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Notice of the 205th Annual General Meeting of Shareholders

Date and Time: Thursday, June 26, 2025 at 10 A.M. Japan time
(Doors open at 9:30 AM)

Place: Marunouchi Hall, 7th floor, Marunouchi Building, located at 2-4-1
Marunouchi, Chiyoda-Ku, Tokyo, Japan

Proposals to be resolved:

- Proposal No. 1:** Appropriations of Surplus
- Proposal No. 2:** Election of 5 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of 1 Director Serving as Audit and Supervisory Committee Member

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Daitobo Co., Ltd.
(Securities Code 3202)

Dear Shareholders,

We would like to express our sincere gratitude for your continued support and understanding.

We would like to take this opportunity to address you on the notice of the 205th Annual General Meeting of Shareholders.

During the fiscal year under review, the Japanese economy continued its moderate recovery. On the other hand, while the expansion of inbound demand provided support, there were also signs of a decline in consumer sentiment due to continued price increases and a decrease in seasonal demand caused by prolonged heatwaves and mild winters.

Amidst these conditions, our Group has been diligently working on various measures based on the medium-term management plan "Jumping over the 130th~Towards a Future of Growth~" which started this fiscal year.

In the Commercial Property Business, we steadily implemented equipment renewal investments and worked on attractive facility management at "SUN TO MOON Kakitagawa," one of the leading commercial facilities in Shizuoka Prefecture. In the Health Care Business, we worked on expanding the health business division, backed by solid demand for a healthy and long-lived society. However, general bedding was sluggish due to the impact of heatwaves and mild winters. The Textile Business continued to perform well, particularly in the official demand uniform sector, which is part of the defense industry.

As a result, although we secured a final profit for the 10th consecutive term, we regrettably fell short of the targets for the medium-term management plan starting this fiscal year due to restrained purchasing amid rising prices and the impact of heatwaves and mild winters.

On the financial point, we hedged against interest rate rise risks early on, resulting in most of our borrowings being fixed-rate loans of over 10 years, which minimized the impact during periods of rising interest rates. We have also been diligently addressing various issues such as management with an awareness of capital costs and stock prices.

We would like to express our heartfelt gratitude for your ongoing understanding and support, and we kindly ask for your consideration of the proposals to be presented.

We will continue to advance various measures based on the medium-term management plan "Jumping over the 130th - Towards a Future of Growth," and strive for the sustainable growth of our group and the enhancement of corporate value over the medium to long term. We kindly ask for the continued understanding and support of our shareholders.

Kazuhiro Yamauchi
Representative Director, President and Executive Officer
Daitobo Co., Ltd.

Securities Code 3202
June 4, 2025
(Electronic Provision Start Date: June 4, 2025)

To Shareholders with Voting Rights

Kazuhiro Yamauchi
Representative Director, President and Executive Officer
Daitobo Co., Ltd.
1-6-1 Nihonbashi-Honcho, Chuo-Ku,
Tokyo, Japan

Notice of the 205th Annual General Meeting of Shareholders

Dear Sir/Madam, we would like to express our sincere gratitude for your continued support.

We hereby let you know that the 205th Ordinary General Meeting of Shareholders of the Company will be held as follows.

The information contained in the reference documents for the General Meeting of Shareholders (matters subject to electronic provision) is provided electronically and posted on our company's website as the 'Notice of the 205th Annual General Meeting of Shareholders'. Therefore, please access our company's website below and confirm the information.

Our Company's Website
<https://www.daitobo.co.jp/ir/event/meeting.html>

In addition to the above website, it is also posted on the website of the Tokyo Stock Exchange (TSE).

Tokyo Stock Exchange Website (TSE Listed Company Information Service)
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Sho>

Please access the aforementioned Tokyo Stock Exchange website, enter and search for the stock name (Daitobo) or the security code (3202), select ""Basic Information"" and ""Public Documents/PR Information,"" and check the ""Shareholders' Meeting Notice/Shareholders' Meeting Materials"" section under ""Public Documents."""

In addition to attending on the day, we kindly request that you exercise your voting rights by the deadline of 5:25 PM on Wednesday, June 25, 2025, either by the method described on the next page (mail) or by electronic means (Internet).

Furthermore, if you do not indicate approval or disapproval of each proposal on the voting rights exercise from your return, it will be treated as if you have indicated approval.

■ Exercise of Voting Rights in Writing (by Mail)

Please indicate your approval or disapproval of each proposal on the voting form sent together with this Notice of Convocation and return the form within such period that would allow the Company to receive the form by the deadline noted above.

■ Exercise of Voting Rights by Electromagnetic Means (Internet)

Please refer to the 'Exercise of Voting Rights via the Internet' section and follow the on-screen instructions to indicate your approval or disapproval of each proposal by the deadline noted above.

Yours sincerely

1. Date and Time: Thursday, June 26, 2025, 10:00 AM Japan time
2. Place: Marunouchi Hall, 7th floor, Marunouchi Building, located at 2-4-1 Marunouchi, Chiyoda-Ku, Tokyo, Japan

3. Meeting Agenda:

Matters to be reported: Report on the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the 205th Fiscal Year (from April 1, 2024, to March 31, 2025) and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit Committee

Proposals to be resolved

- Proposal No. 1: Appropriations of Surplus
- Proposal No. 2: Election of 5 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal No. 3: Election of 1 Director Serving as Audit and Supervisory Committee Member

- If you plan to attend the meeting in person, please present the enclosed form of exercising voting rights at the reception.
- Among the documents to be provided with this convocation notice, "Main Business Activities," "Major Business Locations," "Status of Stock Acquisition Rights, etc., " "Summary of Limited Liability Contracts," "Matters Related to Directors' Liability Insurance Contracts," "Main Activities of the Board of Directors and Audit Committee," "Policy on Dismissal or Non-Reappointment of Accounting Auditors," "Systems to Ensure Proper Business Operations and Their Operational Status," "Basic Policy on Company Control," "Policy on Decisions Regarding Distribution of Surplus," "Consolidated Statement of Changes in Shareholders' Equity," "Notes to Consolidated Financial Statements," "Statement of Changes in Shareholders' Equity," "Notes to Individual Financial Statements," "Audit Report of the Accounting Auditor on Consolidated Financial Statements," and "Audit Report of the Accounting Auditor" are posted and provided on our company's website (<https://www.daitobo.co.jp>) in accordance with laws and Article 16 of our Articles of Incorporation.
- In the event that any amendments to the reference documents for the General Meeting of Shareholders, the business report, the consolidated financial statements, and the financial statements become necessary, We will post the revised matters on our website (<https://www.daitobo.co.jp>) on the internet.

End of document

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriations of Surplus

Regarding the appropriation of the surplus, we propose the following.

Matters related to the year-end dividend

Our company considers maintaining and enhancing competitiveness and increasing corporate value to ensure stable and appropriate returns to shareholders as one of the most important management tasks. Our basic policy is to strive for improved performance and make decisions regarding profit distribution with careful consideration of internal reserves.

Regarding the year-end dividend for this fiscal period, after comprehensively considering the performance of this period, future business developments, the level of distributable profits, and the dividend payout ratio, we propose a dividend of 3 yen per share. In this case, the consolidated payout ratio is 164.0%.

Type of Assets to be Distributed	Money
Matters Related to the Allocation of the Property for Distribution and the Aggregate Amount	3 yen per share of common stock of the Company Total dividend amount: 90,189,300 yen
The Date on which the said Distribution of Surplus will Take Effect	June 27, 2025

Proposal No. 2: Election of 5 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of all 5 current directors (excluding directors who are audit and supervisory committee members) will expire at the conclusion of this General Meeting. Therefore, we would like to request the election of 5 directors (excluding directors who are audit and supervisory committee members).

The brief biographies of the candidates for directors (excluding directors who are audit and supervisory committee members) are as follows.

Furthermore, the nomination of candidates for directors (excluding directors who are audit and supervisory committee members) is decided by the Board of Directors, based on the opinions of a nominating committee, which is composed of a majority of independent outside directors, taking into account the candidates' experience, insight, and abilities as managers.

Additionally, the audit and supervisory committee has comprehensively considered each candidate's performance in the current fiscal year, expertise and management experience based on the skills matrix, and qualifications as a director, as well as the diversity of the board composition. They have determined that electing each candidate as a director is appropriate, as they are expected to contribute to the company's sustainable growth and long-term corporate value enhancement.

Candidates number	Name		Current Position & Responsibilities in the Company	Attendance at Board of Directors Meetings
1	Reappointment	Kazuhiro Yamauchi	Representative Director, President and Executive Officer	100% (20/20 times)
2	Reappointment	Shogo Mieda	Director and Senior Managing Executive Officer, Head of Business Management Division Internal Control Officer	100% (20/20 times)
3	Reappointment	Shiro Nomura	Director and Senior Executive Officer Senior Executive Manager, Health Care Business Sector	90.0% (18/20 times)
4	Reappointment Outside Director (Independent)	Toshiki Yamagata	Director	100% (20/20 times)
5	Reappointment Outside Director (Independent)	Noriko Morota	Director	100% (20/20 times)

NO.	Name (Date of Birth)	Career summary, position and responsibilities in the Company		Number of Shares Held in the Company
1	Kazuhiro Yamauchi (January 5, 1957) Reappointment Attendance at Board of Directors Meetings 20/20	<p>April 1979 Joined Mitsui Trust Bank, Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>February 2002 General Manager, Personnel Planning Dept, of Chuo Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>January 2004 General Manager of Osaka Branch Business Dept, II</p> <p>January 2007 General Manager, Shinjuku Nishiguchi Branch</p> <p>June 2009 Director and General Manager, Corporate Planning Division of the Company</p> <p>August 2010 Managing Director and General Manager, Business Management Headquarters, General Manager, Corporate Planning Division</p> <p>June 2012 Senior Managing Director and General Manager, Business Management Headquarters, Deputy General Manager, Real Estate Headquarters, in charge of Internal Control</p> <p>July 2013 Director and Senior Managing Executive Officer, General Manager, Business Management Headquarters, General Manager, Personnel Division, in charge of Business Strategy and Internal Control</p> <p>June 2015 President and Representative Director Chairperson of DAITOBOSHOKU (SHANGHAI) Trading Co., Ltd.</p> <p>January 2024 Resigned as Chairperson of DAITOBOSHOKU (SHANGHAI) Trading Co., Ltd.</p> <p>May 2024 Representative Director, President and CEO</p> <p>Significant concurrent positions None</p>		273,600 shares
<p>Reason for Nomination as Director Candidate</p> <p>Mr. Kazuhiro Yamauchi, as President and CEO of our company, has demonstrated strong leadership and initiative, leading the entire group to achieve ten consecutive terms of profitability and accomplishments such as dividend resumption and increase. With many years of experience in financial institutions and extensive management experience in our company, he possesses high insight, knowledge, and execution ability in overall management.</p> <p>Our company believes that he is an indispensable talent for management, capable of appropriately addressing a wide range of management issues, including the execution of the medium-term management plan and management conscious of capital costs and stock prices, to achieve sustainable growth and long-term corporate value enhancement. Therefore, we request his continued appointment as the director of our company.</p>				

NO.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of shares held in the company
2	Shogo Mieda (February 12,1969)	<p>April 1990 Joined the Company</p> <p>September 2010 Accounting Group Leader, Administration Division</p> <p>June 2012 General Manager, Corporate Planning Division, Business Management Headquarters</p> <p>Reappointment June 2015 Director and Executive Officer, General Manager, Business Management Headquarters, in charge of Internal Control</p> <p>Attendance at Board of Directors meetings 20/20 June 2019 Director and Senior Executive Officer, General Manager, Business Management Headquarters, in charge of Internal Control</p> <p> June 2020 Director and Managing Executive Officer, Head of General Manager, Business Management Headquarters, in charge of Internal Control</p> <p> June 2024 Director, Senior Managing Executive Officer and CFO, General Manager, Business Management Headquarters, in charge of Internal Control</p> <p>Significant concurrent positions</p> <p>None.</p>	148,500 shares
<p>Reason for Nomination as Director Candidate</p> <p>Mr. Shogo Mieda, as the Director and Senior Managing Executive Officer, CFO, and Head of Management Headquarters, oversees the entire management division, including management control, accounting and finance, and internal control. He has achieved a 10-year consecutive profit for the company group and has a record of resuming and increasing dividends. He brings a wealth of experience, deep expertise, and strong execution capabilities in accounting, finance, and corporate planning.</p> <p>The company considers him an indispensable talent for management to appropriately address a wide range of management issues, such as executing the medium-term management plan and responding to management with an awareness of capital costs and stock prices. To ensure the company's sustainable growth and enhancement of corporate value in the medium to long term, we request his continued appointment as the director of the company.</p>			

NO.	Name (Date of birth)	Career summary, position and responsibilities in the Company		Number of shares held in the Company
3	Shiro Nomura (June 1, 1956) Reappointment Attendance at Board of Directors Meetings 18/20	April 1979 Joined Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation) April 1991 Joined WATEX Co., Ltd. April 1992 Director April 1995 Vice President and Representative Director April 2000 President and Representative Director April 2019 Head of Wada Tetsu Company, Health Care Business Headquarters June 2020 Executive Officer, Deputy General Manager, Health Care Business Headquarters, Kansai Region Supervisor March 2021 Executive Officer, General Manager, Health Care Business Headquarters and Tokyo Sales Manager June 2021 Director and Executive Officer, General Manager, Health Care Business Headquarters July 2021 Director and Executive Officer, General Manager, Health Care Business Headquarters and Head of Digital Business Promotion Dept. June 2024 Director and Senior Executive Officer, General Manager, Health Care Business Headquarters Significant concurrent positions None		48,200 shares
Reason for Nomination as Director Candidate Mr. Shiro Nomura has a proven record of overseeing the entire healthcare business of our group as Director and Senior Executive Officer, General Manager of the Healthcare Business Division, and possesses extensive management experience and high insight as a corporate executive. Given the expected further growth of the healthcare business contributing to a healthy and long-lived society amid an aging population, we consider Mr. Nomura an indispensable talent for our management to achieve sustainable growth and enhance corporate value in the medium to long term, and we request his continued appointment as a Director of the Company.				

NO.	Name (Date of birth)	Career summary, position and responsibilities in the company	Number of shares held in the company
4	<p>Toshiki Yamagata (May 7,1958)</p> <p>Reappointment Outside Directors Independent Officer</p> <p>Attendance at Board of Directors meetings 20/20</p>	<p>April 1982 Joined Haseko Corporation</p> <p>June 1988 Completed Master of Business Administration (MBA) at Claremont Graduate University, Drucker School of Management, USA</p> <p>September 1997 Vice President of Haseko Hawaii, Inc.</p> <p>October 2004 Joined Sundance Resort Co., Ltd.</p> <p>July 2009 P resident and Representative Director</p> <p>April 2015 President and Representative Director, Sou Mechanical & Electrical engineers Co., Ltd.</p> <p>April 2016 President and Representative Director, MYSTAR Engineering Co., Ltd.</p> <p>July 2018 General Manager, Solution Division, Business Headquarters, Vortex Co., Ltd.</p> <p>December 2019 Executive Officer and General Manager, Business Headquarters</p> <p>July 2020 Executive Officer and General Manager, Business Management Headquarters</p> <p>June 2021 Director of the company (current post)</p> <p>January 2023 Executive Officer and General Manager, Personnel Headquarters, Vortex Co., Ltd.</p> <p>January 2024 Full-time Corporate Auditor of the same company</p> <p>Significant concurrent positions Full-time Corporate Auditor of Vortex Co., Ltd.</p> <p>There is no special relationship between the above concurrent position and the company.</p>	10,200 shares

Reason for nominating as a director candidate

Mr. Toshiki Yamagata has extensive and rich experience in the real estate business over many years and as a President and Representative Director of a listed company, possessing specialized knowledge in real estate, deep insight, and high acumen in real estate business and overall management.

Our company has determined that he is a necessary talent to provide advice and appropriate supervision of management execution from a broader and more advanced perspective on our group's commercial facility business and overall management activities, and we request his continued appointment as an outside director.

NO.	Name (Date of birth)	Career summary, position and responsibilities in the Company		Number of shares held in the company			
5	Noriko Morota (January 27,1939)	April 1961	Started work in Tokyo-certified Ito Arts and Crafts Technical School (currently Tokyo Knit Fashion Academy)	28,600 shares			
	Reappointment	July 1988	Principal of Ito Fashion Technical School (currently Tokyo Knit Fashion Academy)				
	Outside Directors	May 1992	Councilor of the Tokyo Association of Vocational Schools				
	Independent Officer	September 1992	Principal of Tokyo Knit Fashion Academy (current post)				
	Attendance at Board	September 1992	Director of the Tokyo Fashion School Association				
	Meetings	April 1994	Director of the Arakawa City Arts and Culture Promotion Foundation				
20/20		March 1998	JICA Knit Specialist (in charge of Egypt and Sri Lanka)				
		March 2006	Deputy Chairperson of the Nippori Textile Town Revitalization Fashion Show Executive Committee (current)				
		August 2009	Judge for the Japan Best Knit Selection				
		May 2012	Executive Committee Member of the Tokyo Association of Vocational Schools				
		April 2013	Technical Advisor of the Company				
		May 2021	Resigned as Technical Advisor of the Company				
		June 2021	Director of the Company (current post)				
		March 2022	Director of Minerva Academy Mejiro Fashion & Art College				
		Significant concurrent positions					
		Principal of Tokyo Knit Fashion Academy					
		Director of Minerva Academy Mejiro Fashion & Art College					
		There is no special relationship between the above concurrent positions and the company.					
	Reason for Nomination as Director Candidate						
	Ms. Noriko Morota has been a pioneer in human resource education in the knit industry for many years, contributing to the development of the knit industry and the management of knit specialty schools. She possesses extensive networks in the apparel industry, specialized and deep knowledge, and high insight, providing broad advice on our business activities, including the textile business.						
	The company believes that she is a necessary talent to continue providing broad and advanced advice and appropriate supervision of management execution for our business activities, including the textile business, and therefore requests her continued appointment as an outside director.						

(Note) 1. There are no vested interests between each director candidate (excluding directors who are audit committee members) and the Company.

2. Furthermore, the details regarding other outside director candidates are as follows.

① Mr. Toshiki Yamagata and Ms. Noriko Morita are candidates for outside directors as stipulated by Article 2, Paragraph 3, Item 7 of the Enforcement Rules for the Companies Act.

② Mr. Toshiki Yamagata and Ms. Noriko Morita meet the criteria for independence of outside officers as defined by the Company. The Company has designated both individuals as independent officers based on the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and plans to continue the notification of independent officers if they are appointed and assume the position of directors.

③ The Company plans to continue the liability limitation agreement with Mr. Toshiki Yamagata and Ms. Noriko Morita, limiting the liability for damages under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the same Act, if they are appointed and assume the position of directors.

④ The Company has concluded a liability insurance contract for officers, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company, designating directors (excluding directors who are audit committee members) as insured persons, and plans to continue and renew this contract. If each candidate is reappointed, they will become insured people under the contract. The contract covers damages related to shareholder derivative lawsuits, third-party lawsuits, and company lawsuits, which the insured people will bear, concerning the directors' responsibilities to third parties and the Company.

⑤ Mr. Toshiki Yamagata and Ms. Noriko Morita have served as outside directors for 4 years.

Proposal No. 3: Election of 1 Director Serving as Audit and Supervisory Committee Member

The terms of all of 1 current Director, serving as Audit and Supervisory Committee Member, will expire at the conclusion of this Shareholders' Meeting. Therefore, we would like to request the election of 1 Director serving as Audit and Supervisory Committee Member. Please note that this proposal has obtained the consent of the Audit and Supervisory Committee.

The candidate for Director serving as Audit and Supervisory Committee Member is as follows.

Candidate number	Name		Current Position & Responsibilities in the Company	Attendance at Board of Directors Meetings	Attendance at Audit and Supervisory Committee Meetings
1	Reappointment Outside Director (Independent)	Shusaku Okumura	Director who is an Audit and Supervisory Committee Member	100% (20/20 times)	100% (13/13 times)

NO.	Name (Date of birth)	Career summary, position and responsibilities in the Company		Number of shares held in the company		
1	Shusaku Okumura (June 16, 1952)	April 1977	Joined Sumitomo Marine and Fire Insurance Co., Ltd. (currently Mitsui Sumitomo Insurance Co., Ltd.).	39,500 shares		
		April 2003	General Manager, Nursing Care and Service Office of Mitsui Sumitomo Insurance Co., Ltd.			
		April 2006	President and CEO of American Appraisal Japan Co., Ltd.			
		April 2008	General Manager, Risk Management Division, Mitsui Sumitomo Insurance Co., Ltd.			
		October 2010	General Manager, Risk Management Dept. of MS&AD Insurance Group Holdings, Inc.			
		June 2016	Director serving as Audit and Supervisory Committee Member of the company			
		June 2021	Director of the company			
		June 2023	Director who is an Audit and Supervisory Committee Member of the company			
			Significant concurrent positions			
			None			
Reason for nomination as director candidate						
Mr. Shusaku Okumura has deepened his understanding of our company's operations over many years as an outside director and an outside director who is an audit and supervisory committee member. Additionally, he has been involved in the management of the board of outside directors as the lead outside director. He possesses high insight and experience, including experience as a manager in a major domestic non-life insurance company in the nursing care-related business and as a manager in the Japanese subsidiary of a U.S. company, as well as extensive practical experience in internal control. We believe that the necessary personnel are those who can provide advice and appropriate supervision of management execution from a broader and more advanced perspective on the overall management activities of our group, and we request the continued appointment of external directors who serve as audit and supervisory committee members.						
Furthermore, after the appointment, it is planned for you to assume the position of leading outside director and member of our advisory committee.						

(Note) 1. There is no special interest between the director candidate who is an Audit and Supervisory Committee member and the Company.

2. Furthermore, the details regarding other outside director candidates are as follows.

① Mr. Shusaku Okumura is an outside director candidate as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

② Mr. Shusaku Okumura meets the independence criteria for outside officers as defined by the Company. The Company has designated him as an independent officer based on the regulations of the Tokyo Stock Exchange and Nagoya Stock Exchange and has reported this to both exchanges. If he is appointed and assumes the position of director, the Company plans to continue the notification of his status as an independent officer.

③ The Company has entered into a liability limitation agreement with Mr. Shusaku Okumura regarding the liability for damages under Article 423, Paragraph 1 of the Companies Act, limiting it to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If he is appointed and assumes the position of director, the Company plans to continue the same liability limitation agreement with him.

④ The Company has entered a directors and officers liability insurance contract with an insurance company, designating directors who are Audit and Supervisory Committee members as insured, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and plans to continue and renew this contract.

If Mr. Shusaku Okumura is appointed, he will become an insured under this contract.

This contract covers damages related to shareholder derivative lawsuits, third-party lawsuits, and company lawsuits that the insured would bear, concerning the directors' liability to third parties and the Company.

⑤ Mr. Shusaku Okumura has served as an outside director for 9 years.

[Audit and Supervisory Committee Opinion]

The Audit and Supervisory Committee carefully considered the appointment of the Company's directors, including confirming discussions in the advisory committee. The nomination process for the appointment of directors is appropriate and based on a comprehensive evaluation of the candidates' past careers, experience, insight, and abilities as managers, they are deemed suitable as directors of the Company.

[Our Company's Director Appointment Policy]

Our company selects candidates based on the assumption that they possess high expertise and qualities and insights as managers, within the range of the number of directors stipulated in the Articles of Incorporation, considering the scale and scope of the business. In addition, we appoint independent outside director candidates who have high insight and can provide opinions and suggestions that contribute to management supervision and enhancement of corporate value from an objective standpoint. On the other hand, we have introduced an executive officer system to clarify management supervision responsibilities and business execution responsibilities. Furthermore, we transitioned to a company with an audit and supervisory committee in June 2016. With these measures, the basic idea is to establish a system that allows the Board of Directors to conduct management supervision efficiently and effectively. Additionally, we appoint at least one director who is an audit and supervisory committee member with sufficient knowledge of finance and accounting.

[Our Company's Director Appointment Procedure]

The nomination of directors (excluding directors who are audit and supervisory committee members) and candidates for directors who are audit and supervisory committee members is decided by a resolution of the Board of Directors, based on the opinions of candidates recommended by an advisory committee, which is composed of a majority of independent outside directors, taking into account their experience, insight, and abilities as managers.

[Our Company's Criteria for Determining the Independence of Outside Directors]

Our Board of Directors considers an outside director to be independent if they are determined not to fall under any of the following items.

- ① an executive of our company or its affiliates, or someone who has held such a position in the past 10 years
- ② A major shareholder of our company (defined as a shareholder with 10% or more of voting rights) or their executive, or someone who has held such a position in the past 3 years
- ③ A party for whom our company is a major client (defined as a party whose sales to our group account for 2% or more of their consolidated sales) or their executive, or someone who has held such a position in the past 3 years
- ④ A major client of our company (defined as a client whose sales account for 2% or more of our group's consolidated sales) or their executive, or someone who has held such a position in the past 3 years
- ⑤ A major lender to our company (defined as a financial institution that lends 2% or more of our consolidated total assets) or their executive, or someone who has held such a position in the past 3 years
- ⑥ A consultant, accounting expert, or legal expert who receives significant monetary or other property (defined as exceeding 10 million yen annually) from our company, aside from director compensation, or someone who has held such a position in the past
- ⑦ A consultant, accounting expert, or legal expert who receives significant monetary or other property (defined as exceeding 10 million yen annually) from our company, aside from director compensation, or someone who has held such a position in the past 3 years. (If the recipient of such property is a corporation, association, or other organization, it refers to the executive of that organization. This includes the audit firms responsible for our statutory audits and law firms serving as our legal advisors)
- ⑧ an executive of an organization that receives significant donations or grants (defined as exceeding 10 million yen annually) from our company
- ⑨ an executive of a company with a reciprocal appointment relationship with our outside officers
- ⑩ A spouse, relative within the second degree of kinship, or cohabiting relative of a person falling under any of the above items ① to ⑨

Skill matrix of the Board of Directors after the General Meeting of Shareholders (planned)

(Note) The skill matrix of the Board of Directors if the candidates listed in the convocation notice are elected as proposed is as follows.

Name	Current position at the company	Knowledge, experience, and abilities to lead management and business					Knowledge, experience, and abilities to establish and maintain the management foundation			Listed at the bottom of the table (※)
		Corporate Management	Global business	All real estate business operations	All Health Care business operations	All Textile business operations	Financial accounting	Management of legal risk	Personnel and Labor	
Director who is not an Audit and Supervisory Committee Member	Kazuhiro Yamauchi	Representative Director, President and Executive Officer	●	●	●	●	●	●	●	●
	Shogo Mieda	Director and Senior Managing Executive Officer,	●				●	●	●	●
	Shiro Nomura	Director and Senior Executive Officer	●			●		●	●	●
	Toshiki Yamagata	Director [Outside, Independent]	●	●	●			●	●	●
	Noriko Morota	Director [Outside, Independent]	●				●			●
Director who is an Audit and Supervisory Committee	Yuji Kakuma	Director	●				●	●		●
	Haruki Iinuma	Director [Outside, Independent]	●					●	●	●
	Takashi Kagami	Director [Outside, Independent]	●				●	●		●
	Shusaku Okumura	Director [Outside, Independent]	●	●		●		●	●	●

(*) Knowledge, experience, and abilities to ensure corporate sustainability

Consolidated Balance Sheet

(As of March 31, 2025)

(Unit: Thousands of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current Assets	2,403,413	Current Liabilities	1,723,196
Cash and Deposits	959,664	Notes and Accounts Payable-Trade	351,682
Notes Receivable	146,285	Short-term Loans Payable	581,328
Account receivable	426,581	Unpaid Corporate Taxes, etc.	3,069
Inventories	820,792	Provision for bonuses	39,953
Others	51,380	Provision for shareholder benefit program	46,500
Allowance for Doubtful Accounts	- 1,290	Others	700,663
Non-current Assets	17,633,325	Non-current Liabilities	13,389,534
Property, Plant and Equipment	16,956,210	Long-term Loans Payable	8,967,610
Buildings and Structures	7,387,514	lease liabilities	225,722
Land	9,267,467	Deferred tax liabilities	1,255,809
Leased Assets	239,753	Deferred Tax Liabilities on Land Revaluation	19,154
Others	61,475	Retirement Benefit Liability	2,536,636
Intangible Assets	120,071	Asset Retirement Obligations	313,580
Goodwill	113,664		71,022
Others	6,406	Total Liabilities	15,112,730
Investments and Other Assets	557,043	(Net Assets)	
Investment Securities	443,136	Shareholders' Equity	229,996
Bankruptcy Reorganization Claim, etc.	83,256	Capital Stock	100,000
Deferred Tax Assets	1,914	Capital Surplus	30,466
Others	108,965	Retained Earnings	132,531
Allowance for Doubtful Accounts	- 80,228	Treasury Shares	- 33,002
		Accumulated Other Comprehensive Profit	4,688,458
		Valuation Difference on Available-for-sale Securities	68,022
		Deferred Gains or Losses on Hedges	15,712
		Land Revaluation Difference	4,604,723
		Share Acquisition Right	5,554
		Total Net Assets	4,924,009
Total Assets	20,036,739	Total Liabilities and Net Assets	20,036,739

Consolidated Statements of Income

(From April 1, 2024, To March 31, 2025)

(Unit: Thousands of yen)

Account	Amount
Net Sales:	4,106,822
Cost of Sales	2,797,449
Gross Profit	1,309,373
Selling, General and Administrative Expenses	993,948
Operating Profit	315,424
Non-Operating Income	
Interest Income	17
Dividend Income	9,829
Equity Gains of Affiliated Companies	601
Gain on sale of Fixed Assets	392
Others	3,929
	14,771
Non-Operating Expenses	
Interest Expense	205,160
Others	3,106
Ordinary Profit	121,929
Net income before taxes	121,929
Income Taxes – Current	657
Income Taxes – Deferred	66,319
Profit	54,952
Profit Attributable to Owners of Parent	54,952

Non-Consolidated Balance Sheet

(As of March 31, 2025)

(Unit: Thousands of yen)

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current Assets	1,931,418	Current Liabilities	1,280,852
Cash and Deposits	536,038	Trade notes payable	105,774
Notes Receivable	146,285	Accounts Payable	245,840
Account receivable	378,674	Short-term Loans Payable	581,328
Inventories	815,366	Unpaid Corporate Taxes, etc.	587
Others	73,688	Provision for bonuses	31,860
Allowance for Doubtful Accounts	- 18,635	Provision for shareholder benefit program	46,500
Non-current Assets	17,769,802	Others	268,961
Property, Plant and Equipment	17,119,962	Noncurrent Liabilities	13,376,421
Buildings and Structures	7,379,849	Long-term Loans Payable	8,967,610
Land	9,468,228	lease Liabilities	225,722
Leased Assets	239,753	Guarantee deposits received	1,281,904
Others	32,131	Deferred tax liabilities non-current	19,154
Intangible Assets	116,404	Deferred Tax Liabilities on Land Revaluation	2,536,636
Goodwill	113,664	Retirement Benefit liability	281,195
Others	2,739	Asset Retirement Obligations	64,198
Investments and Other Assets	533,435	Total Liabilities	14,657,274
Investment Securities	356,758	(Net assets)	
Investments in affiliates	66,656	Shareholders' Equity	349,933
Long-term loans	180,750	Capital Stock	100,000
Bankruptcy Reorganization Claim, etc.	83,256	Capital Surplus	30,466
Others	106,992	Capital surplus-others:	30,466
Allowance for Doubtful Accounts	- 260,978	Retained Earnings	249,907
		Retained earnings	9,082
		Other retained earnings	240,825
		Retained earnings brought forward	240,825
		Treasury Shares	- 30,440
		Valuation and translation adjustments	4,688,458
		Valuation Difference on Available-for-sale Securities	68,022
		Deferred Gains or Losses on Hedges	15,712
		Land Revaluation Difference	4,604,723
		Share Acquisition Right	5,554
		Total Net Assets	5,043,946
Total Assets	19,701,221	Total Liabilities and Net Assets	19,701,221

Non-Consolidated Statements of Income

(From April 1, 2024, To March 31, 2025)

(Unit: Thousands of yen)

Account	Amount
Net Sales:	3,495,177
Cost of Sales	2,238,028
Gross Profit	1,257,149
Selling, General and Administrative Expenses	954,643
Operating Profit	302,505
Non-Operating Income	
Interest Income	958
Dividend Income	39,829
Others	515
	41,304
Non-Operating Expenses	
Interest Expense	205,160
Others	20,131
Ordinary Profit	118,517
Income before income taxes	118,517
Income Taxes – Current	587
Income Taxes – Deferred	61,956
Profit	55,973