



March 18, 2020

Dear Sirs:

Company Name: Mitsui Matsushima Holdings Co., Ltd.  
Representative: Tsuneo Amano, Representative Director and President  
(Stock Code 1518, First Section of the Tokyo Stock Exchange and Fukuoka Stock Exchange)  
Contact: Taishi Yoshioka, Managing Executive Officer  
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## **Notice of Conclusion of Basic Agreement on Business Integration of Consolidated Subsidiary**

Mitsui Matsushima Holdings Co., Ltd. (the Company) announces that it has signed a basic agreement with MELBO CLOTHING, INC. (MELBO CLOTHING), MELBO CLOTHING MANUFACTURING, INC. (MELBO CLOTHING MANUFACTURING), MELBO MEN'S WEAR, INC. (MELBO MEN'S WEAR), and S Squared, Inc. (S Squared). These four companies are collectively referred to as the Four MELBO Companies, and the Shimizu family, which is a substantial controlling shareholder of the Four MELBO Companies, together with the Four MELBO Companies is referred collectively to as the MELBO Group. This agreement relates to the integration of the production and sales of custom-made suits of its consolidated subsidiary, Hanabishi-sewing Co., Ltd. (Hanabishi-sewing), and the Four MELBO Companies (the Business Integration). The details are as follows.

### **1. Background, Purpose, and Other Details of the Business Integration**

Founded in 1935, Hanabishi-sewing, a consolidated subsidiary of the Company, has been well received by customers as a pioneer in the custom-made suit industry, such as for being the first in Japan to develop a system for the industrial production of custom-made suits. Hanabishi-sewing continues exerting efforts to enhance technologies and streamline production at its five sewing factories in Japan. Custom-made suits under the HANABISHI brand being sold at 20 directly-operated stores and other places in Japan have satisfied many customers with their high-quality and comfortable suits.

MELBO MEN'S WEAR sells custom-made suits under the "Azabu Tailor" and the "TAILOR FIELDS" brands at its 35 directly-operated stores in Japan and has extensive expertise and experience in marketing and brand strategies. In addition, MELBO CLOTHING MANUFACTURING operates two factories in Japan, providing high-quality custom-made suits backed by advanced technologies.

As the business environment surrounding the suits industry is becoming increasingly challenging lately because of the shift to casual office wear, the Company has carefully considered forming alliances and integrating business with other companies as part of its effort to enhance the corporate value of Hanabishi-sewing. The Company has decided to implement the Business Integration based on the judgment that the MELBO Group and Hanabishi-sewing, two major players in the custom-made suit industry, will be able to generate synergy effects

by forming an alliance while respecting and maintaining their respective brands.

## 2. Transaction Form, Management Structure, and Other Details of the Business Integration

As the final form of the Business Integration, it is currently assumed that an operating holding company owned 66% by the Company and 34% by the Shimizu family and its controlling company will hold 100% of the shares of Hanabishi-sewing, MELBO MEN'S WEAR, and MELBO CLOTHING MANUFACTURING. While specific transaction schemes, management structure after the Business Integration, and other details will be decided before the conclusion of the final agreement based on discussions among the parties concerned, Mr. Sadayuki Shimizu and Mr. Sadahiro Shimizu, both of whom are substantial managers of the Four MELBO Companies, and the Mitsui Matsushima Group will be involved in the business execution of the operating holding company. In addition, no major change is planned for the business execution structure of the three subsidiaries of the operating holding company.

## 3. Future Projections

In response to the conclusion of the basic agreement, the Company will engage in specific discussions toward the Business Integration with the MELBO Group. While the Business Integration will not affect the consolidated financial results for the fiscal year ending March 2020, announcements will be made promptly if any item requiring disclosure arises in the future.

## 4. Outline of Companies Subject to Business Integration (plan)

### (1) MELBO MEN'S WEAR, INC.

(1) Name	MELBO MEN'S WEAR, INC.
(2) Location	4 <sup>th</sup> Floor, Honmachi Century Building, 1-7-6 Honmachi, Chuo-ku, Osaka-shi, Osaka
(3) Representative's name and title	Sadayuki Shimizu, Representative Director and President
(4) Business operations	Sale of men's clothing, dress shirts, etc.
(5) Capital	50 million yen
(6) Date of establishment	March 1969

### (2) MELBO CLOTHING MANUFACTURING, INC.

(1) Name	MELBO CLOTHING MANUFACTURING, INC.
(2) Location	1-27-1 Nagaotanimachi, Hirakata-shi, Osaka
(3) Representative's name and title	Sadahiro Shimizu, Representative Director and President
(4) Business operations	Planning and production of men's clothing Contract production of clothing
(5) Capital	90 million yen
(6) Date of establishment	September 1959

### (3) Hanabishi-sewing Co., Ltd.

(1) Name	Hanabishi-sewing Co., Ltd.
(2) Location	2059 Sasakubo, Iwatsuki-ku, Saitama-shi, Saitama
(3) Representative's name and title	Masahiko Nonaka, Representative Director and President
(4) Business operations	Planning, production, and sale of men's and women's clothing and dress shirts Contract production of clothing

(5) Capital	80 million yen
(6) Date of establishment	March 2013

\*This company took over the operations from the former Hanabishi Sewing through an absorption-type company split that took effect on July 1, 2013, and on the same day, the company changed its name to Hanabishi-sewing. Co., Ltd.