



April 3, 2024

Mitsui Matsushima Holdings Co., Ltd.

Notice of Business and Capital Alliance with Yoshimura & Co., Ltd. Concerning a Consolidated Subsidiary (Hanabishi Co., Ltd.)

Mitsui Matsushima Holdings Co., Ltd. (the “Company”) hereby announces, as detailed below, that it has decided to transfer 66% of its shares in Hanabishi Co., Ltd. (“Hanabishi”), a consolidated subsidiary of the Company that sells custom-made suits and other products, to Yoshimura & Co., Ltd. (“Yoshimura”) to form a business and capital alliance so that the two companies can work together for the development of Hanabishi.

1. Background and purpose of the business and capital alliance

The Company acquired Hanabishi Sewing Co., Ltd. in 2015 and steadily operated the business thereafter. However, sales of men’s and women’s apparel declined sharply after 2020 due to the significant impact of the COVID-19 pandemic, which was associated with people’s voluntary restraint from going out and the prevalence of working from home. For survival of the business, the Company closed all of its domestic factories, leaving only 18 directly managed stores.

However, even after that, in the men’s apparel market, which has been continuing to shrink, competition has intensified in recent years as more companies in the industry have shifted from ready-made suits to high-margin custom-made suits. Even at Hanabishi, a pioneer in custom-made suits boasting a 90-year history, the number of suits sold and sales figures continued to stagnate with profits also remaining sluggish.

In order to overcome this slump, we believed that we needed a business partner with abundant experience and knowledge in the field of high-quality custom-made suits, capable of supporting Hanabishi in both manufacturing and sales, and we chose Yoshimura as the ideal partner.

Yoshimura was founded in 1884 as a fabric wholesaler and has provided high-quality custom-made suits, using its advanced skills and expertise under the brands “YOSHIMURA & SONS” and “Yoshimura Custom-made Suits,” to this day. In addition, “BIGVISION,” a semi-custom-made suit specialty company that recently joined the Yoshimura group, operates 27 stores in Japan and is differentiating itself from its competitors with its price appeal and quick delivery (7-Day Order) by taking advantage of economies of scale and IT.

Through this alliance, we aim to increase added value by pursuing economies of scale in both production and sales through such means as significantly shortening delivery times by utilizing Yoshimura’s own

factories, improving quality and reducing production costs with its advanced sewing skills, and increasing the number of stores and brand recognition in the future, while keeping Hanabishi in operation. Furthermore, as the brands of the two companies are well segregated in the market in terms of quality and price range, we are confident that the two will be able to maintain and develop the brands while respecting each other.

By continuing to hold a 34% equity interest in Hanabishi as an equity-method affiliate, the Company will continue to support Hanabishi's further growth and increase its corporate value.

2. Outline of the subsidiary to be transferred

(1)	Name	Hanabishi Co., Ltd.
(2)	Address	2-8-12 Kakura, Iwatsuki-ku, Saitama City, Saitama
(3)	Name and title of representative	Satoru Fukushima, Representative Director and President
(4)	Business	Planning and sales of men's and women's apparel and dress shirts
(5)	Capital	50 million yen
(6)	Establishment	January 14, 2022
(7)	Major shareholders and shareholding ratios	Mitsui Matsushima Holdings Co., Ltd.: 100%

3. Outline of the counterparty of the share transfer

(1)	Name	Yoshimura & Co., Ltd.
(2)	Address	1-16 Kandasudacho, Chiyoda-ku, Tokyo
(3)	Name and title of representative	Masataka Yoshimura, Representative Director
(4)	Business	Sales of men's and women's clothing fabrics, sales of men's and women's custom-made suits, sales of men's and women's custom-made shirts, and real estate management business
(5)	Capital	40 million yen

4. 4. Number of shares to be transferred, transfer price, and shareholdings before and after the transfer

(1)	Number of shares held before the change	1,000 shares (Percentage of voting rights held: 100%)
(2)	Number of shares to be transferred	660 shares
(3)	Number of shares to be held after the change	340 shares (Percentage of voting rights held: 34%)

5. Schedule

(1)	Date of resolution of the Board of Directors	March 29, 2024
(2)	Date of contract	March 29, 2024
(3)	Date of share transfer	The date to be agreed upon by the two companies in late April 2024 (scheduled)

6. Future outlook

As a result of this share transfer, Hanabishi will no longer be a consolidated subsidiary of the Company and will become an equity-method affiliate. This share transfer will have no particular impact on the Company's consolidated financial results for the fiscal year ended March 31, 2024. We will promptly disclose any event that may have a significant impact on our business performance.