Status of Dialogue with Shareholders (From 1 June 2025 to 31 May 2026)

SANYO SHOKAI LTD.

24 July 2026

Note: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Overview

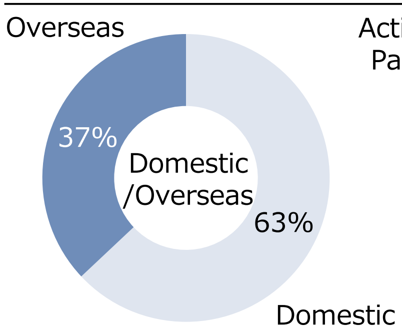
Conducted 105 IR/SR dialogues a year, mainly with CEO as the main speaker. Feedback of the content of dialogue to the Board of Directors and promotion of a cycle that reflects such voices in company-wide policies and strategies.

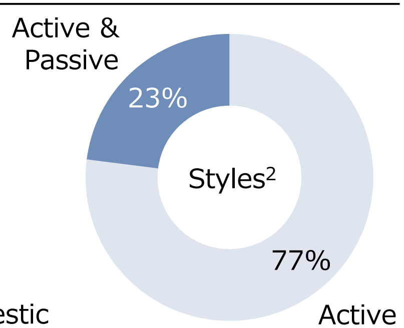
Status of Dialogue

Total number of IR/SR dialogues[1] **105**

- Up 14 times YoY.

Outline of Shareholders/ Institutional Investors





Major Topics/Interests of Shareholders

- Reasons for not achieving PY forecasts and measures to address
- Progress of Medium-Term Business Plan (MTBP)
- New management structure and continuity from the previous
- Enhancing corporate governance
- Sustainability initiatives
- Other measures to enhance corporate value

Speakers

IR/SR meeting	Representative Director, CEO & President Senior Executive Managing Officer GM of Corporate Management HQ (Chair of Sustainability Committee) General Manager of IR & PR Strategy
Financial results briefing	Representative Director, CEO & President Director, EVP & GM of Operation HQ
AGM	All Directors and Audit & Supervisory Board Members

Feedback to Board of Directors

	Freq.	Method	Contents
Comments from shareholder /investors	Twice a year	Report to Board of Directors/ explanatory meeting	Summary of dialogue with shareholders after Q2/Q4 announcements of financial results, as well as input for improvement
IR/SR reports	Timely	Report/email to Board of Directors/ explanatory meeting	IR/SR strategies, priority measures, issues and countermeasures, share price/index, etc.

1. Includes financial results meeting and AGM 2. Excludes securities and industrial corp.

Details of Dialogue and Results

We carefully explained our policies to shareholders and institutional investors, addressing concerns regarding the previous year's results, the current year's business plan, capital efficiency improvements, and management continuity.

Dialogue

Topics		Concerns	Outline of our response
PY results & TY Plan	Decrease in net sales	Reasons for not achieving forecasts and measures to address.	• Analyzed internal and external factors in detail and conducting breakthrough plans. – Regarding internal factors, analyzed by brand/ product/customer/channel and addressing each issue individually.
PY results & TY Plan	Inventory control	Increasing in total inventory at the end of PY due to weak net sales.	• Inventory levels increased at the end of PY. However, the newly established task force reduced carryover inventory, resulting in improved inventory quality.
PY results & TY Plan	Gross profit margin/ SG&A expenses	Declining gross profit margin due to a lower full-price sales ratio. Increasing SG&A expenses accordance with launch of new brands.	• Conducting specific initiatives to improve the full-price sales ratio. • Continuing to control fixed costs. • Keeping initial investment minimum. Controlling A&P based on business progress and cost effectiveness.
Improving capital efficiency		Can ROE based on underlying business performance exceed the cost of shareholders' equity ?	• Achieving our long-term target of ROE of 10%[1] by increasing return and controlling equity in line with our PBR Improvement Plan. – Using cash for investment for growth, employee returns, and shareholder returns actively. – Prioritizing sustainability, not pursuing short-term returns.
Continuity of management		Will continuity of management be guaranteed after the change of Representative Director ?	• Former CEO continuing to engage in management as Representative Director & Chair. Enhancing execution and governance under the dual-leadership of Chair and CEO.

1. 10% under normal conditions without extraordinary income, etc.

Details of Dialogue and Results

Achieved a virtuous cycle reflecting inputs regarding new growth strategies, shareholder returns, corporate governance, sustainability initiatives, and measures to enhance corporate value in our strategy and disclosure.

Dialogue

Topics		Concerns	Outline of our response
Progress of MTBP	New growth strategies	Request for promoting new growth strategies and disclosing detail.	• Launching AUREME from the 2026 autumn/winter season, with FB as the main sales channel. Disclosed plan to launch HANAE MORI in 2027 at 14 April 2026. • Considering M&A continuously. AUREME
Progress of MTBP	Shareholder returns	Request for further strengthening shareholder returns.	• Conducted share buybacks etc. based on business performance. • Changed our dividend policy for FY2028 to a DOE of 5%. DOE 5%
Enhancing corporate governance		Reduction of strategic stockholdings.	• Sold our strategic shareholdings in February 2026. – ratio to net assets by end-Feb 2026 was 18.1%. • Reducing over the period of MTBP.
Sustainability initiatives		Well received on initiatives for GHG emission reduction /acquiring SBT certification. Implications for further strengthening initiatives.	• Received an A- score[2] of the leadership level, in the Climate Change category of 2025 CDP Questionnaire. • Promoting the reuse business as “Circular Economy” initiatives, one of our material issues. Established a new KPI regarding clothing collection activities. CDP Discloser 2025
Sustainability initiatives		Request for promoting PDCA for improving employee engagement/ disclosing in detail.	• Continuously promoting PDCA from identifying issues based on engagement surveys to improving them.
Other measures to enhance corporate value		Advice on shareholder benefits contributing to enhancing corporate value.	• Improving shareholder benefit program on 31 August 2026, conducting a stock split on 1 September 2026. – Stimulating investment interest in our shares. – Encourage a greater number of shareholders and investors to hold our shares over the long term.

1. second out of eight levels

TIMELESS WORK.

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