) after the Annual General Meeting of Shareholders possess are as follows.

	Director							Audit & Supervisory Board Member		
	Shinji Oe	Ikuro Kato	Chihiro Nihashi	Ikuo Yasuda	Osamu Nakamoto	Kayo Murakami	Yoshiki Hirabayashi	Rokuichi Ito	Somuku Iimura	Atsushi Fukuda
Outside/Independent			Outside Independent	Outside Independent	Outside Independent	Outside Independent	Outside Independent		Outside Independent	Outside Independent
Committees, etc.	Member of the Nomination and Compensation Committee			Chairman of the Board of Directors Member of the Nomination and Compensation Committee		Member of the Nomination and Compensation Committee		Chairman of Audit & Supervisory Board		
Corporate Management Experience	✓	✓	✓	✓	✓	✓	✓			
Knowledge of the Industry and Retail in General	✓	✓	✓		✓		✓	✓		
Branding	✓	✓	✓		✓		✓			
Product Planning/Production and Technology	✓	✓			✓					
Marketing/CRM	✓	✓	✓			✓	✓			
EC/OMO		✓				✓				
International Experience/Overseas Business	✓			✓	✓		✓			
Financial Markets/M&A	✓			✓						
Legal/Compliance	✓	✓						✓	✓	✓
Finance/Tax/Accounting	✓			✓				✓	✓	✓
HR Strategy/HR Development	✓						✓			

\* Rokuichi Ito and Atsushi Fukuda were elected and assumed office as Audit & Supervisory Board Members at the 79th Annual General Meeting of Shareholders and Somuku Iimura at the 81st.

\* This skill matrix does not represent all of the knowledge, experience, and skills of the Directors (candidates) and Audit & Supervisory Board Members.

## Business Report (March 1, 2024 – February 28, 2025)

### 1. Current Condition of Sanyo

#### (1) Outline of operations and operating results

During the fiscal year under review, the Japanese economy continued its gradual recovery, supported by strong corporate performance and accommodative monetary policy, despite headwinds from yen depreciation, rising commodity prices, and political uncertainties both domestically and internationally. Private consumption also remained resilient, underpinned by improvements in the labor market driven by wage growth, although it was slightly affected by inflationary pressures.

The apparel and fashion industry remained firm, especially in the luxury brands, due to continued robust inbound demand. This helped offset the fading effects of pent-up demand following the post-COVID recovery in the previous fiscal year, as well as a delayed start to the autumn/winter sales season caused by record-high temperatures in early autumn.

Under these circumstances, the Group has been striving to meet its targets for the current fiscal year, the final year of its Medium-term Business plan to Fiscal 2025, by focusing on enhancing product appeal and strengthening sales capabilities. However, net sales for the FY2025 fell short of the previous year's level, despite a modest recovery in Q4. This was primarily due to the diminishing impact of post-pandemic pent-up demand in Q1 and sluggish sales resulting from a delayed start to the fall and winter sales season in the wake of extreme heat in late summer and fall in Q3. On the other hand, the gross profit margin improved YoY, supported mainly by better inventory management and limited discounting on clearance sale items. Selling, general, and administrative expenses were also kept below plan, reflecting reduced fixed costs (except for growth investments such as those in human resources and new store openings). However, these efforts were insufficient to fully offset the decline in gross profit stemming from lower sales, leading to a year-on-year decrease in operating profit.

As a result, for the fiscal year under review, the Group recorded net sales of ¥60,526 million, operating profit of ¥2,715 million, ordinary profit of ¥2,825 million, and profit attributable to owners of parent of ¥4,007 million.

#### Net sales by division

Category	Net sales (millions of yen)	Composition ratio (%)
Men's clothing	24,683	40.8
Women's clothing	31,163	51.5
Accessories and others	4,679	7.7
Total	60,526	100.0

#### (2) Capital investment

Capital investments for the fiscal year under review totaled ¥580 million due to investments related to store facilities associated with new store openings.

#### (3) Financing

During the fiscal year under review, the Company refinanced its long-term borrowings. As of February 28, 2025, the balance of borrowings stood at ¥6,930 million.

#### (4) Major corporate reorganization, etc.

None

#### (5) Issues to be addressed

##### <Future outlook>

The Company disclosed the future outlook in the “Medium-Term Business Plan to Fiscal 2028,” a three-year plan ending FY2028, which was released alongside the Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (under Japanese GAAP), on April 14, 2025. In the plan, the Company has set long-term targets to achieve net sales of ¥100 billion, an operating margin of 10%, and a return on equity (ROE) of 10%, as well as “strive to be a top performer with a dominant presence and competitive edge in the upper-middle market,” and “execute new growth strategies to expand business scale and optimize portfolio” which underlies the Medium-term Business Plan to Fiscal 2028. Please find details of the plan below.

## <Medim-term Business Plan (FY2026–FY2028)>

### Mission (= Corporate Philosophy)

We create social value by providing fashion and apparel that enrich the lifestyles of customers everywhere.

### Vision

We aim to become an excellent company that can contribute to the realization of a sustainable society with the ability to create high value and solid profitability.

### Value

Skills to create high-quality, high-grade, and high-value-added products

Excellent brand portfolios with the ability to accomplish brand business targets

Employees with creative skills and high ethical values

Executives with excellent management skills under efficient management systems.

## 1. Long-term Targets and Medium-term Business Plan to Fiscal 2028

The Company has set the following long-term targets: to achieve net sales of ¥100 billion, an operating profit margin of 10%, and ROE of 10%; strive to be a top performer with a dominant presence and competitive edge in the upper-middle market; and execute new growth strategies to expand business scale and optimize portfolio. To this end, a three-year Medium-term Business Plan has been formulated using a backcasting approach. Under this plan, we aim to expand our business fields and markets through brand value enhancement as a driver and actively promote new growth strategies and M&A initiatives. By FY2028, the final year of the plan, we expect to reach our quantitative targets of net sales of ¥70 billion, operating profit margin of 7.1%, and ROE of 10.7%, as intermediate milestones on the path toward its long-term goals.

## 2. Approach to Long-term Targets

### **Sustainable organic growth**

The Company aims to reach net sales of ¥70 billion and a gross profit margin of 64.0% by FY2028. To achieve this, we will continue implementing the following initiatives to improve gross profit margin, including accelerating new store openings; maintaining sales momentum through the launch of new EC-exclusive brands; controlling the procurement cost ratio; managing inventory more efficiently; and improving the full-price sales ratio. To strengthen brand value, we will enhance the alignment between product value and pricing through product innovation and upgrade, improve customer equity by expanding customer touchpoints, and elevate the customer service quality by providing sales staff training.

### **New growth strategies/M&A**

Building on enhanced brand value, the Company will expand its business scope and market reach. We will also consider expanding existing brands into new categories such as lifestyle goods and children's apparel. Other strategies include developing EC-exclusive brands and new private brands targeting commercial facilities as a main sales channel, and expanding the distribution of these brands abroad through overseas wholesale and cross-border EC channels. We will also proactively explore, assess, and execute potential M&A opportunities, such as the acquisition of new trademark rights.

### **Branding strategy**

With our seven core brands, we aim to establish a solid business and revenue base by enhancing brand value and rapidly building a structure capable of achieving ¥10 billion in net sales per brand. Brands currently classified as “challenges” will focus on establishing a profitable revenue base during the medium-term business plan period, with the aim of becoming future “growth engines.”

### **Channel strategy**

For our primary sales channel, department stores, the Company will continue to strengthen store openings by capturing new customer segments, enhancing the in-store environment, and improving operational efficiency. As for directly managed stores, we will further elevate brand value by launching flagship stores for our core brands. We will also raise the overall standard of our brands by making the EC channel as a full-price site and establishing a mutually complementary system with physical stores. Furthermore, we hope the launch of EC-exclusive brands will help strengthen sales based on the product strategies specifically tailored to the EC channel.

## 3. Capital Strategies

We aim to improve our price-to-book ratio (PBR) by achieving a return on equity (ROE) that exceeds our cost of equity, intensifying our investor relations (IR) efforts, and executing the initiatives outlined in our Medium-term Business Plan. Our goal is to maintain ROE at 10% or higher under normal conditions. To reach this goal, the Company will pursue profit growth by implementing growth strategies based on a solid portfolio anchored by our seven core brands, complemented by new growth strategies and M&A initiatives. In parallel, we will

continue to enhance shareholder returns by gradually increasing dividend payments and buying back own shares. In addition, we will actively allocate the cash accumulated through maximized profits to enhancing growth investments, returns to employees, and shareholder returns, thereby optimizing capital allocation.

#### <Plan for FY2026>

For the fiscal year ending February 28, 2026, the first year of the Medium-Term Business Plan to Fiscal 2028, net sales are forecasted to increase by ¥2.0 billion YoY driven by the opening of new stores and the launch of EC-exclusive brands. The gross profit margin is targeted at 63.2%, up 0.7 percentage points from the previous year, supported by continued efforts to control the procurement cost ratio, manage inventories more efficiently, and improve the full-price sales ratio. In addition, we will advance product innovation and upgrade through a cross-functional product development committee while working to improve accuracy in customer communication and acquire new customers.

For the full fiscal year ending February 28, 2026, we forecast net sales of ¥62.5 billion, operating profit of ¥3.3 billion, ordinary profit of ¥3.3 billion, and profit attributable to owners of parent of ¥4.1 billion.

#### <Basic policy on distribution of profits>

The Group considers shareholder returns as one of its key management priorities and has been steadily increasing dividend payments in line with the policy of enhancing shareholder returns outlined in the PBR Improvement Plan announced on October 6, 2023. For the fiscal year under review, we plan to pay an annual dividend of ¥129 per share, representing a dividend on equity (DOE) of 4%. For the next fiscal year, we plan to pay a full-year dividend of ¥139 per share, with a DOE of 4%, including an interim dividend of ¥69 per share. While we have historically paid annual dividends at the end of the fiscal year, we have decided to pay an interim dividend in addition to a year-end dividend, starting from the fiscal year ending February 28, 2026. This change is aimed at enhancing equity value in the medium to long term and expanding opportunities for shareholder return.

For more details on the Medium-Term Business Plan to Fiscal 2028 and the specific initiatives for the fiscal year ending February 28, 2026, please visit our website: *Investors>Management Policy>Medium-Term Business Plan*. (<https://www.sanyo-shokai.co.jp/en/ir/management/medium-term/>)

#### <Reduction of cross-shareholdings>

Each year, the Board of Directors reviews the economic rationale for respective shareholdings in light of the Company's cost of capital and the risks associated with continued ownership, after confirming the purposes of the holdings, current dividend payments, share prices, and other relevant factors. Based on the results of this review, we will gradually phase out shares deemed to be of lower strategic importance, considering the circumstances of the investee companies.

According to this policy, we sold a portion of our shareholdings in January 2025. As a result, the balance of cross-shareholdings as of February 28, 2025, accounted for 14.9% of consolidated net assets. We intend to continue reducing cross-shareholdings gradually over the course of the Medium-term Business Plan to Fiscal 2028.

#### <Sustainability policies and initiatives>

##### 1. Material Issues

The fashion industry in particular faces a diverse range of environmental and social challenges, including climate change caused by global warming; responsible sourcing of materials, which are deeply related to human rights concerns; the shift toward a circular economy; and the transition to human capital management. To play a role in addressing these challenges, the Group has identified four material issues: contribution to a sustainable global environment, efforts toward a circular economy, further promotion of CSR procurement, and creating a rewarding workplace that respects diversity, reviewing them annually to ensure they are relevant. We have set quantitative targets for each of the material issues and are implementing action plans to achieve them. In carrying out action plans, each of our employees is encouraged to take ownership of the issues. In addition, when addressing challenges relevant to the entire supply chain, we work to deepen collaboration throughout our supply chain to address these challenges collectively.

##### 2. Sustainability Management System

Recognizing the importance of responding to issues related to sustainability, the Group has established a Sustainability Committee directly under the Management Committee to formulate action plans and monitor progress in response to environmental and social issues facing the Group.

The Senior Executive Managing Officer and General Manager of Corporate Management HQ chairs the Sustainability Committee. The heads of major departments serve as committee members, and a full-time Audit & Supervisory Board Member always attends as an observer, while the Sustainability Promotion Office is in



charge of the secretariat. The matters discussed by the committee are decided and approved by the Management Meeting, and are regularly reported to the Board of Directors to ensure appropriate oversight by the Board of Directors.

During FY2024, the Committee met nine times and reported seven times to the Management Meeting and five times to the Board of Directors.

### 3. Sustainability Initiatives

In February 2025, the Group conducted our annual review of sustainability-related policies, including the Basic Policy on Sustainability, Environmental Policy, Human Rights Policy, and Human Capital Policy. Following this review, we updated our Human Capital Policy in March 2025. The Group remains committed to advancing initiatives in alignment with these policies.

#### (1) Climate change

We have set a long-term target of achieving net-zero greenhouse gas (GHG) emissions for Scope 1 and Scope 2 by FY2050. As a first step toward this goal, we converted the Tokyo Head Office into a building powered entirely by renewable energy in FY2024. In March 2025, we obtained SBT (Science Based Targets) certificate and redefined our medium-term emission reduction targets in alignment with the standards set by the Paris Agreement. Specifically, we aim to reduce Scope 1 and 2 emissions by 52% and Scope 3 (Category 1, 3, 4, and 12) emissions by 30% by FY2030 (compared with FY2019). We continue to implement initiatives to reduce GHG emissions, such as reducing waste through inventory optimization and procurement control, a phased replacement with environmentally friendly materials, and collaborative efforts across the supply chain.

#### (2) Recycling of materials

As part of our efforts to advance a circular economy, the Group launched the “SANYO RE: PROJECT” in FY2024 to consolidate our 3R (reduce, reuse, recycle) initiatives. Under this project, we began collecting used clothing for reuse and started selling certified reuse products under the brand name “RE: SANYO.” In FY2025, alongside the expansion of our reuse business, we will promote waste reduction throughout our business activities as part of our commitment to both building a circular society and maintaining a sustainable business model.

To reduce the environmental impact of our logistics operations—including CO<sub>2</sub> emissions, resource consumption, and waste generation—we have been working to reduce our plastics consumption and recycle materials we use by promoting the reduction, reuse, and recycling of plastics throughout our logistics processes.

#### (3) Human rights

To ensure respect for human rights in the production process, we established the SANYO Code of Conduct in 2019 as our foundational guidelines. In line with these guidelines, we conduct factory audits through third-party institutions covering approximately 90% of our production volume. Based on the audit results, factories are ranked and provided with guidance for improvement. Through this process, we promote CSR procurement which prioritize ethical and socially responsible practices.

As part of our human rights due diligence efforts, the Group enhanced the Sanyo Alarm System (Compliance Hotline System) in March 2024 by establishing an external whistleblowing channel. Furthermore, in April 2024, we became an official signatory to the United Nations Global Compact, affirming our support for its 10 principles in four areas (human rights, labor, the environment, and anti-corruption).

#### (4) Human capital

The Group have formulated the human capital policy based on our belief that strengthening human capital is a critical management priority in enhancing corporate value. Sanyo strives to maximize individual capabilities through the development of professional human resources, and to enhance overall capabilities through the creation of synergies through the maximization of individual capabilities through the development of personnel infrastructure and the integration of diverse knowledge and experience. We will support employees with diverse backgrounds to maximize their abilities and create an environment in which each individual can play an active role.

#### 4. Key Indicators, Targets, and Progress

The following table shows the key indicators and targets for the four material issues the Group has identified, along with our progress to date.

Material issues	KPIs	Target	Target year	FY2024 Results
Contribution to a sustainable global environment	Scopes 1 & 2 GHG reduction*	52% reduction Compared to FY2019	2030	29% reduction
		Net zero	2050	
	Scope 3 GHG reduction* (Category 1, 3, 4, and 12)	30% reduction Compared to FY2019	2030	32% reduction

\*GHG reduction rate is the actual result for the previous fiscal year.

Material issues	KPIs	Target	Target year	FY2025 Results
Efforts toward a circular economy	Material recycling rate of plastic packaging for hanger covers and cut-and-sew knitwear	50%	2030	11.9%
Further promotion of CSR procurement	CSR factory audits–Ratio of rank-A factories	At least 90%	2030	86.7%
Creating a rewarding workplace that respects diversity	Ratio of women in managerial positions*	20%	2026	9.3%
	Ratio of men taking childcare leave*	100%		100%
	Gender wage gap (women's salary/men's salary*100 (all job types))*	72%		69.9%

\*Ratio of women in managerial positions, ratio of men taking childcare leave, and gender wage gap are based on standalone actual data.

The Group remains committed to advancing our business with the goal of contributing to the realization of a sustainable society through company-wide initiatives.

For the latest updates on our sustainability efforts, please visit the Sustainability section of our website.

(<https://www.sanyo-shokai.co.jp/en/sustainability/>)

#### <Risk factors>

##### 1. Key risks

###### (1) Price volatility risk of raw materials

Changes in global economic conditions and fluctuations of supply and demand may lead to significant price volatility of textile raw materials and ancillary components used by the Company. While the Group strives to pass on the cost push to prices and to implement cost-reduction measures, a sharp rise or lingering rises in raw materials prices could have a material adverse impact on the Group's financial condition, operating results, and cash flows.

###### (2) Global supply chain risk

The Group's production sites are mainly located in China and other Asian countries. If manufacturing operations or logistics are disrupted due to political or economic instability, changes in labor conditions, stricter laws and regulations, natural disasters, or outbreaks of infectious diseases in these regions, the product supply may be disrupted, which could have a material adverse impact on the Group's financial condition, operating results, and cash flows.

##### 2. Other risks

###### (1) Pandemic risk

In the aftermath of the global outbreak of COVID-19, the Group implemented measures to ensure employee safety and business continuity. However, the emergence of new infectious diseases or the resurgence of COVID-19 could lead to restrictions on store operations, a decline in consumer confidence, or supply chain disruptions, all of which may adversely affect the Group's financial condition, operating results, and cash flows.

(2) Fashion trend risk

Fashion apparel, which constitutes the mainstay of the Group's product offering, is highly sensitive to shifts in consumer preferences and trends. The Group has analyzed market trends and has sought to capture consumer needs to develop products that cater to trends. Nevertheless, unexpected or rapid changes in consumer preferences and trends may lead to increased inventory risk and lost sales opportunities, which could have a material adverse impact on the Group's financial condition, operating results, and cash flows.

(3) Brand licensing risk

The Group has entered into licensing agreements with several international brands to manufacture and sell their products. These licensed brands represent a significant portion of the Group's net sales and are strategically important to its business. While the Group strives to maintain strong relationships with licensors, changes in contract terms, termination of agreements, or a deterioration in the market competitiveness of the licensed brands could have a material adverse impact on the Group's financial condition, operating results, and cash flows.

(4) Climate change and extreme weather risk

Demand for fashion apparel is seasonal and highly influenced by weather patterns. While the Group develops production and sales plans based on weather data to manage inventories effectively, extreme weather, such as cooler summers or warmer winters, can reduce demand for seasonal items and lead to excess inventory, which potentially have an adverse impact on the Group's financial condition, operating results, and cash flows. In addition, the Group promotes sustainability initiatives in response to tightening environmental regulations and heightened consumer awareness of climate change. However, if these efforts are perceived as insufficient, the Group may face reputational risks and a decline in competitiveness.

(5) Foreign exchange fluctuation risk

The Group purchases goods from abroad and operates overseas subsidiaries. As such, fluctuations in foreign exchange rates affect its procurement costs and the performance of overseas operations. While the Group hedges foreign exchange risks through forward exchange contracts, significant currency fluctuations could have an adverse impact on the Group's financial condition, operating results, and cash flows.

(6) Product quality and safety risk

The Group has established rigorous quality control standards to ensure the delivery of safe and high-quality products. However, unexpected quality issues or product liability incidents could result in product recalls, replacement costs, damage to brand reputation, and loss of consumer trust. Such events may have a material adverse impact on the Group's financial condition, operating results, and cash flows.

(7) Information security risk

The Group maintains substantial amounts of customers' personal information. While the Group takes several measures to protect such information by formulating and putting in place internal regulations, providing employees with training, and strengthening system security, a data breach caused by unauthorized access or cyberattacks might expose the Group to liability for damages and a loss of public trust. Such incidents could have a material adverse impact on the Group's financial condition, operating results, and cash flows.

(8) Legal, regulatory, and compliance risk

The Group is required to comply with all applicable laws and regulations in the countries and regions where it operates, both domestically and internationally. While the Group continuously works to enhance its compliance framework and provide employee training, any violation of laws, regulations, or social norms may result in legal sanctions such as fines, a loss of public trust, and restrictions on business activities. Such events could have a material adverse impact on the Group's financial condition, operating results, and cash flows.

In addition to the ten risks outlined above, the Group's business activities may also be affected by various other risks, including serious accidents, changes in political or economic conditions, and fluctuations in financial markets. Recognizing these potential risks, the Group has sought to minimize their likelihood and mitigating their impact.