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Securities code: 9982
May 11, 2026

**To Shareholders with Voting Rights:**

Kazuo Taki
Representative Director,
Chief Executive Officer
Takihyo Co., Ltd.
6-1 Ushijima-cho, Nishi-ku,
Nagoya

# NOTICE OF THE 115th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 115th Annual General Meeting of Shareholders of Takihyo Co., Ltd. (the "Company") will be held as described below. Your attendance would be greatly appreciated.

In convening this General Meeting of Shareholders, the Company has taken measures for electronic provision and posts the matters subject to electronic provision on the following website as "Notice of the 115th Annual General Meeting of Shareholders."

**The Company's website**
https://www.takihyo.co.jp/ir/general_meeting/

The matters subject to electronic provision are also posted on the following website.

**Tokyo Stock Exchange website (Listed Company Search)**
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

(Please access the abovementioned TSE website, enter and search for either "Takihyo" in the "Issue name (company name)" or the Company's securities code "9982" in the "Code," and then select "Basic information," followed by "Documents for public inspection/PR information" in order to view the "Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting" in the "Filed information available for public inspection.")

If you are unable to attend the meeting in person, you can exercise your voting rights in writing or by electronic means (Internet, etc.). Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by following the Instructions for the Exercise of Voting Rights attached to this document, no later than 6:00 p.m. on Tuesday, May 26, 2026, Japan time.

1. **Date and Time:** Wednesday, May 27, 2026 at 10:00 a.m. Japan time

2. **Venue:** Conference Room at the TKP GARDEN CITY PREMIUM NAGOYA LUCENT TOWER
the 16th floor of NAGOYA LUCENT TOWER
6-1 Ushijima-cho, Nishi-ku, Nagoya

3. **Meeting Agenda:**

**Matters to be reported:**
1. The Business Report and Non-consolidated Financial Statements for the Company's 115th Fiscal Term (March 1, 2025 - February 28, 2026)
2. Consolidated Financial Statements for the Company's 115th Fiscal Term (March 1, 2025 - February 28, 2026) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements

**Proposals to be resolved:**

**<Company Proposals>**

**Proposal 1:** Appropriation of Surplus
**Proposal 2:** Partial Amendment to the Articles of Incorporation (Addition of Business Purposes)
**Proposal 3:** Election of 6 Directors (excluding Members of the Audit and Supervisory Committee)
**Proposal 4:** Election of 3 Directors serving as Members of the Audit and Supervisory Committee

**<Shareholder Proposals>**

**Proposal 5:** Abolition of the Response Policy for Large-Scale Purchases of the Company's Shares, etc. (Takeover Response Policy)
**Proposal 6:** Partial Amendments to the Articles of Incorporation (Disclosure of Individual Directors' Remuneration)
**Proposal 7:** Appropriation of Surplus
**Proposal 8:** Acquisition of Treasury Shares

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk of the meeting place. Additionally, please bring this Notice of Convocation with you in order to conserve resources.

If you exercise your voting rights both by submitting the Voting Rights Exercise Form and via the Internet, the vote exercised via the Internet will be deemed valid.

If you exercise your voting rights multiple times via the Internet, your last vote exercised will be deemed valid.

In the event that there is no indication of approval or disapproval for a particular proposal on the Voting Rights Exercise Form, it will be deemed a vote of approval for the company proposal, and a vote of disapproval for the shareholder proposal.

For this General Meeting of Shareholders, the Company is sending the paper copy of documents describing the matters subject to electronic provision to all shareholders regardless of whether or not they have requested for the delivery of the paper copy. Of the matters subject to electronic provision, however, the documents listed in (i) through (vi) below are not contained in the paper copy, pursuant to laws and regulations and Article 20 of the Company's Articles of Incorporation. The Audit and Supervisory Committee and the Accounting Auditor audited the documents subject to audit including the following items:

(i) Matters Regarding Share Acquisition Rights, etc. of the Company
(ii) Systems and Policies of the Company
(iii) Non-consolidated Statements of Changes in Net Assets
(iv) Notes to Non-consolidated Financial Statements
(v) Consolidated Statements of Changes in Net Assets
(vi) Notes to Consolidated Financial Statements

Any revisions to the matters subject to electronic provision will be posted on each of the designated websites.

# Reference Documents for the General Meeting of Shareholders

**Proposals and References**

**<Company Proposals>**

**Proposal 1:** Appropriation of Surplus

The Company believes that to establish a long-term business foundation, as well as working to strengthen its financial structure, returning profits to shareholders is one of the major management issues in terms of dividends. Furthermore, the Company makes it a basic policy to provide dividends that take into consideration the enhancement of internal reserves, among other factors, while continuing active and stable dividend payments.

Year-end cash dividend

(1) Type of dividend property
Cash

(2) Allotment of dividend property and its total amount
¥25 per share of the Company's common stock
Total of ¥ 212,193,375

(3) Effective date of the dividends of surplus
May 28, 2026

**Proposal 2:** Partial Amendment to the Articles of Incorporation (Addition of Business Purposes)

1. Reason for the Amendments

In preparation for future business expansion, we are amending Article 2 (Purpose) of the current Articles of Incorporation to add new purposes.

2. Details of the Amendments

Details of the changes are as follows.

(Underlining indicates changes)

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| Chapter 1 General Provisions<br><br>(Purpose)<br>Article 2 The purpose of the Company is to engage in the following businesses.<br>(1) to (28) (Articles omitted)<br>(Newly established)<br><br>(Newly established)<br><br><br>(Newly established)<br><br>(29) Any business incidental to the preceding items | Chapter 1 General Provisions<br><br>(Purpose)<br>Article 2 The purpose of the Company is to engage in the following businesses.<br>(1) to (28) (As current)<br>(29) Printing, dyeing, finishing, and sales of various textile products<br>(30) Production, processing, trading, and import/export of dyeing raw materials<br>(31) Sales and import/export of general medical devices<br>(32) Any businesses incidental to the preceding items |

**Proposal 3:** Election of 6 Directors (excluding Members of the Audit and Supervisory Committee)

The terms of office of all 6 Directors (excluding Members of the Audit and Supervisory Committee) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 6 Directors (excluding Members of the Audit and Supervisory Committee) is proposed.

The candidates for Director (excluding Members of the Audit and Supervisory Committee) are as follows:

| No. | Name (Date of birth) | Past experience, positions and responsibilities at the Company, and significant concurrent positions | | Number of shares of the Company held |
|---|---|---|---|---|
| 1 | Kazuo Taki (January 27, 1960) | March 1990 | Joined the Company | 117,860 |
| | | March 2003 | Executive Officer, Deputy General Manager of Textile Business Division, General Manager of Textile II Department, General Manager of Planning and Development Office | |
| | | May 2004 | Director, General Manager of Textile Business Division, General Manager of Planning and Development Office | |
| | | March 2008 | Managing Director, General Manager of Textile Business Division | |
| | | March 2010 | Managing Director, Deputy General Manager of Sales | |
| | | March 2011 | President | |
| | | May 2016 | Representative Director, Chief Executive Officer | |
| | | September 2019 | Representative Director, Chief Executive Officer, General Manager of Sales Division | |
| | | January 2021 | Representative Director, Chief Executive Officer (to present) | |
| 2 | Hidenori Itakura (February 15, 1971) | April 1994 | Joined the Company | 2,100 |
| | | March 2013 | General Manager of Women's Clothing II Department of Apparel Business Division | |
| | | March 2014 | General Manager of Men's Clothing Department of Apparel Sales Division | |
| | | January 2021 | Executive Officer, Deputy Manager of Apparel Group | |
| | | May 2022 | Director, Executive Officer, Manager of Garment Group I | |
| | | March 2023 | Director, Managing Executive Officer, Manager of Garment Group I | |
| | | September 2023 | Director, Managing Executive Officer, Manager of Garment Group | |
| | | March 2025 | Director, Managing Executive Officer, Manager of Garment Group, Manager of Production Management Group | |
| | | March 2026 | Director, Managing Executive Officer, Manager of Garment Group, Manager of QC/Production Management Group (to present) | |
| 3 | Tabito Tsuchiya (August 30, 1979) | April 2002 | Joined the Company | 2,100 |
| | | March 2019 | General Manager of Trade Department of Global Textile Sales Department | |
| | | January 2021 | Manager of Global Trade Group | |
| | | February 2022 | Manager of Global Trade Group, Manager of Melangetop Group | |
| | | March 2022 | Executive Officer, Assistant to C.E.O., Manager of Global Trade Group and Manager of Melangetop Group | |
| | | May 2023 | Director, Executive Officer, Manager of Global Trade Group, Manager of Melangetop Group | |
| | | September 2023 | Director, Executive Officer, Manager of Global Brand Group | |
| | | March 2025 | Director, Executive Officer, Deputy Staff Officer, Manager of Global Brand Group | |
| | | March 2026 | Director, Managing Executive Officer, Deputy Staff Officer, Global Brand Group oversight (to present) | |

| No. | Name<br>(Date of birth) | Past experience, positions and responsibilities at the Company, and significant concurrent positions | Number of shares of the Company held |
|---|---|---|---|
| 4 | Takeshi Ogasawara<br>(August 1, 1953) | April 1977 Joined The Tokai Bank, Ltd.<br>May 2004 Executive Officer of UFJ Bank Limited<br>June 2004 Director and Executive Officer<br>January 2006 Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.<br>May 2007 Managing Executive Officer<br>June 2008 Managing Director<br>May 2011 Senior Managing Director<br>June 2012 Representative Director and Deputy President<br>June 2016 Standing Corporate Adviser<br>June 2017 Representative Director and Chairman of MISONOZA Inc. (to present)<br>June 2018 Executive Adviser of MUFG Bank, Ltd. (to present)<br>May 2020 Outside Director of the Company (to present)<br>June 2021 Outside Director (Audit and Supervisory Committee Member) of SUZUKEN CO., LTD. (to present)<br>June 2024 Outside Audit & Supervisory Board Member of Nagoya Railroad Co., Ltd. (to present)<br>June 2024 Outside Audit & Supervisory Board Member of CHUBU-NIPPON BROADCASTING CO., LTD. (to present) | 400 |
| 5 | Yasuyo Kaneko<br>(July 17, 1959) | April 1984 Joined C’BON COSMETICS Sogo Honpo (currently C’BON COSMETICS Co., Ltd.)<br>June 2000 Director, General Manager of Administration Division<br>June 2002 Senior Managing Director<br>September 2004 Director, Executive Vice President<br>December 2005 President and Representative Director<br>July 2019 President and Representative Director of ZERO INC.<br>October 2021 Executive Vice President of PC DEPOT Corporation<br>June 2022 Director, Executive Vice President<br>May 2024 Outside Director of the Company (to present)<br>June 2024 Outside Director of TEAC CORPORATION (to present) | — |
| 6<br>* | Paul Candland<br>(December 4, 1958) | June 1985 Joined Owens Corning Corporation<br>April 1987 Joined PepsiCo, Inc.<br>November 1994 President of Okinawa Pepsi-Cola<br>April 1998 Representative of Japan Branch of PepsiCo International Ltd.<br>November 1998 Representative Director and General Manager of The Disney Store Japan, Inc.<br>April 2002 Managing Director of Walt Disney Television International Japan of The Walt Disney Company (Japan) Ltd.<br>June 2007 Representative Director and President<br>July 2014 President of The Walt Disney Company, Asia<br>September 2018 Managing Director of PMC Partners Co., Ltd. (to present)<br>June 2019 Outside Director of Yamaha Corporation (to present)<br>September 2019 CEO of Age of Learning, Inc.<br>March 2022 Outside Director of Dentsu Group Inc. (to present) | — |

(Notes) 1. There is no special interest between each candidate and the Company.

2. The candidate marked with an asterisk (*) is a new candidate for Director.

3. The reasons for selecting each candidate as a candidate for Director are as follows:

(1) Mr. Kazuo Taki is nominated as a candidate for Director because he is well experienced in all aspects of the Company’s business, including the textile business, and has demonstrated excellent management skills and leadership since his appointment as Representative Director and Chief Executive Officer of the Company in March 2011.

(2) Mr. Hidenori Itakura is nominated as a candidate for Director because he will bring his extensive knowledge of apparel in general and his experience as a sales manager to the Company’s management.

(3) Mr. Tabito Tsuchiya is nominated as a candidate for Director because of his extensive knowledge of apparel in general and his experience as a sales manager, as well as his commitment to the transformation of the Company in the area of risk management and governance.

(4) Mr. Takeshi Ogasawara is nominated as a candidate for Outside Director so that he can utilize his broad insight and extensive management experience as a manager of a financial institution in the management of the Company. The

Company expects that he will continue to make efforts to improve the supervisory function of management from an independent standpoint after his election.

(5) Ms. Yasuyo Kaneko is nominated as a candidate for Outside Director so that she can utilize her broad insight and extensive management experience as a manager of business companies in the management of the Company. The Company expects that she will continue to make efforts to improve the supervisory function of management from an independent standpoint after her election.

(6) Mr. Paul Candland is nominated as a candidate for Outside Director so that he can utilize his broad insight and extensive management experience as a manager of business companies in the management of the Company. The Company expects that he will make efforts to improve the supervisory function of management from an independent standpoint after his election.

4. Mr. Takeshi Ogasawara, Ms. Yasuyo Kaneko, and Mr. Paul Candland are candidates for Outside Director. Matters concerning the candidates for Outside Director are as follows:

   (1) The Company selects candidates for independent directors in accordance with the independence standards established by the Tokyo Stock Exchange.

   (2) The Company has registered Mr. Takeshi Ogasawara and Ms. Yasuyo Kaneko with the Tokyo Stock Exchange and Nagoya Stock Exchange as independent directors. If their reelection is approved, the Company will maintain the registration of independent directors. If Mr. Paul Candland is elected, the Company will register him as an independent director in the same manner.

   (3) At the conclusion of this General Meeting of Shareholders, Mr. Takeshi Ogasawara and Ms. Yasuyo Kaneko will have served as an Outside Director of the Company for six years and two years, respectively.

   (4) The Company has entered into liability limitation agreements with Mr. Takeshi Ogasawara and Ms. Yasuyo Kaneko, whereby, with respect to their responsibilities stipulated in Article 423, Paragraph 1 of the Companies Act, they shall be liable for compensation up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same act, on condition that they have performed their duties in good faith and without gross negligence. If their reelection is approved, the Company will maintain the agreements with them. If Mr. Paul Candland is elected, the Company will enter into a liability limitation agreement with him in the same manner.

5. The Company has entered into a directors and officers liability insurance contract with an insurance company, whereby any damage that may arise when the insured directors and officers assume liability for the execution of their duties or receive a claim related to the pursuit of such liability shall be covered. Each of the candidates will be the insured under said insurance contract.

6. In light of the Company’s corporate philosophy, management strategy, and other similar matters, the Audit and Supervisory Committee has reviewed the balance of knowledge, experience, and ability of the Board of Directors to effectively fulfill its roles and responsibilities as well as the number of Directors, and has determined that all of the candidates determined by the Board of Directors based on the recommendation of the Nomination Advisory Committee are qualified for the position.

**Proposal 4:** Election of 3 Directors serving as Members of the Audit and Supervisory Committee

The term of office of all 3 Directors serving as Members of the Audit and Supervisory Committee will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 3 Directors serving as Members of the Audit and Supervisory Committee is proposed.

The Company has obtained the prior consent of the Audit and Supervisory Committee for the submission of this proposal.

The candidates for Directors serving as Members of the Audit and Supervisory Committee are as follows:

| No. | Name<br>(Date of birth) | Past experience, positions and responsibilities at the Company, and significant concurrent positions | | Number of shares of the Company held |
|---|---|---|---|---|
| 1<br>* | Takahide Miwa<br>(December 8, 1964) | April 1987<br>June 2017<br><br>November 2017<br>March 2018<br>March 2020<br>January 2021 | Joined The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.)<br>Secondment to the Company, In charge of special mission attached to management of Staff Division<br>General Manager of Accounting Section,<br>Joined the Company<br>Executive Officer, General Manager of Accounting Section<br>Executive Officer, Section Leader of Accounting (to present) | 1,800 |
| 2 | Miyuki Ebisawa<br>(August 12, 1975) | April 1998<br><br>October 1999<br>January 2017<br>August 2019<br>May 2022<br>May 2024 | Joined Ministry of Home Affairs (currently Ministry of Internal Affairs and Communications)<br>Joined TAKARAJIMASHA, Inc.<br>Registered as Attorney<br>Joined Mimura Komatsu & Tamai Law Firm (to present)<br>Outside Director of Takashimaya Company, Limited (to present)<br>Outside Director serving as Member of the Audit and Supervisory Committee of the Company (to present) | — |
| 3<br>* | Masaru Mizuno<br>(April 16, 1964) | April 1989<br>October 1991<br><br>July 2011<br>July 2024 | Joined Nagoya Railroad Co., Ltd.<br>Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)<br>Partner<br>Representative of Mizuno Masaru Certified Pulice Accountant Office (to present) | — |

(Notes)
1. There is no special interest between each candidate and the Company.
2. The candidates marked with an asterisk (*) are new candidates for Director serving as Member of the Audit and Supervisory Committee.
3. The reasons for selecting each candidate as a candidate for Director serving as Member of the Audit and Supervisory Committee are as follows:
   (1) Mr. Takahide Miwa is nominated as a candidate for Director serving as Member of the Audit and Supervisory Committee because his experience as the person in charge of accounting of the Company will be utilized in the Company's audit system.
   (2) Ms. Miyuki Ebisawa is nominated as a candidate for Outside Director serving as Member of the Audit and Supervisory Committee because she has extensive knowledge as a lawyer, particularly in legal issues in the fashion industry, and she is expected to strengthen the governance system and improve supervisory functions of management. Although she has not been directly involved in corporate management in the past, for the reasons stated above, the Company believes that she will be able to appropriately perform her duties as Outside Director.
   (3) Mr. Masaru Mizuno is nominated as a candidate for Outside Director serving as Member of the Audit and Supervisory Committee because he has broad insight and extensive practical experience, including in his professional field as a certified public accountant, and he is expected to strengthen the governance system and improve supervisory functions of management.
4. Ms. Miyuki Ebisawa and Mr. Masaru Mizuno are candidates for Outside Director serving as Member of the Audit and Supervisory Committee. Matters concerning the candidates for Outside Director serving as Member of the Audit and Supervisory Committee are as follows:
   (1) The Company selects candidates for independent directors in accordance with the independence standards established by the Tokyo Stock Exchange.
   (2) The Company has registered Ms. Miyuki Ebisawa with the Tokyo Stock Exchange and Nagoya Stock Exchange as an independent director. If her reelection is approved, the Company will maintain the registration of an independent director. If Mr. Masaru Mizuno is elected, the Company plans to register him as an independent director in the same manner.

(3) At the conclusion of this General Meeting of Shareholders, Ms. Miyuki Ebisawa will have served as an Outside Director serving as Member of the Audit and Supervisory Committee of the Company for two years.

(4) For the past ten years, Mr. Masaru Mizuno has served as a business executor of Ernst & Young ShinNihon LLC, with which the Company has a specified business relationship. He served as an engagement partner for auditing work of the Company from June 2012 to May 2015 and from June 2017 to May 2024. His positions and responsibilities at Ernst & Young ShinNihon LLC over the past ten years are stated under "Past experience, positions and responsibilities at the Company, and significant concurrent positions."

5. The Company has entered into a liability limitation agreement with Ms. Miyuki Ebisawa whereby, with respect to her responsibilities stipulated in Article 423, Paragraph 1 of the Companies Act, she shall be liable for compensation up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same act, on condition that she has performed her duties in good faith and without gross negligence. If her reelection is approved, the Company will maintain the agreement with her. If Mr. Takahide Miwa and Mr. Masaru Mizuno are elected, the Company plans to enter into liability limitation agreements with them in the same manner.
6. The Company has entered into a directors and officers liability insurance contract with an insurance company, whereby any damage that may arise when the insured directors and officers assume liability for the execution of their duties or receive a claim related to the pursuit of such liability shall be covered. Each of the candidates will be the insured under the said insurance contract.

(Reference)

Skills Matrix of the Company's Board of Directors (in the case where Proposals 3 and 4 are approved)

| | Knowledge and Experience | | | | | |
|---|---|---|---|---|---|---|
| | Corporate Management | Legal Affairs and Risk Management | Finance, Accounting, and Taxation | International Business | Sustainability | Sales and Marketing |
| Kazuo Taki | ○ | ○ | | ○ | ○ | ○ |
| Hidenori Itakura | | | | ○ | ○ | ○ |
| Tabito Tsuchiya | | ○ | | ○ | ○ | ○ |
| Takeshi Ogasawara | ○ | ○ | ○ | ○ | | |
| Yasuyo Kaneko | ○ | | | | ○ | ○ |
| Paul Candland | ○ | | | ○ | | ○ |
| Takahide Miwa | | ○ | ○ | | | |
| Miyuki Ebisawa | | ○ | | | ○ | |
| Masaru Mizuno | | ○ | ○ | | | |

**<Shareholder Proposals>**

Proposals 5 through 8 were submitted by a shareholder, LIM JAPAN EVENT MASTER FUND (hereinafter referred to as the "Proposing Shareholder"). The following "Outline of the proposal" and "Reasons for the proposal" reflect the original text from the relevant part of the shareholder proposal submitted by the Proposing Shareholder, subject only to formatting adjustments.

**Proposal 5:** Abolition of the Response Policy for Large-Scale Purchases of the Company's Shares, etc. (Takeover Response Policy)

(1) Outline of the proposal

The Company shall abolish the "Response Policy for Large-Scale Purchases of the Company's Shares, etc. (Takeover Response Policy)," which was partially revised and continued as approved at the Company's 113th Annual General Meeting of Shareholders held on May 29, 2024.

(2) Reasons for the proposal

In 2022, the Board of Directors of the Company received a proposal for a management buyout (MBO) in collaboration with a major Japanese investment fund, but rejected the proposal. Although this information is based on media reports, several directors who participated in the Board's vote have generally acknowledged the existence of the MBO proposal.

Nevertheless, the Board of Directors decided to renew the takeover defense measures in 2024, taking advantage of the fact that a large portion of the Company's shares is held by the founding family and cross-shareholding shareholders. The "Guidelines for Corporate Takeovers" published by the Ministry of Economy, Trade and Industry (METI) in August 2023 set forth the general principle of giving "sincere consideration" to "bona-fide acquisition offers"; however, the existence of takeover defense measures may have a chilling effect, discouraging potential acquirers from making such "bona fide acquisition offers."

Unless introduced and operated with the utmost care to protect minority shareholders, takeover defense measures enable management to treat the Company as a personal fiefdom and undermine the common interests of shareholders. In fact, after the Company rejected the takeover proposal from the investment fund, its price-to-book ratio (PBR) has consistently remained below 1x.

As of the end of February 2025 (114th Annual Securities Report), the Company holds investment and rental properties with a market value of ¥39.5 billion (book value: ¥18.2 billion) and cross-shareholdings with a market value of approximately ¥3.0 billion. While the Company's most recent PBR remains at only approximately 0.6x, when unrealized gains on real estate (after tax) are taken into account, the effective PBR declines further to approximately 0.4x.

Moreover, the Company's stock price is at a level where its enterprise value (EV) is effectively negative when non-core assets such as real estate and investment securities are excluded. A negative EV represents an anomalous valuation in which, absent an acquisition premium, an acquirer would effectively obtain the core business for free while also receiving net cash.

The Medium-term Management Plan "Create Future with Passion," announced by the Company in January 2025, does not address a disposal plan for non-core assets contributing to the Company's stock price discount, nor an optimal capital and debt structure corresponding to such a plan. The PBR target for fiscal 2027 is only 0.8x. The Company continues to hold liquid cross-shareholdings, retain real estate with collateral value without increasing its debt ratio, and maintain its takeover defense measures, without adequate policies to improve capital efficiency or restore eroded shareholder value. This raises questions regarding the Company's eligibility for continued listing.

Retaining excessive non-core assets and excess capital results in a low return on equity (ROE) that does not reflect the true level of shareholder value. Meanwhile, despite persistently low ROE and a sluggish stock price, the Company has adopted takeover defense measures that serve as a convenient means for management to protect its own interests, thereby undermining the protection of minority shareholders.

If it is argued that a certain amount of time is required to dispose of investment and rental properties due to their low liquidity, the next-best option is not to renew the takeover defense measures, but rather to first set out a policy for disposing of such investment and rental properties and to restructure the balance sheet to achieve an optimal capital and debt structure aligned with the disposal plan.

The "Guidelines for Corporate Takeovers" state, with respect to takeover defense measures, "if a company is considering to adopt a response policy, it is first and foremost required to make reasonable efforts to enhance corporate value at a normal phase, and to take steps to ensure that such increase is reflected in market capitalization" (Guidelines for Corporate Takeovers, page 44, English version). However, in light of the Company's persistently low PBR and effectively negative EV, it cannot be said that the Company has made reasonable efforts to enhance corporate value or has taken steps to ensure that any such increase is reflected in its market capitalization.

The "Summary of Discussions on Measures to Improve the Effectiveness of the Market Restructuring" published by the Tokyo Stock Exchange (TSE) in January 2023 states as follows: "In Japan, there are many cases where management is unaware of the cost of capital and stock price. It is necessary to improve management's awareness and literacy of these concepts and allow autonomy in corporate management functions." "First, TSE could encourage management to properly identify the company's cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement as necessary. This could be a catalyst for promoting dialogue with investors and improving management literacy." "In particular, companies with a PBR consistently below 1x (i.e., not achieving capital efficiency in excess of their cost of capital, or achieving capital efficiency in excess of their cost of capital but future growth potential is not adequately expected by investors) should be required to disclose their policies and specific initiatives for improvement."

For the Company's management to address its PBR below 1x and its effectively negative EV with a sense of urgency, and to implement measures to reduce excess capital, the abolition of takeover defense measures is a prerequisite for any "policies and specific initiatives for improvement."

<Opinion of the Board of Directors of the Company>

| **The Board of Directors of the Company <u>opposes this proposal (Proposal 5)</u> for the following reasons.** |
| --- |
| As announced in the "Notice regarding partial changes and continuation of the response policy with regard to large-scale purchases of Takihyo's shares, etc. (takeover defense measures)" dated April 15, 2024, the Board of Directors of the Company does not intend to block a large-scale purchase with the intention of acquiring the Company, unless it deems that such purchase would significantly impair the Company's enterprise value and in turn the common interests of the shareholders. We think that we should in the end leave it to the judgment of the Company's shareholders to decide whether we will accept a large-scale purchase of the Company's shares, etc.<br>However, if there is a sudden purchase of the Company's shares, etc. on a scale that could have an impact on the Company's management, our shareholders will not be provided with enough time and information to judge whether the large-scale purchaser's purchase is appropriate. Accordingly, from the viewpoint of securing and improving the Company's enterprise value and in turn the common interests of its shareholders, the Takeover Response Policy establishes rules for large-scale purchases for the purpose of securing opportunities to collect information regarding the purchase, etc. concerned and to present the opinions of the Company's Board of Directors and alternatives, and along with this, defines suitable countermeasures against large-scale purchases that can be invoked, as necessary, in order to protect the Company's enterprise value and in turn the common interests of its shareholders.<br>The Company's Takeover Response Policy was approved for continuation at the 113th Annual General Meeting of Shareholders held on May 29, 2024, and was revised at that time in accordance with the "Guidelines for Corporate Takeovers" published by METI on August 31, 2023. Under the revised policy, an Independent Committee has been established as an advisory body to the Company's Board of Directors in regard to Takeover Response Policy. The Committee consists solely of Outside Directors who are the Company's independent officers, and the Board of Directors shall assign the utmost value to recommendations of the Independent Committee when making its judgment. We believe that the revised policy reflects the practices and discussions regarding takeover response policies, including the "Guidelines for Corporate Takeovers." We also believe that introducing the Takeover Response Policy in normal times is meaningful, as it clarifies the process for securing the time, information, and opportunities for negotiation necessary for shareholders to make appropriate judgments, on the basis of sufficient information, about whether or not they should accept a large-scale purchase.<br>As stated above, the Company's Takeover Response Policy stipulates that the Board of Directors shall assign the utmost value to recommendations of the Independent Committee, its advisory body. Furthermore, if the Board of Directors judges that it is necessary to confirm the intentions of shareholders with regard to the invocation of countermeasures, or if the Independent Committee recommends that the Board of Directors should do so, the Company may hold a general meeting of shareholders. For these reasons, we believe that the Company's Takeover Response Policy does not undermine the common interests of the Company and its shareholders, nor is it intended to preserve the positions of the Company's officers.<br>Based on the foregoing, the Board of Directors opposes this proposal. |

**Proposal 6:** Partial Amendments to the Articles of Incorporation (Disclosure of Individual Directors' Remuneration)

(1) Outline of the proposal

The following article shall be added to the Company's Articles of Incorporation, and Article 31 and subsequent articles of the current Articles of Incorporation shall be renumbered downward by one article each. If formal adjustments (including, but not limited to, correction of discrepancies in article numbering) to the article stated in this proposal are required due to the approval of other proposals (including proposals by the Company) at this Annual General Meeting of Shareholders, the article pertaining to this proposal shall be replaced with the article as adjusted accordingly.

(Underlining indicates changes)

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| (Newly established) | <u>(Disclosure of Individual Directors' Remuneration)</u><br><u>Article 31 The amounts, details, and method of determination of remuneration for individual Directors shall be disclosed annually in the business report and the annual securities report.</u> |

(2) Reasons for the proposal

The Company has adopted takeover defense measures that carry a significant risk of enabling management to treat the Company as a personal fiefdom and thereby undermining the common interests of shareholders. Furthermore, the Company's PBR has remained below 1x and its EV is effectively negative. If the takeover defense measures are maintained without adequate policies to improve shareholder value, this raises questions regarding the Company's continued listing. Institutional investors generally oppose the adoption and continuation of takeover defense measures, as they serve as a convenient means for management to protect its own interests, even when business performance and stock price are weak and the valuation of the Company's shares does not reflect its true shareholder value.

The "Guidelines for Corporate Takeovers" published by METI in August 2023 state, with respect to takeover defense measures, "if a company is considering to adopt a response policy, it is first and foremost required to make reasonable efforts to enhance corporate value at a normal phase, and to take steps to ensure that such increase is reflected in market capitalization" (Guidelines for Corporate Takeovers, page 44, English version). However, in light of the Company's Medium-term Management Plan "Create Future with Passion" and the persistently low valuation of its shares, it cannot be said that the Company has made reasonable efforts to enhance corporate value or has taken steps to ensure that any such increase is reflected in market capitalization.

The Company's adoption of takeover defense measures raises serious corporate governance concerns. In addition, given the prolonged period of the Company's PBR below 1x and its effectively negative EV, the Company needs to pursue reasonable capital allocation and an optimal capital and debt structure. Meanwhile, remuneration for individual Directors indicates how the Board of Directors assesses the challenges facing the Company and reflects such assessments in the remuneration of individual Directors. As such, it may help identify the underlying causes of issues relating to corporate governance and capital allocation.

In addition to introducing takeover defense measures, the Company's Board of Directors has failed to address the Company's PBR below 1x and its effectively negative EV. Under these circumstances, the Board of Directors cannot be expected to play a role in addressing issues of the Company's corporate governance or to ensure that management is fully aware of its responsibilities for business performance. Therefore, in order to create an environment in which shareholders can more proactively exercise oversight of the Board of Directors, we propose that a provision be added to the Articles of Incorporation requiring the Company to disclose individual Directors' remuneration.

The "Corporate Governance Report" disclosed by the Company in June 2025 states that, with respect to remuneration for Directors who are not Members of the Audit and Supervisory Committee, "Fixed remuneration is determined by comprehensively taking into account each Director's position, responsibilities, and contribution to the Company's performance, and is paid on a monthly basis. Bonuses are determined by comprehensively taking into account each Director's contribution to the Company's performance and are paid in addition to fixed remuneration. With regard to non-monetary remuneration, the Company has introduced a restricted shares compensation plan, the details of which are determined by the Board of Directors based on the Company's performance and each Director's contribution thereto in each fiscal year." However, the amounts and calculation methods are not specified. With regard to performance-based remuneration, the report states that it is "not currently in place." Accordingly, numerical targets related to capital efficiency, such as ROE, are not incorporated into remuneration. It is not clear from publicly disclosed materials how Directors' incentives are aligned with the interests of minority shareholders.

The Corporate Governance Code stipulates as follows in Supplementary Principle 4.2.1 of "Principle 4.2 Roles and Responsibilities of the Board (2)": "The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately." However, it is highly likely that the Company's remuneration system for Directors does not function as a framework that serves the common interests of shareholders.

Therefore, in order to create an environment in which shareholders and the stock market can properly evaluate the Company's management performance and corporate governance issues, we propose that a provision be added to the Articles of Incorporation requiring the Company to disclose individual Directors' remuneration.

<Opinion of the Board of Directors of the Company>

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| **The Board of Directors of the Company <u>opposes this proposal (Proposal 6)</u> for the following reasons.** |
| To ensure objectivity and transparency in determining Directors' remuneration, the Company has established a Remuneration Advisory Committee composed of a majority of Independent Outside Directors and chaired by an Independent Outside Director. The Board of Directors deliberates on Directors' remuneration based on the committee's recommendations. While the Board of Directors delegates the determination of specific remuneration amounts for each Director to the Representative Director, Chief Executive Officer, the Representative Director makes such decisions in accordance with the committee's recommendations, thereby ensuring that no arbitrary decisions are made by the Representative Director.<br>The Company determines Directors' monthly remuneration based on each Director's responsibilities and role, and grants additional remuneration based on a comprehensive assessment of annual performance and contributions to business infrastructure development. In addition, as announced in the "Notice Concerning Introduction of Restricted Shares Compensation Plan" dated March 28, 2025, the Company introduced a restricted shares compensation plan effective from fiscal 2025 and began granting such remuneration, with the purpose of increasing corporate value over the medium to long term and sharing value with shareholders.<br>Directors' remuneration is determined and disclosed in accordance with the Companies Act and the Financial Instruments and Exchange Act, and is reviewed in a flexible and timely manner in response to revisions to the Corporate Governance Code. We believe that remuneration is determined fairly and disclosed appropriately.<br>Therefore, we do not consider it appropriate to prescribe detailed matters such as the disclosure of individual Directors' remuneration.<br>Based on the foregoing, the Board of Directors opposes this proposal. |

**Proposal 7:** Appropriation of Surplus

(1) Outline of the proposal

The appropriation of surplus shall be as follows.

If the Board of Directors of the Company proposes an appropriation of surplus at this Annual General Meeting of Shareholders, this shareholder proposal shall be made in addition to, and independently of, the proposal by the Board of Directors.

a. Type of dividend property

Cash

b. Dividend per share

An amount equal to ¥150 less the amount of surplus dividend per share of the Company's common stock proposed by the Board of Directors and approved at this Annual General Meeting of Shareholders (or ¥150, if the Board of Directors does not propose an appropriation of surplus at this Annual General Meeting of Shareholders)

c. Allotment of dividend property and its total amount

The dividend per share of the Company's common stock as set forth in b. above (The total amount of the dividend shall be calculated by multiplying the dividend per share by the total number of issued shares of the Company's common stock (excluding treasury shares) as of February 28, 2026.)

d. Effective date of the dividends of surplus

The date of this Annual General Meeting of Shareholders

e. Date of commencement of dividend payments

The date falling three weeks after the business day following the date of this Annual General Meeting of Shareholders

(2) Reasons for the proposal

The proposed dividend of ¥150 per share aligns with the projected earnings per share for the fiscal year ended February 28, 2026. The Company's PBR remains significantly below 1x, and its EV is effectively negative, primarily due to its persistent retention of a large portfolio of investment and rental properties and investment securities relative to its market capitalization. The Company's maintenance of a suboptimal debt-to-equity ratio has led to an increased cost of equity and capital inefficiency arising from excess capital. If shareholders' equity accumulates even further while the stock price remains chronically at a discount, shareholder value risks further deterioration. In light of this risk, implementing decisive shareholder returns will serve to protect minority shareholders.

The "Summary of Discussions on Measures to Improve the Effectiveness of the Market Restructuring" published by the TSE in January 2023 states as follows: "In Japan, there are many cases where management is unaware of the cost of capital and stock price. It is necessary to improve management's awareness and literacy of these concepts and allow autonomy in corporate management functions." "First, TSE could encourage management to properly identify the company's cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement as necessary. This could be a catalyst for promoting dialogue with investors and improving management literacy." "In particular, companies with a PBR consistently below 1x (i.e., not achieving capital efficiency in excess of their cost of capital, or achieving capital efficiency in excess of their cost of capital but future growth potential is not adequately expected by investors) should be required to disclose their policies and specific initiatives for improvement."

The "TSE's Future Actions in Response to the Summary of Discussions of the Follow-up Council," published by the TSE on the same day, also states: "Require that management and the board of directors properly identify the company's cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement and the progress thereof as necessary."

Therefore, this proposal is consistent with the intent of the TSE's series of requests.

<Opinion of the Board of Directors of the Company>

**The Board of Directors of the Company opposes this proposal (Proposal 7) for the following reasons.**

The Company regards shareholder returns as one of its key priorities and, in the Medium-term Management Plan launched in fiscal 2025, sets a target of \500 million or more, comprising dividends and treasury share acquisitions.

For three consecutive fiscal years through fiscal 2022, the Company experienced a challenging period, recording net losses. As a result of initiatives under the "Revitalization Plan (Plan to Run a Chronic Surplus Again)," including a voluntary retirement program, the closure and streamlining of domestic and overseas locations, and the withdrawal from and review of low-profitability businesses, the Company has returned to profitability and is now on a path toward renewed growth. In line with the recovery in business performance, the Company has been steadily increasing dividends: \25 for fiscal 2023, \35 for fiscal 2024, \45 (Company proposal) for fiscal 2025, and \50 (forecast) for fiscal 2026.

Meanwhile, the external environment surrounding the Company remains highly uncertain. Geopolitical risks in the Middle East have raised concerns about surging raw material prices and logistics costs, which directly affect the Company's business. At the same time, clothing consumption is expected to decline further as consumers become more conscious about protecting their livelihoods amid rising prices. Under such circumstances, we believe that securing a certain level of profit as internal reserves and maintaining a solid financial foundation is in the interests of shareholders. While we take seriously the fact that ROE and PBR have not yet reached market expectations, our policy is to strategically allocate cash on hand toward sustainable growth—specifically, investments in human capital, a source of the Company's competitiveness, digital transformation (DX), logistics capabilities, and sustainability—rather than making large, one-time shareholder returns. We believe that these investments in growth will lay the foundation for future earnings and are aligned with the common interests of shareholders.

Based on the foregoing, the Board of Directors opposes this proposal.

**Proposal 8:** Acquisition of Treasury Shares

(1) Outline of the proposal

Pursuant to Article 156, Paragraph 1 of the Companies Act, within one year from the conclusion of this Annual General Meeting of Shareholders, the Company shall acquire up to 366,000 shares of its common stock for a total acquisition price of up to ¥833 million with cash payments (however, if the total acquisition price permitted under the Companies Act (i.e., the "distributable amount" as defined in Article 461 of the Companies Act) is less than the said amount, the maximum acquisition price allowed under the Companies Act).

(2) Reasons for the proposal

Unless the Company addresses its disproportionately large non-core assets and excess capital relative to its market capitalization, it will be unable to correct inefficient capital allocation, whereby ROE remains below the cost of equity. A PBR below 1x is therefore likely to persist. Meanwhile, the Company's average ROE over the past 10 years has been less than 1%, indicating that shareholder value and enterprise value have been continuously eroded.

Accordingly, a substantial share buyback is warranted. As noted above, the Company holds highly liquid cross-shareholdings and maintains a high equity ratio, providing ample capacity to acquire treasury shares. The proposed number of shares is equivalent to 15% of the trading volume in the Company's shares over the past year, a reasonable level that the market can comfortably absorb from a liquidity perspective.

As of the end of February 2025, the Company holds investment and rental properties with a market value of ¥39.5 billion (book value: ¥18.2 billion) and cross-shareholdings with a market value of approximately ¥3.0 billion. As of the end of November 2025, the equity ratio stands at approximately 62%; when unrealized gains on real estate (after tax) are taken into account, the effective equity ratio rises to around 71%. In other words, the proposed acquisition of treasury shares would allow the Company to improve ROE without compromising its financial strength.

The "Revitalization Plan" announced by the Company in January 2023 prioritized revitalizing core businesses and reducing costs. While the restructuring of core businesses is now on track, the Company's PBR remains significantly below 1x due to excess capital. Under these circumstances, improving ROE has become the most pressing management priority.

The "Summary of Discussions on Measures to Improve the Effectiveness of the Market Restructuring" published by the TSE in January 2023 states as follows: "In Japan, there are many cases where management is unaware of the cost of capital and stock price. It is necessary to improve management's awareness and literacy of these concepts and allow autonomy in corporate management functions." "First, TSE could encourage management to properly identify the company's cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement as necessary. This could be a catalyst for promoting dialogue with investors and improving management literacy." "In particular, companies with a PBR consistently below 1x (i.e., not achieving capital efficiency in excess of their cost of capital, or achieving capital efficiency in excess of their cost of capital but future growth potential is not adequately expected by investors) should be required to disclose their policies and specific initiatives for improvement."

The "TSE's Future Actions in Response to the Summary of Discussions of the Follow-up Council," published by the TSE on the same day, also states: "Require that management and the board of directors properly identify the company's cost of capital and capital efficiency, evaluate those statuses and its stock price and market capitalization, and disclose policies and specific initiatives for improvement and the progress thereof as necessary."

<Opinion of the Board of Directors of the Company>

| **The Board of Directors of the Company opposes this proposal (Proposal 8) for the following reasons.** |
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| The Company regards shareholder returns as one of its key priorities and, in the Medium-term Management Plan launched in fiscal 2025, sets a target of \500 million or more, comprising dividends and treasury share acquisitions. In the “Measures to Achieve Management That Is Conscious of the Cost of Capital and Share Prices,” disclosed in June 2025 as an update on these initiatives, the Company outlines its cash allocation policy of strengthening core businesses and reallocating cash with a focus on shareholder returns.<br>The level of treasury share acquisitions has increased significantly in line with the recovery in business performance, from \130 million in fiscal 2023 to \541 million in fiscal 2024 and \452 million in fiscal 2025. The Company remains committed to enhancing shareholder returns; however, its policy is not to reduce net assets through large, one-time treasury share acquisitions, but rather to retain a financial buffer against domestic and international business risks and to allocate cash on hand toward strategic investments that drive sustainable competitiveness. Furthermore, treasury share acquisitions are most effective in enhancing per-share value when the Board of Directors makes flexible and timely decisions, taking into consideration current stock price levels, the business environment, and investment opportunities. We therefore believe that it is not appropriate to mandate share buybacks through a shareholder proposal.<br>With respect to its capital allocation approach, the Company continues to assess its investment and rental properties in terms of their role within the business portfolio, profitability relative to invested capital, and optimal utilization. The Company also regularly reviews all of its cross-shareholdings to determine whether the benefits and risks associated with holding them are commensurate with the cost of capital, and promptly sells any shares it deems to lack sufficient rationale for continued holding. Accordingly, the Company does not intend to reduce these holdings uniformly within a set timeframe, as proposed in this shareholder proposal, but will continue to reduce them in a more disciplined and selective manner.<br>We believe that optimal capital policy, including treasury share acquisitions, should be determined by the Board of Directors in a flexible and timely manner on a case-by-case basis, taking comprehensive consideration of the Company’s business environment, financial condition, and other relevant factors.<br>Based on the foregoing, the Board of Directors opposes this proposal. |