

Securities Code: 8011

May 11, 2020

To our shareholders:

Masamichi, Nakase, Director, Chairman
SANYO SHOKAI LTD.
6-14 Yotsuyahonshio-cho, Shinjuku-ku, Tokyo

Notice of the 77th Annual General Meeting of Shareholders

You are cordially invited to attend the 77th Annual General Meeting of Shareholders of SANYO SHOKAI LTD. (the “Company”), which will be held as indicated below.

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

- 1. Date and Time:** Tuesday, May 26, 2020, at 10:00 a.m. (JST) (Reception: from 9:00 a.m.)
The date of the event is different from the date of the previous Annual General Meeting of Shareholders (March 28, 2019) because the last day of the Company fiscal year was changed from December 31 to the end of February from the 77th term.
- 2. Venue:** SANYO SHOKAI LTD., Headquarters Annex, BLUE CROSS bldg., 3rd floor
12-19 Yotsuyahonshio-cho, Shinjuku-ku, Tokyo
(Please note that as the venue is different from the Previous General Meeting of Shareholders.)

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 77th fiscal year (from January 1, 2019 to February 29, 2020), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 77th fiscal year (from January 1, 2019 to February 29, 2020)

Matters to be resolved:

Company Proposals (Proposal Nos. 1 to 5)

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| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Partial Amendment to the Articles of Incorporation (Election of Chairman of Meetings of the Board of Directors) |
| Proposal No. 3 | Election of Nine Directors |
| Proposal No. 4 | Election of One Audit & Supervisory Board Member |
| Proposal No. 5 | Election of One Substitute Audit & Supervisory Board Member |

Shareholder Proposal (Proposal No. 6)

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| Proposal No. 6 | Election of Seven Directors |
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4. Handling of votes

- (1) If a voting right is exercised both in writing and via the Internet or other means, the online vote shall be deemed effective.
- (2) If a voting right is exercised via the Internet more than once, the last vote shall be deemed effective.
- (3) For each proposal, if there is no indication of approval or disapproval, the Company will treat the vote as “approve” if it is a Company proposal and as “disapprove” if it is a shareholder proposal.
- (4) The Company’s Articles of Incorporation stipulate that “the Company shall have no more than nine Directors.” On the other hand, the Company proposes the election of nine Directors in Proposal No. 3 by the Company and the election of seven Directors in Proposal No. 6 by the Shareholders. Therefore, if a

total of 15 candidates are elected, the number of Directors will exceed the number of Directors stipulated in the Company's Articles of Incorporation, making both of these proposals incompatible.

Accordingly, shareholders are required to indicate their approval or disapproval of all fifteen (15) candidates for Director, including the exercise of voting rights in writing and via the Internet, etc., and, in principle, a candidate for Director who is approved by a majority of the voters is elected. If, as a result of the voting, there are more than nine (9) candidates who obtained the approval of a majority of the voters, a maximum of nine (9) candidates shall be elected as Director in the rate of approval.

Please indicate your approval or disapproval for all of the 15 candidates for Director in Proposal No. 3 by the Company and Proposal No. 6 by the Shareholders. The exercise of voting rights of approval or disapproval is not limited to nine candidates.

- (5) Of Proposal No. 3 by the Company and Proposal No. 6 by the Shareholders, Shinji Oe is a duplicate candidate for Director. Please indicate your approval or disapproval of the duplicate candidate, including the exercise of voting rights in writing and via the Internet, etc., for candidates for Director in Proposal No. 3. If you indicate your approval or disapproval for the candidate for Director in Proposal No. 6, the indication of your approval or disapproval will be treated as invalid.

- If you are attending the meeting in person, you are kindly requested to submit the enclosed voting form at the reception desk.
- Of the documents to be provided with the notice, pursuant to laws and regulations and Article 16 of the Articles of Incorporation of the Company, information concerning matters to be disclosed in the "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements" is published on the Company's website. Therefore, they are not printed in the attached documents of this notice.
- In the event that any revisions should be made to the content of Reference Documents for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements by one day prior to the General Meeting of Shareholders, the Company will notify such revisions in writing by post or by posting to its website.

The Company's website: <https://www.sanyo-shokai.co.jp/>

- "Notes to the Consolidated Financial Statements" and "Notes to the Non-consolidated Financial Statements" --- The Company's web site → COMPANY → IR INFO → CONVOCATION NOTICE.
(<https://www.sanyo-shokai.co.jp/company/ir/notice.html>)
- In the event that any revisions should be made to the content by one day prior to the General Meeting of Shareholders, the Company will notify such revisions in writing by post or by posting to its website. --- The Company's web site → COMPANY → IR INFO → IR News.
(<https://www.sanyo-shokai.co.jp/company/ir/news.html>)

Notice Concerning the Novel Coronavirus (COVID-19)

Due to concerns regarding the spread of the novel coronavirus (COVID-19), the Company will make efforts to prevent infection and focus on safety upon holding the Annual General Meeting of Shareholders. As such, unlike the previous meetings, there will be no waiting rooms and drinks for the attending shareholders.

In addition, we ask Shareholders who are considering attending the meeting to pay attention to the status of the spread of the infection and their own health condition on the day of the General Meeting of Shareholders, and consider not attending in person. Shareholders attending the meeting are requested to always wear a mask and use an alcohol disinfectant. We appreciate your cooperation.

Please note that you may exercise your voting rights at this General Meeting of Shareholders in writing (by mail) or via the Internet, etc. (for details, please refer to pages 6 to 8)

Reference Documents for General Meeting of Shareholders

Company Proposals (Proposal Nos. 1 to 5)

Proposal No. 1 Appropriation of Surplus

Although the difficult business environment is expected to persist, the Company proposes to pay a year-end dividend of ¥23 per share as follows in order to reciprocate the support of its shareholders and in consideration of a stable profit return.

Year-end dividends

- (1) Type of dividend property
To be paid in cash.
- (2) Allotment of dividend property to shareholders and the aggregate amount
¥23 per common share of the Company
Total payment: ¥278,234,519
- (3) Effective date of distribution of surplus
May 27, 2020

Proposal No. 2 Partial Amendment to the Articles of Incorporation (Election of Chairman of Meetings of the Board of Directors)

1. Reasons for the proposal

In order to achieve flexible operation of the meetings of the Board of Directors as well as to improve the objectivity and transparency of decision making, the Company will make the changes necessary to allow the Outside Directors, who are independent of the business execution to chair the meetings.

2. Details of the amendments

The details of the amendments are as follows.

(Amended parts are indicated with underlining.)

Current Articles of Incorporation	Proposed amendment
<p>(Meetings of the Board of Directors) Article 22.</p> <p>(i) Unless otherwise provided for by laws and regulations, the Director and Chairman or the Director and President shall convene meetings of the Board of Directors and the meeting shall be chaired by the <u>Director and Chairman or the Director and President</u>. However, in cases where the <u>Director and Chairman, and the Director and President</u> are prevented from so acting, another Director who is designated in accordance with an order of priority determined in advance by the Board of Directors shall convene and chair the meeting.</p> <p>(ii) When the meeting of the Board of Directors is to be convened as stipulated in the preceding paragraph, a notice shall be dispatched to each Director and each Audit & Supervisory Board Member three days before the day of the meeting. However, this period may be reduced in case of urgent needs.</p> <p>(iii) When a Director has made a proposal concerning items subject to resolution by the Board of Directors, all Directors capable of making a resolution regarding the item in question shall indicate their agreement in writing or on electromagnetic records, and in the event that the Audit & Supervisory Board Members have not expressed an objection, the Company shall deem that the Board of Directors has resolved to approve the proposal.</p> <p>(iv) Matters concerning the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors, in addition to these Articles of Incorporation.</p>	<p>(Meetings of the Board of Directors) Article 22.</p> <p>(i) Unless otherwise provided for by laws and regulations, the meeting of Board of Directors shall be convened by the Director and Chairman or by the Director and President, and the Chairman shall be <u>a Director determined in advance by the Board of Directors</u>. Provided, however, that in the event that <u>said Director</u> is prevented from so acting, another Director shall take his place in accordance with the order determined in advance by the Board of Directors.</p> <p>(ii) (Unchanged)</p> <p>(iii) (Unchanged)</p> <p>(iv) (Unchanged)</p>

Proposal No. 3 Election of Nine Directors

The terms of office of all seven Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of nine (9) Directors, increasing the number of Directors by two (2) from the perspective of strengthening monitoring of the Board of Directors.

The candidates for Director are as follows.

Candidate No.	Name	Current position, responsibility in the Company, etc.	Category
1	Masayuki Nakayama	Representative Director and President & Chief Operating Officer	Reelection
2	Shinji Oe	Executive Vice President General Manager of Corporate Management Headquarters	New election
3	Ikuro Kato	Executive Managing Officer General Manager of Business Headquarters	New election
4	Yu Okazawa	Outside Director of Cool Japan Fund Inc. Outside Audit & Supervisory Board Member of Nippon Paint Co., Ltd.	New election Outside Independent
5	Motoyoshi Shiina		New election Outside Independent
6	Hisao Takahashi	Representative Director and President of Logifactoring, Co., Ltd. Outside Director of ATSUGI CO., LTD.	New election Outside Independent
7	Chihiro Nihashi	Part-time Advisor of TOKYU DEPARTMENT STORE CO., LTD.	New election Outside Independent
8	Ikuo Yasuda	Representative Director, Chairman and President of Pinnacle Inc. Outside Director of HOUSE DO Co., Ltd. Advisor of Tokai Tokyo Financial Holdings, Inc.	New election Outside Independent
9	Asako Yano	Outside Director of YAOKO Co., Ltd. Outside Director of Mitsubishi Pencil Co., Ltd.	New election Outside Independent

New election: Candidate for Director to be newly elected

Reelection: Candidate for Directors to be reelected

Outside: Candidate for Outside Director

Independent: Independent Director as specified by Tokyo Stock Exchange, Inc.

The board of directors of the Company has nominated candidates for executive Directors who have knowledge of corporate management and of the business of the Company, and candidates for outside Directors who have diverse knowledge, experience, and skills. The Company's management structure is thus optimal for realizing business reforms.

Skill Matrix (list of knowledge, experience, and skills of candidates for Director)

Names of candidates for Director	Corporate Management	Knowledge of the Company's Business	M&A and Operational Restructuring	Branding and Marketing	Product Planning, Production and Technology	E-commerce / Overall web	Logistics	International Experience and Overseas Business	Governance, Risk Management and Legal	Finance, Tax, Accounting, Monetary and Capital Markets
Masayuki Nakayama	✓	✓		✓	✓			✓	✓	
Shinji Oe	✓	✓	✓	✓	✓			✓	✓	✓
Ikuro Kato		✓		✓	✓	✓		✓		
Yu Okazawa	✓			✓				✓		
Motoyoshi Shiina	✓	✓			✓			✓	✓	
Hisao Takahashi	✓	✓					✓			
Chihiro Nihashi	✓	✓		✓		✓			✓	
Ikuo Yasuda	✓		✓			✓		✓	✓	✓
Asako Yano	✓	✓		✓		✓		✓		

* The contents above do not represent all of the knowledge, experience, and skills of the candidates for Director.

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
1	<p>Masayuki Nakayama (June 15, 1961)</p> <p>Reelection</p> <p>Number of years in office as a Director: 2 years and 2 months</p> <p>Attendance at meetings of the Board of Directors: 21/21</p>	<p>Apr. 1984</p> <p>July 2003</p> <p>Feb. 2004</p> <p>Jan. 2006</p> <p>Jan. 2008</p> <p>July 2012</p> <p>July 2014</p> <p>Jan. 2017</p> <p>Mar. 2018</p> <p>Jan. 2020</p>	<p>Joined the Company</p> <p>General Manager of Men's Attire Third Planning Department</p> <p>General Manager of Men's Burberry London Division, First Business Department</p> <p>General Manager of Operation Office, Men's Attire Business Department, Business Headquarters</p> <p>General Manager of Paul Stuart Division, Men's Attire Business Department, Business Headquarters</p> <p>General Manager of Men's Attire Planning Department, Private Product Management Business Department, Business Headquarters</p> <p>General Manager of Men's Attire Business Department, Business Headquarters</p> <p>Managing Officer and General Manager of Personnel & Administration Headquarters and Administration Department</p> <p>Director, Executive Managing Officer, and General Manager of Personnel & Administration Headquarters</p> <p>Representative Director and President & Chief Operating Officer (current position)</p>	1,838 shares
	<p>[Reasons for nomination as candidate for Director]</p> <p>Since joining the Company, Masayuki Nakayama has been involved as the person responsible for the planning, business administration, and human resources and general affairs departments and is thoroughly familiar with practice in these areas. Having been in charge of branding, product planning, production, sales, human resources and general affairs, and dealing with stakeholders, he possesses extensive knowledge of the Company's business. In addition, he has a wealth of knowledge gained through his involvement in multiple licensed brands, his international experience, and his experience with overseas business. Currently, as Representative Director and President of the Company, he is executing business from the position of Chief Operating Officer of the Company and appropriately fulfills his roles such as making decisions on important management matters and supervising the execution of business. In addition to being expected to greatly contribute to the restructuring of the Company's business by maintaining and strengthening relationships with employees and business partners, from the perspective of maintaining the continuity of our business, the Company decided that his reelection as executive Director is necessary and significant.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
2	<p>Shinji Oe (August 27, 1947)</p> <p>New election</p> <p>Number of years in office as a Director: – years</p> <p>Attendance at meetings of the Board of Directors: -/-</p>	<p>Apr. 1971 Joined Mitsui & Co., Ltd.</p> <p>July 1997 General Manager of Textile Department 3, Head Office</p> <p>Apr. 2004 Administrative Officer, Deputy General Manager of Consumer Service Business Headquarters</p> <p>June 2007 Director, Senior Managing Director and General Manager of Corporate Planning Headquarters of GOLDWIN INC.</p> <p>Apr. 2010 Director, Vice President, General Manager of Corporate Planning Headquarters and General Manager of Business Management Headquarters</p> <p>Apr. 2014 Director, Vice President and Assistant to the President</p> <p>June 2016 Director and Advisor</p> <p>June 2018 Advisor</p> <p>Apr. 2019 Senior Adviser</p> <p>Mar. 2020 Joined the Company, Executive Vice President</p> <p>Apr. 2020 Executive Vice President and General Manager of Corporate Management Headquarters (current position)</p>		–
	<p>[Reasons for nomination as candidate for Director]</p> <p>Shinji Oe has a wealth of experience in the textiles and apparel industry, having been involved for many years in the textiles department of a trading company and restructuring the business of a listed company in the textile and apparel industry. As a corporate manager, he possesses extensive knowledge of finance, tax, accounting, etc., and, as mentioned above, he has a wealth of track record in business and knowledge in the textile and apparel industry. The Company has determined that he has the suitable qualifications for leading the business restructuring of the Company's business together with other candidates for internal Director from the company proposal. Accordingly, the Company nominated him as a new candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
3	Ikuro Kato (January 4, 1961) New election Number of years in office as a Director: – years Attendance at meetings of the Board of Directors: -/-	Apr. 1985	Joined the Company	500 shares
		July 2008	General Manager of EVEX DIV, Women's Attire Second Business Department, Business Headquarters	
		July 2010	General Manager of First Planning DIV, Women's Attire Business Department, Business Headquarters	
		Jan. 2012	Managing Officer and General Manager of Women's Attire Planning Department, Private Product Management Business Department, Business Headquarters	
		July 2014	Managing Officer and General Manager of Business Development Department, Business Headquarters	
		July 2016	Managing Officer and General Manager of Women's Attire Planning Department, Planning Management Business Department, Business Headquarters	
		Jan. 2017	Managing Officer and General Manager of Brand Business Department, Business Headquarters	
		Jan. 2019	Managing Officer and General Manager of Second Business Headquarters	
		Apr. 2020	Executive Managing Officer and General Manager of Business Headquarters (current position)	
		[Reasons for nomination as candidate for Director] Since joining the Company, Ikuro Kato has served in the planning department, and has been involved in branding, product planning, production, and technology of the Company's major brands. He has the necessary experience and broad knowledge as a person in charge of the management of apparel companies. As the current Executive Managing Officer and General Manager of Business Headquarters of the Company, he has performed his duties with his well-versed knowledge in the business of the Company, such as the promotion of brand business and the expansion of business domains responding to diversified markets. Based on this, the Company has determined that he can contribute to the restructuring of the Company's business. Accordingly, the Company nominated him as a new candidate for Director.		

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
4	<p>Yu Okazawa (May 18, 1957)</p> <p>New election Outside Independent</p> <p>Number of years in office as a Director: – years</p> <p>Attendance at meetings of the Board of Directors: -/-</p>	<p>Apr. 1981</p> <p>Dec. 2001</p> <p>Apr. 2010</p> <p>Apr. 2012</p> <p>June 2013</p> <p>Apr. 2015</p> <p>July 2015</p> <p>June 2017</p> <p>Mar. 2018</p> <p>Mar. 2020</p>	<p>Joined Shiseido Company, Limited</p> <p>Director and President of Shiseido Deutschland GmbH</p> <p>Corporate Officer, General Manager of International Sales Department of Shiseido Company, Limited, and President of Shiseido Europe S.A.S</p> <p>Executive Corporate Officer, General Manager of China Business Department, and General Manager of Asia Pacific Sales Department</p> <p>Director and Executive Corporate Officer</p> <p>Outside Director of Tokyo Bay Hilton Co., Ltd.</p> <p>Advisor of Shiseido Company, Limited</p> <p>Outside Director of Cool Japan Fund Inc. (current position)</p> <p>Outside Audit & Supervisory Board Member of Nippon Paint Holdings Co., Ltd.</p> <p>Outside Audit & Supervisory Board Member of Nippon Paint Co., Ltd. (current position)</p>	–
	<p>[Reasons for nomination as candidate for outside Director]</p> <p>Yu Okazawa has many years of international experience, as well as abundant experience and broad knowledge as a corporate manager. He has contributed to the improvement of the transparency and objectivity of the Company's management based on this knowledge. The Company has determined that he is an appropriate person who can provide useful opinions and nominated him as a new candidate for Outside Director.</p>			
5	<p>Motoyoshi Shiina (August 12, 1949)</p> <p>New election Outside Independent</p> <p>Number of years in office as a Director: – years</p> <p>Attendance at meetings of the Board of Directors: -/-</p>	<p>Apr. 1973</p> <p>May 1999</p> <p>Mar. 2003</p> <p>Oct. 2005</p> <p>Apr. 2006</p> <p>Apr. 2008</p> <p>Mar. 2009</p> <p>Apr. 2014</p> <p>Mar. 2017</p> <p>Mar. 2019</p>	<p>Joined Mitsui & Co., Ltd.</p> <p>General Manager of Textile & Fashion Division I, Textile & Fashion Unit</p> <p>President of Mitsui & Co. Italia S.p.A.</p> <p>Deputy Chief Operating Officer of Lifestyle Business Unit of Mitsui & Co., Ltd.</p> <p>Deputy Chief Operating Officer of Foods & Retail Business Unit</p> <p>Executive Managing Officer of Mikuni Coca-Cola Bottling Co., Ltd.</p> <p>Representative Director and President</p> <p>Trustee of Saitama Prefectural University</p> <p>Outside Director of the Company</p> <p>Retired from office as Outside Director</p>	–
	<p>[Reasons for nomination as candidate for outside Director]</p> <p>Motoyoshi Shiina possesses extensive experience and broad knowledge as a corporate manager. He has contributed to improving the transparency and objectivity of the Company's management based on this experience. The Company has determined that he is an appropriate person as a supervisor of business execution, and nominated him as a new candidate for outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned	
6	Hisao Takahashi (October 5, 1948)	Apr. 1972	Joined SENKO Co., Ltd.		
	New election Outside Independent	June 2004	Executive Officer and General Manager of East Japan Sales Headquarters		
		Apr. 2006	Managing Executive Officer		
		Oct. 2006	Representative Director and President of Logifactoring. Co., Ltd. (current position)		
	Number of years in office as a Director: – years	June 2007	Director of SENKO Co., Ltd.		
		Apr. 2008	Senior Managing Executive Officer		
		Apr. 2011	Director and Chairman of Logi Solution Co., LTD.		
	Attendance at meetings of the Board of Directors: -/-	Apr. 2011	Director and Chairman of Senko A Line Amano Co., Ltd.		
June 2016		Outside Director of ATSUGI CO., LTD. (current position)			
[Reasons for nomination as candidate for outside Director] Hisao Takahashi has a high level of insight in the logistics field, and has extensive experience and broad knowledge as a corporate manager. He has contributed to improving the transparency and objectivity of the Company's management based on this experience. The Company has determined that he is an appropriate person as a supervisor of business execution, and nominated him as a new candidate for outside Director.					
7	Chihiro Nihashi (January 26, 1954)	Apr. 1976	Joined Isetan Co., Ltd.		
		New election Outside Independent	June 2002		Executive Officer and General Manager in charge of women's attire sales, MD Administration Department, Department Store Business Planning & Operation Headquarters
			June 2004		Executive Managing Officer and General Manager of MD Administration Department, Department Store Business Planning & Operation Headquarters
	Number of years in office as a Director: – years	Feb. 2006	Senior Managing Executive Officer and General Manager of Department Store Business Planning & Operation Headquarters		
		June 2006	Director, Senior Managing Executive Officer and General Manager of Department Store Business Planning & Operation Headquarters		
		Apr. 2008	Director of Isetan Mitsukoshi Holdings Ltd.		
	Attendance at meetings of the Board of Directors: -/-	June 2008	Director, Senior Managing Executive Officer and General Manager of Department Store Business Planning & Operation Headquarters of Isetan Co., Ltd.		
		Jan. 2010	Senior Managing Executive Officer		
		Jan. 2010	Representative Director and Executive President of TOKYU DEPARTMENT STORE CO., LTD.		
		Apr. 2011	Senior Managing Executive Officer of Isetan Mitsukoshi Holdings Ltd.		
		Feb. 2018	Director and Chairman of TOKYU DEPARTMENT STORE CO., LTD.		
		Apr. 2019	Director and Advisor of TOKYU DEPARTMENT STORE CO., LTD.		
		Apr. 2020	Part-time Advisor of TOKYU DEPARTMENT STORE CO., LTD. (current position)		
[Reasons for nomination as candidate for outside Director] Chihiro Nihashi has an abundant experience and broad knowledge serving as a corporate manager for many years in the retail and department store industry. He has contributed to the improvement of the transparency and objectivity of the Company's management based on this insight. The Company has determined that he is an appropriate person who can provide useful opinions and nominated him as a new candidate for Outside Director.					

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
8	Ikuo Yasuda (April 28, 1953) New election Outside Independent Number of years in office as a Director: – years Attendance at meetings of the Board of Directors: -/-	Apr. 1977	Joined The Long-Term Credit Bank of Japan, Limited	
		July 1998	Joined General Electric International Inc.	
		Jan. 2000	Representative of Lehman Brothers Japan Inc.	
		May 2003	Visiting Professor of Tama University Renaissance Center	
		Sept. 2004	Established Pinnacle Inc., Representative Director and Chairman	
		May 2005	Director of TAY TWO., LTD.	
		Apr. 2006	Specially Appointed Professor of Kyushu University	
		Nov. 2009	Representative Director, Chairman and President of Pinnacle Inc. (current position)	
		Mar. 2012	Director of The Tokyo New Business Conference	
		Sept. 2015	Outside Director of HOUSE DO Co., Ltd. (current position)	
		Oct. 2017	Advisor of Tokai Tokyo Financial Holdings, Inc. (current position)	
		Apr. 2018	Senior Director of The Tokyo New Business Conference (current position)	
		Apr. 2018	Member of Japan Association of Corporate Executives (current position)	
		Dec. 2018	Director and Chairman of Pinnacle TT Solution Inc. (current position)	
		Mar. 2019	Advisor of TKP Corporation (current position)	
[Reasons for nomination as candidate for outside Director] Ikuo Yasuda possesses extensive experience and broad knowledge as a corporate manager, having been engaged in areas such as finance, as well as M&A for many years. He has contributed to improving the transparency and objectivity of the Company's management based on this experience. The Company has determined that he is an appropriate person as a supervisor of business execution, and nominated him as a new candidate for outside Director.				
9	Asako Yano (January 21, 1968) New election Outside Independent Number of years in office as a Director: – years Attendance at meetings of the Board of Directors: -/-	Apr. 1990	Joined Mercedes-Benz Japan Co., Ltd.	
		Sept. 1997	Joined Boston Consulting Group	
		Mar. 2000	Joined Louis Vuitton Japan K.K.	
		June 2002	COO (Chief Operating Officer) of Celux Co., Ltd.	
		Oct. 2008	Representative Director and President of Dramatic Co., Ltd.	
		June 2015	Outside Director of YAOKO Co., Ltd. (current position)	
		Aug. 2015	Director of Cogito Education and Management Inc.	
		June 2018	Outside Director of WATABE WEDDING CORPORATION	
		Mar. 2019	Outside Director of Mitsubishi Pencil Co., Ltd. (current position)	
		[Reasons for nomination as candidate for outside Director] Asako Yano has extensive knowledge and a track record in marketing and branding, in addition to extensive experience and insight as a corporate manager. The Company has determined that she is an appropriate person who can help further revitalize the management of the Company by providing useful opinions and nominated her as a new candidate for Outside Director.		

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Candidates other than Masayuki Nakayama are new candidates for Director.
 3. The "Number of the Company's shares owned" by candidate Masayuki Nakayama indicates the effective number of shares, including equities in the SANYO SHOKAI LTD. Officers' Shareholding Society.

4. Yu Okazawa, Motoyoshi Shiina, Hisao Takahashi, Chihiro Nihashi, Ikuo Yasuda and Asako Yano are candidates for outside Director.
5. If the election of candidates Yu Okazawa, Motoyoshi Shiina, Hisao Takahashi, Chihiro Nihashi, Ikuo Yasuda and Asako Yano is approved at this meeting, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to enter into an agreement with all candidates to limit their liability for damages as an outside Director to the extent stipulated by laws and regulations.
6. If the election of candidates Yu Okazawa, Motoyoshi Shiina, Hisao Takahashi, Chihiro Nihashi, Ikuo Yasuda and Asako Yano is approved at this meeting, the Company plans to submit notification to Tokyo Stock Exchange, Inc. concerning their appointment as independent officers as provided for by the aforementioned exchange.
7. The officially registered name of candidate Asako Yano is Asako Saito.

Proposal No. 4 Election of One Audit & Supervisory Board Member

Audit & Supervisory Board Member Izumi Tamai will retire at the conclusion of this meeting. Therefore, the Company proposes the election of one new Audit & Supervisory Board Member.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
Somuku Imura (April 14, 1953)	Apr. 1986	Joined Masuda and Ejiri Law Office	—
	Oct. 1988	Seconded to Rogers Wells Law Firm (currently Clifford Chance Law Firm)	
New election	Jan. 1992	Partner of Masuda and Ejiri Law Office	
Outside	July 2007	Partner of Nishimura & Asahi	
Independent	June 2014	Outside Director of Maruha Nichiro Corporation (current position)	
Number of years in office as an Audit & Supervisory Board Member:	June 2016	External Auditor of YAMADA DENKI CO., LTD. (current position)	
— years	Feb. 2017	Outside Corporate Auditor NACHI-FUJIKOSHI CORP.	
	Jan. 2020	Senior Partner of Natori Law Office (current position)	
Attendance at meetings of the Board of Directors:			
—/-			
Attendance at meetings of the Audit & Supervisory Board:			
—/-			

[Reasons for nomination as candidate for outside Audit & Supervisory Board Member]

Somuku Imura possesses a professional perspective as an attorney and extensive experience, and the Company has judged that he is capable of appropriately performing his duties as an outside Audit & Supervisory Board Member because of his exceptional personality and insight. Accordingly, the Company requests approval for his election as outside Audit & Supervisory Board Member.

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Somuku Imura is a candidate for outside Audit & Supervisory Board Member.
 3. If the election of candidate Somuku Imura is approved at this meeting, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him to limit his liability for damages as an outside Audit & Supervisory Board Member to the extent stipulated by laws and regulations.
 4. If the election of the candidate Somuku Imura is approved at this meeting, the Company plans to submit notification to Tokyo Stock Exchange, Inc. concerning his appointment as an independent officer as provided for by the aforementioned exchange.

Proposal No. 5 Election of One Substitute Audit & Supervisory Board Member

The Company requests approval for the election of one substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board Members fall below the number required by laws and regulations.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
Michihiro Mori (December 6, 1969) New election Outside Independent	<p>Apr. 1995 Assistant Judge of Tokyo District Court</p> <p>Apr. 2000 Assistant to Civil Affairs Bureau of Secretariat of the Supreme Court</p> <p>Apr. 2003 Assistant Judge of Fukuoka District Court</p> <p>Apr. 2005 Joined Nishimura & Asahi</p> <p>Jan. 2007 Partner, Nishimura & Asahi</p> <p>Apr. 2007 Member of Mediation Center and Candidate Mediator of Dai-ichi Tokyo Bar Association (current position)</p> <p>June 2007 Member of the Council for Coordination of Financial Troubles</p> <p>Sept. 2007 Part-time Lecturer of Graduate School of Business Sciences, University of Tsukuba</p> <p>June 2008 General Manager of ADR (Alternative Dispute Resolution) Center of Japan Federation of Bar Associations</p> <p>Apr. 2009 Member of Dispute Resolution Committee of National Consumer Affairs Center of Japan</p> <p>Jan. 2010 Member of Mediation Committee (Deputy Chairman) of Trust Companies Association of Japan (current position)</p> <p>Apr. 2011 Vice Chairman of Bankruptcy Law Committee, General Affairs and Research Institute of Dai-ichi Tokyo Bar Association</p> <p>Aug. 2018 Candidate Mediator of Singapore International Mediation Centre (current position)</p> <p>Apr. 2019 Representative Attorney of AI-EI Law Firm (current position)</p>	—
<p>[Reasons for nomination as candidate for substitute Audit & Supervisory Board Member]</p> <p>Michihiro Mori has a professional perspective and abundant experience as an attorney. Based on his experience, the Company decided that he is suitable for the office of its Audit & Supervisory Board Member, and nominated him as a substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the Audit & Supervisory Board fall below the number required by laws and regulations.</p>		

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Michihiro Mori is a candidate for substitute outside Audit & Supervisory Board Member.
 3. If candidate Michihiro Mori assumes the office of Audit & Supervisory Board Member, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him to limit his liability for damages as an outside Audit & Supervisory Board Member to the extent stipulated by laws and regulations.
 4. If the election of the candidate Michihiro Mori is approved at this meeting, the Company plans to submit notification to Tokyo Stock Exchange, Inc. concerning his appointment as an independent officer as provided for by the aforementioned exchange.

Shareholder Proposal (Proposal No. 6)

Proposal No. 6 Election of Seven Directors

Candidate No.	Name	Category	
1	Tetsuo Komori		
2	Shinji Oe		Duplicate candidate
3	Kiyoto Matsuda	Outside	
4	Masahide Yano	Outside	
5	Masakazu Hosomizu	Outside	
6	Akihiro Matsuo	Outside	
7	Hiroto Kawano	Outside	

Duplicate candidate: Duplicate candidate

Outside: Candidate for Outside Director

- * Shinji Oe is a duplicate candidate for Director in Company Proposal No. 3 and Shareholder Proposal No. 6. Please indicate your approval or disapproval of the duplicate candidate, including the exercise of voting rights in writing or via the Internet, etc., for candidates for Director in Proposal No. 3. If you indicate your approval or disapproval for the candidate for Director in Proposal No. 6, the indication of your approval or disapproval will be treated as invalid.
- * The Board of Directors of the Company considers that the Shareholder Proposal is problematic as a whole and opposes it.
Please exercise your voting rights after confirming the opinion of the Board of Directors of the Company on the Shareholder Proposal (Proposal No. 6) (described on pages 24 to 26).

Candidate No. 1

No. 1

- (1) Outline of the proposal
Elect Tetsuo Komori as Director of the Company.
- (2) Reasons for the proposal
Tetsuo Komori possesses extensive experience and broad knowledge as a corporate manager, and has worked on management improvement and implemented reforms at various companies. He is qualified to resolve the issues that the Company faces and to enhance its corporate value. Accordingly, he is nominated as a candidate for Director.
- (3) Name and career summary of the candidate
Name: Tetsuo Komori
Date of birth: December 1, 1958
Career summary:
- | | |
|-----------|--|
| Apr. 1984 | Joined McKinsey & Company, Inc. |
| Apr. 2002 | Director of Unison Media Partners Inc. |
| June 2002 | Representative Director, President and CEO of ASCII Corporation |
| June 2004 | Part-time Audit & Supervisory Board Member of TOMOEGAWA CO., LTD.
Management Advisor of Unison Capital, Inc. |
| June 2005 | Outside Director of TOMOEGAWA CO., LTD. |
| Jan. 2006 | President and Representative Executive Officer of Kanebo Ltd. |
| Feb. 2006 | Director, President, Representative Executive Officer and CEO |
| May 2006 | Representative Director, CEO, President, and Executive Officer of Kanebo Trinity Holdings, Ltd. |
| July 2007 | Representative Director, CEO, President, and Executive Officer of Kracie Holdings, Ltd.
(company name changed from Kanebo Trinity Holdings, Ltd.) |
| Aug. 2009 | Management Advisor of Unison Capital, Inc. |
| June 2012 | Outside Director of Asahitech Co., Ltd. |
| Mar. 2015 | Outside Director of Nissen Holdings Co., Ltd. |
| June 2016 | Chairman of Audit and Supervisory Committee and Outside Director of TOMOEGAWA CO., LTD. (current position) |
- Significant concurrent positions outside the Company:
Chairman of Audit and Supervisory Committee and Outside Director of TOMOEGAWA CO., LTD.
Number of the Company's shares owned: None

Note: The above is a translation of the summary of the proposals submitted by RMB Capital Management (hereinafter "proposing shareholder") and the reasons for the proposals, etc., as stated in the Japanese original text.

[Opinion of the Board of Directors of the Company]

Objection: The Board of Directors opposes the election of Tetsuo Komori.

The Board of Directors of the Company considers that the Shareholder Proposal is problematic as a whole. Please exercise your voting rights after confirming the opinion of the Board of Directors of the Company on the Shareholder Proposal (Proposal No. 6) (described on pages 24 to 26).

Candidate No. 2

No. 2

- (1) Outline of the proposal
Elect Shinji Oe as Director of the Company.
- (2) Reasons for the proposal
Shinji Oe possesses extensive experience and broad knowledge as a corporate manager and has been working on management improvement as Executive Vice President of the Company since March 2020. Accordingly, he is nominated as a candidate for Director.
- (3) Name and career summary of the candidate
Name: Shinji Oe
Date of birth: August 27, 1947
Career summary:
Apr. 1971 Joined Mitsui & Co., Ltd.
July 1997 General Manager of Textile Department 3, Head Office
Apr. 2004 Administrative Officer, Deputy General Manager of Consumer Service Business Headquarters
June 2007 Director, Senior Managing Director and General Manager of Corporate Planning Headquarters of GOLDWIN INC.
Apr. 2010 Director, Vice President, General Manager of Corporate Planning Headquarters and General Manager of Business Management Headquarters
Apr. 2014 Director, Vice President and Assistant to the President
Apr. 2019 Adviser
Significant concurrent positions outside the Company: Advisor of GOLDWIN INC.
Number of the Company's shares owned: None

Note: The above is a translation of the summary of the proposals submitted by the proposing shareholder and the reasons for the proposals, etc., as stated in the Japanese original text.

[Opinion of the Board of Directors of the Company]

Approval: The Board of Directors approves the election of Shinji Oe.

Please exercise your voting rights after confirming the opinion of the Board of Directors of the Company on the Shareholder Proposal (Proposal No. 6) (described on pages 24 to 26).

- * Shinji Oe is a duplicate candidate for Director in Company Proposal No. 3 and Shareholder Proposal No. 6. Please indicate your approval or disapproval of the duplicate candidate, including the exercise of voting rights in writing or via the Internet, etc., for candidates for Director in Proposal No. 3. If you indicate your approval or disapproval for the candidate for Director in Proposal No. 6, the indication of your approval or disapproval will be treated as invalid.

Candidate No. 3

No. 3

- (1) Outline of the proposal
Elect Kiyoto Matsuda as Director of the Company.
- (2) Reasons for the proposal
Kiyoto Matsuda possesses extensive experience and broad knowledge as a corporate manager in areas such as finance and monetary affairs, and since March 2010, based on his experience, he has been contributing to the improvement of transparency and objectivity of the management as outside Director of the Company. Accordingly, the Company again nominates him as a candidate for outside Director.
- (3) Name and career summary of the candidate
Name: Kiyoto Matsuda
Date of birth: September 6, 1952
Career summary:
Apr. 1975 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
Apr. 2002 Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2007 Deputy President of Mizuho Securities Co., Ltd.
Apr. 2008 Partner of Unison Capital, Inc.
Mar. 2010 Director of the Company (current position)
June 2017 Outside Director of SCSK Corporation (current position)
Apr. 2018 Director and Chairman of TOPAZ CAPITAL, INC. (current position)
June 2019 Outside Director of Suruga Bank Ltd. (current position)
Significant concurrent positions outside the Company:
Outside Director of SCSK Corporation
Director and Chairman of TOPAZ CAPITAL, INC.
Outside Director of Suruga Bank Ltd.
Number of the Company's shares owned: None

Note: The above is a translation of the summary of the proposals submitted by the proposing shareholder and the reasons for the proposals, etc., as stated in the Japanese original text.

[Opinion of the Board of Directors of the Company]

Objection: The Board of Directors opposes the election of Kiyoto Matsuda.

The Board of Directors of the Company considers that the Shareholder Proposal is problematic as a whole. Please exercise your voting rights after confirming the opinion of the Board of Directors of the Company on the Shareholder Proposal (Proposal No. 6) (described on pages 24 to 26).

Candidate No. 4

No. 4

- (1) Outline of the proposal
Elect Masahide Yano as Director of the Company.
- (2) Reasons for the proposal
Masahide Yano possesses extensive experience and broad knowledge as a corporate manager, and since March 2016 he has been contributing to the improvement of transparency and objectivity of the management as Director of the Company. Accordingly, the Company again nominates him as a candidate for outside Director.
- (3) Name and career summary of the candidate
Name: Masahide Yano
Date of birth: October 24, 1948
Career summary:
Apr. 1971 Joined Mitsubishi Corporation
Apr. 2004 Senior Vice President and Division COO of Textiles Division
Apr. 2006 Executive Vice President, Group COO of Living Essentials Group, and Division COO of Life Style Division
Apr. 2010 Senior Executive Vice President and Group CEO of Living Essentials Group, Regional Strategy (Japan)
June 2010 Member of the Board and Senior Executive Vice President
Apr. 2011 Member of the Board, Senior Executive Vice President, Regional CEO of East Asia, President of Mitsubishi Corporation China Co., Ltd., and General Manager of Beijing Office
June 2013 Adviser
Mar. 2016 Director of the Company (current position)
Significant concurrent positions outside the Company: None
Number of the Company's shares owned: None

Note: The above is a translation of the summary of the proposals submitted by the proposing shareholder and the reasons for the proposals, etc., as stated in the Japanese original text.

[Opinion of the Board of Directors of the Company]

Objection: The Board of Directors opposes the election of Masahide Yano.

The Board of Directors of the Company considers that the Shareholder Proposal is problematic as a whole. Please exercise your voting rights after confirming the opinion of the Board of Directors of the Company on the Shareholder Proposal (Proposal No. 6) (described on pages 24 to 26).

Candidate No. 5

No. 5

(1) Outline of the proposal

Elect Masakazu Hosomizu as Director of the Company.

(2) Reasons for the proposal

Masakazu Hosomizu has deep knowledge of listed companies through his research and investment experience in the Japanese stock market for more than ten years, and is able to express constructive opinions to enhance the corporate value of the Company. He is able to speak for the interests of minority shareholder based on his track record of proactively making statements and activities regarding the improvement of corporate governance in Japanese companies. He is the optimal person to further enhance the corporate value of the Company. Accordingly, he is nominated as a candidate for outside Director of the Company.

(3) Name and career summary of the candidate

Name: Masakazu Hosomizu

Date of birth: December 7, 1975

Career summary:

Apr. 1998	Joined Nomura Securities Co., Ltd. and was assigned to Sendai Branch
June 2003	Completed MBA Program at The University of Chicago Booth School of Business, U.S.A.
June 2003	Returned to Nomura Securities Co., Ltd. and was assigned to New York Branch
Oct. 2005	Joined Coghill Capital Management, LLC (Chicago, State of Illinois, United States) Japan & Asia Equity Analyst
July 2009	Japan & Asia Equity Portfolio Manager
Sept. 2013	Joined RMB Capital Management, LLC (Chicago, State of Illinois, United States) Japan Equity Portfolio Manager (current position)
Apr. 2018	Partner (current position)
July 2019	International Equities Portfolio Manager (current position)

Significant concurrent positions outside the Company:

Partner of RMB Capital Management, LLC

International Equities Portfolio Manager

Japan Equity Portfolio Manager

Number of the Company's shares owned: None

Note: The above is a translation of the summary of the proposals submitted by the proposing shareholder and the reasons for the proposals, etc., as stated in the Japanese original text.

[Opinion of the Board of Directors of the Company]

Objection: The Board of Directors opposes the election of Masakazu Hosomizu.

The Board of Directors of the Company considers that the Shareholder Proposal is problematic as a whole. Please exercise your voting rights after confirming the opinion of the Board of Directors of the Company on the Shareholder Proposal (Proposal No. 6) (described on pages 24 to 26).

Candidate No. 6

No. 6

- (1) Outline of the proposal
Elect Akihiro Matsuo as Director of the Company.
- (2) Reasons for the proposal
Akihiro Matsuo has a professional perspective and abundant experience as an attorney, has entrepreneurship and started his own business, and possesses extensive experience and broad knowledge as a corporate manager. He is nominated as a candidate for outside Director of the Company in order to have him contribute to the improvement of the transparency and fairness of the Company's management.
- (3) Name and career summary of the candidate
Name: Akihiro Matsuo
Date of birth: January 25, 1975
Career summary:
Apr. 1998 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT)
Dec. 2007 Founded Matsuo Chiyoda Attorney Office
 Representative Attorney (current position)
Significant concurrent positions outside the Company:
Representative Attorney of Matsuo Chiyoda Attorney Office
Number of the Company's shares owned: 100

Note: The above is a translation of the summary of the proposals submitted by the proposing shareholder and the reasons for the proposals, etc., as stated in the Japanese original text.

[Opinion of the Board of Directors of the Company]

Objection: The Board of Directors opposes the election of Akihiro Matsuo.

The Board of Directors of the Company considers that the Shareholder Proposal is problematic as a whole. Please exercise your voting rights after confirming the opinion of the Board of Directors of the Company on the Shareholder Proposal (Proposal No. 6) (described on pages 24 to 26).

Candidate No. 7

No. 7

- (1) Outline of the proposal
Elect Hiroto Kawano as Director of the Company.
- (2) Reasons for the proposal
Hiroto Kawano has extensive expertise as a certified public accountant and tax accountant as well as extensive experience in audit corporations. He is nominated as a candidate for outside Director of the Company in order to have him contribute to the improvement of the transparency and fairness of the Company's management by reflecting his expertise and experience in the Company's audit and supervision.
- (3) Name and career summary of the candidate
Name: Hiroto Kawano
Date of birth: July 4, 1971
Career summary:
Oct. 1997 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)
Oct. 2001 Joined Nikko Cordial Securities Inc.
Jan. 2003 Director of Kawano Certified Public Accountants (current position)
Sept. 2013 Outside Audit & Supervisory Board Member of AMBITION CORPORATION
May 2015 Outside Audit & Supervisory Board Member of VECTOR INC. (current position)
Sept. 2015 Outside Director (Audit and Supervisory Committee Member) of AMBITION CORPORATION (current position)
Significant concurrent positions outside the Company:
Director of Kawano Certified Public Accountants
Outside Audit & Supervisory Board Member of VECTOR INC.
Outside Director of AMBITION CORPORATION
Number of the Company's shares owned: None

Note: The above is a translation of the summary of the proposals submitted by the proposing shareholder and the reasons for the proposals, etc., as stated in the Japanese original text.

[Opinion of the Board of Directors of the Company]

Objection: The Board of Directors opposes the election of Hiroto Kawano.

The Board of Directors of the Company considers that the Shareholder Proposal is problematic as a whole. Please exercise your voting rights after confirming the opinion of the Board of Directors of the Company on the Shareholder Proposal (Proposal No. 6) (described on pages 24 to 26).

[Opinion of the Board of Directors of the Company on the Shareholder Proposal (Proposal No. 6)]

The Board of Directors of the Company considers that the Shareholder Proposal is problematic as a whole for the following reasons (1) to (3) and opposes it.

- (1) A management structure composed of the candidates for Directors from the Company Proposals is optimal for executing business reforms and realizing the revitalization of the Company more reliably and promptly.

On December 31, 2019, Isao Iwata, who served as Representative Director and President, gave up his representative power. On March 1, 2020, Shinji Oe (hereinafter “Mr. Oe”), who has served as Vice President, etc. at GOLDWIN INC., a publicly traded company that operates apparel business, and led the restructuring of the Company, was appointed as Executive Vice President and started the restructuring of the Company’s business. In addition, on April 14, 2020, the Company decided that after the conclusion of this General Meeting of Shareholders, Mr. Oe will be appointed Representative Director and President of the Company, and Masayuki Nakayama (hereinafter “Mr. Nakayama”) will be appointed Representative Director and Vice President of the Company and accelerate the pace to strengthen the management execution structure and to restructure the Company’s business.

If the proposal for the election of Directors (described on pages 5 to 13) proposed by the Company at this General Meeting of Shareholders is approved, the Board of Directors of the Company will consist of three internal Directors (two newly elected) including Mr. Oe and Mr. Nakayama, and six independent outside Directors who have experience in corporate management (all newly appointed) (hereinafter “Company Proposal Director Candidate Team”). If Proposal No. 2 (partial amendments to the Articles of Incorporation) of this General Meeting of Shareholders is approved, it will be possible for an outside Director who is independent from business execution to serve as the Chairman of the Board of Directors. The governance system will thus be dramatically improved.

In addition, all of the six candidates for independent outside Directors have not only experience in corporate management and a high level of insight into the retail business, but also other various professional skills as “Skill Matrix” prescribed on pages 6. We are confident that this will create an optimal Board of Directors that will enable both timely and reliable implementation of the Company’s Revitalization Plan (the Company’s Revitalization Plan announced on April 14, 2020) and protection of general shareholders.

The Company Proposal Director Candidate Team consists of one inside Director and two independent outside Directors. It was proposed by the Nomination and Compensation Committees, chaired by the independent outside Directors, and was unanimously decided by the Board of Directors of the Company.

Based on the above, the Company is confident that the management structure composed of the Company Proposal Director Candidate Team is optimal for resolutely executing business reforms and completing the Revitalization Plan more reliably and swiftly, under an excellent corporate governance system, while paying attention to the protection of general shareholders.

- (2) The management structure composed of the candidates for Directors from the Shareholder Proposals is not appropriate for restructuring of the Company’s business.

- (i) The candidates for Director from the Shareholder Proposals do not intend to assume the position of Director.

On the other hand, the proposing shareholder has proposed Tetsuo Komori (hereinafter “Mr. Komori”) and Mr. Oe as candidates for Director in the Shareholder’s Proposal. The Company considers this to be a structure in which the two candidates for Director would lead the management of the Company. In addition to Mr. Komori and Mr. Oe, the proposing shareholder has proposed five outside candidates for Director, including the current two outside Directors of the Company (hereinafter “Shareholder Proposal Director Candidate Team”).

However, the two candidates for outside Director (Kiyoto Matsuda and Masahide Yano (hereinafter “Mr. Matsuda” and “Mr. Yano,” respectively)), the candidates for Director proposed by the proposing shareholder, have not received any prior explanation from the proposing shareholder regarding their being proposed as candidates for Directors in the Shareholder Proposal, and they have both stated that

they have no intention to be appointed as Directors of the Company after the end of this General Meeting of Shareholders.

In addition, Mr. Oe, who is a candidate for Director proposed by the Company, has not received any explanation from the proposing shareholder in advance regarding his nomination as a candidate for Director in Shareholder Proposal, nor has he presented any management plan. We consider that it is extremely difficult to realize a revitalization plan reliably and swiftly with the Shareholder Proposal Director Candidate Team.

Based on the above, the Company believes that the composition of the candidates for Directors in the Shareholder Proposal is not appropriate from the perspective of executing business reforms, and early business restructuring, which are urgent issues for the Company.

- (ii) The management structure composed of the candidates for Directors from the Shareholder Proposals is not appropriate for the restructuring of the Company's business.

The proposing shareholder has not set forth any specific management plans that could be realized with respect to how the management structure composed of candidates for Directors from the Shareholder Proposals would consider rebuilding the business. It is an urgent issue for the Company to execute business reforms and to realize the revitalization of the Company more reliably and promptly. Under such circumstances, the Company considers that with the Shareholder Proposal Director Candidate Team not having a management plan for the above purpose, and together with other reasons for objection, it would be impossible or there would at least be a delay in the restructuring of the Company's business, which would be against both the Company's and the shareholders' interests.

- (iii) The management structure composed of the candidates for Directors from the Shareholder Proposals is not appropriate for the restructuring of the Company's business.

As mentioned above, Mr. Oe has not received any explanation from the proposing shareholder in advance regarding his nomination as a candidate for Director from the Shareholder Proposal. Additionally, we consider that it is extremely difficult to implement a revitalization plan reliably and swiftly together with the Shareholder Proposal Director Candidate Team, as it did not share a management plan.

In addition, as mentioned above, Mr. Matsuda and Mr. Yano have not received any explanation from the proposing shareholder in advance regarding their nomination as candidates for Director from the Shareholder Proposals. Even if they are appointed as Director at this General Meeting of Shareholders, it is clear that they have no intention of assuming office as Director.

Also, regarding the other candidates for Directors, as there was no explanation stating that they have management track record in the apparel industry and in listed companies when they were interviewed by the Nomination and Compensation Committees (as mentioned above, Mr. Matsuda and Mr. Yano serve as members), it is difficult to say that they are suitable as Director of the Company, which is a listed company that operates the apparel business.

Based on the above, the Company believes that a management structure composed on the Shareholder Proposal Director Candidate Team is not appropriate from the perspective of executing business reforms, and early business restructuring, which are urgent issues for the Company.

- (3) A conflict of interest may exist between the proposing shareholder and the Company's general shareholders. The proposing shareholder is a major shareholder of the Company who owns 765 thousand shares of the Company (voting rights holding ratio: 6.32%) (as of February 29, 2020). However, the proposing shareholder proposed in the letter sent to the Company regarding the purpose of promoting Masakazu Hosomizu (hereinafter "Mr. Hosomizu"), who is in the position of a partner of the proposing shareholder, as a candidate for outside Director, containing the following matters: (1) Consider the possibility of selling the Company to a strategic partner; (2) Explaining that the proposing shareholder itself should be considered as a strategic partner, and that the proposing shareholder may purchase the Company by itself. In addition, Akihiro Matsuo, who is a candidate for Director from the Shareholders Proposal, is an attorney who acts as a proxy for the

proposing shareholder regarding the proposing shareholder's shareholder proposal and may effectively be in a position to represent the interests of the proposing shareholder.

For these reasons, if the candidates for Director elected by the proposing shareholder, including Mr. Hosomizu, assume office as Directors of the Company, they may act for the purpose of seeking the interests of the proposing shareholder, who will become the acquirer of the Company, rather than enhancing the corporate value of the Company, and there is a possibility that a conflict of interest may arise between the Company and other shareholders (general shareholders) of the Company. The Company considers that the election of the Shareholder Proposal Director Candidate Team may result in the risk that the interests of the proposing shareholders may be increased at the cost of the Company's general shareholders, which may be against the common interests of the Company and the Company's shareholders.

Therefore, the Company believes that the candidates for Director proposed by the proposing shareholder are not appropriate from the viewpoint of protecting the interests of the Company's general shareholders.