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Company name: Gyet Co., Ltd.  
Representative: Koji Ishino,  
Representative Director  
and President  
(Securities code: 7603;  
Tokyo Stock Exchange  
Standard Market)  
Inquiries: Daisuke Kobayashi,  
Director and General  
Manager of Management  
Division  
(Telephone: +81-3-3316-1911)

## Notice Regarding Basic Agreement for Making AddElm TECHNOLOGY Corporation a Subsidiary

Gyet Co., Ltd. (hereinafter "the Company") hereby announces that at its extraordinary Board of Directors meeting held on October 6, 2025, it resolved to enter into a basic agreement for the purpose of making AddElm TECHNOLOGY Corporation (hereinafter "AddElm") a subsidiary, as detailed below.

### 1. Purpose and Background of Basic Agreement

The Company has established management policies of "Improving Profitability in the Apparel Business" and "Sustainable Growth through Both Existing and New Businesses," actively promoting expansion into new fields while optimizing existing operations.

Meanwhile, AddElm, with whom we have reached this basic agreement, is a research and development-oriented venture company that has systematized through years of research investment: unique formulation designs (recipes) for optimally dispersing mineral-derived materials into fibers, spinning and post-processing procedures for stable mass production, and evaluation methods based on human body outcomes such as heart rate, muscle activity, and concentration levels. Through its technological capabilities, intellectual property, and development capabilities, AddElm has built unique corporate value. Notably, it has gained worldwide recognition, including receiving the "Best Product Award" given to the world's most outstanding products at "ISPO," an internationally prestigious exhibition in the sports and outdoor field.

AddElm's greatest characteristic lies in its research and development focus on "second-generation functional fibers." Unlike traditional fabric properties such as "quick-drying, antibacterial, and heat retention," these fibers incorporate minerals derived from ore into their structure and use physiological responses - including skin stimulation, autonomic nervous system, and psychological/behavioral responses - as the starting point for design. This groundbreaking invention merges textile engineering with human physiology, representing a new design philosophy that directly impacts practical effects such as the wearer's alertness, concentration, and recovery. It demonstrates advanced features and business potential that rival those of global textile venture companies.

After many years of research and development, AddElm has completed its R&D phase and transitioned to commercialization. As a result, specific initiatives with major trading companies, textile companies, and drugstores are progressing, enabling market expansion not only through internal use but also through supply to other companies. Furthermore, AddElm is pursuing medical device certification with an eye toward expansion into medical and healthcare fields beyond apparel applications, showing potential for effective use in rehabilitation areas. The company has established a foundation capable of providing a wide range of functional products that address challenges faced by various generations, from children to business workers and the elderly, aiming to create new social value.

By welcoming AddElm to our group, the Company will actively promote expansion beyond traditional apparel business boundaries into innovative performance wear, recovery wear, and cross-industry applications using functional fibers, significantly enhancing the group's business portfolio.

## 2. Strategic Value of AddElm's Core Technology and Intellectual Property

### ■ Next-Generation Fiber Technology System

AddElm aims to achieve states conducive to positive changes in alertness, concentration, muscle activity quality, and relaxation by affecting the wearer's sympathetic and parasympathetic nervous systems. This is accomplished through: 1) controlling optical and thermal radiation properties (near-infrared transmission, visible/UV shielding, far-infrared radiation balance, etc.) and 2) simultaneously designing mild stimulation to skin receptors, by powderizing and dispersing multiple mineral materials into fibers, addressing both microclimate (temperature, humidity, thermal radiation) within clothing and sensitivity.

The material platform features modular design with formulations that can be switched according to use, broadly developing four lines: "Sleep/Recovery (add.00)," "Relaxation/Daily Use (add.01)," "Active/Work (add.02)," and "Boost/Competition (add.03)." This enables line construction according to time of day and purpose within the same brand, creating a new approach that builds experiential value throughout the user's lifecycle.

## ■ Strategic Value of Intellectual Property (IP)

The strategic value of this project lies in the intellectual property that AddElm has built through substantial research investment over an extended period. The following elements are optimized interdependently and operated as a unified system, creating competitive advantages and making substitution difficult.

- Component Formulation Recipe

Achieves optimization of mineral ratios, particle size distribution, and dispersant design. Creates use-specific databases from material selection to formulation balance, aligned with functionality and sewing suitability.

- Manufacturing Process

Operational parameters that ensure recipe reproducibility and stable mass production, including spinning conditions, post-processing, and resin design.

- Evaluation and Measurement

Evaluation protocols and indexing methods using human body outcomes such as heart rate, muscle activity, and concentration levels, in addition to conventional fabric properties.

This trinity of Recipe × Process × Measurement intellectual property system makes it difficult for third parties to achieve equivalent reproducibility, mass production capability, and experiential design through partial imitation of elements.

The Company recognizes value in AddElm's core intellectual property in functional fiber technology (including formulation recipes, particle size/dispersion control, manufacturing conditions, use-specific blends, evaluation metrics/measurement protocols, and brand-related assets) established through years of substantial research investment. These form a "difficult to replace or imitate" portfolio where multiple interdependent technological elements are systematized beyond single patents, characterized by the combined value of accumulated research and development know-how.

Through making AddElm a subsidiary, the Company will gain the freedom to rapidly deploy mass production of yarns, fabrics, and products using next-generation fibers for various purposes such as sleep, daytime use, and sports, while enabling in-house production and accelerated research and development. We recognize this intellectual property as a strategic asset that will contribute to the Company's medium to long-term corporate value enhancement through product differentiation, gross margin improvement, and creation of licensing opportunities.

### 3. Strategic Benefits of Subsidiary Integration

The main synergies expected from making AddElm a subsidiary are as follows:

- a. Creation of Next-Generation Wear

By utilizing AddElm's world-class functional fibers, we will create new market value through the development and commercialization of innovative performance wear and recovery wear in sports, outdoor, and lifestyle sectors.

- b. Application Expansion to Different Industries and Healthcare

We will implement applications in industrial sectors beyond traditional apparel business, such as medical, fitness, sleep improvement, and relaxation-related fields. In particular, as we are pursuing medical device certification, there is potential for effective use in rehabilitation areas, and we will capture new growth opportunities as expansion into medical and healthcare markets intensifies.

c. Expansion of New Distribution Channels and Creation of Business Opportunities

As we proceed with commercialization following the completion of the R&D phase, partnerships with trading companies, textile companies, and drugstores will expand. We aim to create new business opportunities by combining OEM/ODM with phased licensing.

d. Cross-Generational Market Response

Products utilizing AddElm's technology can address challenges across a wide range of generations, from supporting children's development to business workers' fatigue recovery and improving elderly quality of life, creating high value in terms of both social significance and market potential.

e. Strengthening EC and Retail

By utilizing our group's nationwide store network and EC infrastructure to deliver advanced functional products directly to consumers, we will achieve a differentiated product portfolio and further improvement in EC conversion rates.

f. Acceleration of Global Expansion

Based on international recognition including ISPO awards, we will strengthen our international presence by expanding AddElm's material technology to overseas markets in coordination with our group's distribution channels, primarily in Asia.

#### 4. Overview of the Parties

|     | Item                          | Wholly-owning Parent Company                                  | Wholly-owned Subsidiary                                     |
|-----|-------------------------------|---|---|
| (1) | Name                          | Gyet Co., Ltd.  | AddElm TECHNOLOGY Corporation                               |
| (2) | Location                      | 1-7-7 Umesato, Suginami-ku, Tokyo                             | 2-32-11 Jingumae, Shibuya-ku, Tokyo                         |
| (3) | Representative Title and Name | President and CEO Koji Ishino                                 | President and CEO Dai Fujisaki                              |
| (4) | Business Description          | Sales of apparel and general merchandise, investment business | Development and sales of fashion items utilizing technology |
| (5) | Capital Stock                 | 100,000,000 yen<br>(as of February 28, 2025)                  | 321,500,100 yen<br>(as of June 30, 2025)                    |
| (6) | Date of Establishment         | June 1, 1990  | July 3, 2007  |

|     |   |   |  |
|-----|---|---|--|
| (7) | Major Shareholders and Shareholding Ratio               | G Future Fund 1st Investment Limited Partnership, Trust Up Co., Ltd.: 28.26%<br>BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY 8.40%<br>SBI Securities Co., Ltd. 7.23% | Individual shareholders (Note) 24.35%<br>Marine Growth Corporation 12.15%<br>GF Holdings Co., Ltd. 9.00%<br>Complete Fellows Inc. 9.00%<br>Mana Inc. 9.00%<br>Individual shareholders (Note) 8.10%<br>Yamanashi Chuo Bank Regional Revitalization Investment Limited Partnership 7.21% |
| (8) | Relationship between the Listed Company and the Company |   |  |
|     | Capital Relationship                                    | Not applicable  |  |
|     | Personnel Relationship                                  | Not applicable  |  |
|     | Business Relationship                                   | Not applicable  |  |
|     | Status as Related Party                                 | Not applicable  |  |

(Note) Names of individual shareholders are not disclosed for privacy protection purposes.

(9) Financial Results and Financial Position for the Past Three Years

| Fiscal Year                     | Gyet Co., Ltd. |               |               | AddElm TECHNOLOGY Corporation |           |           |
|---------------------------------|----------------|---------------|---------------|-------------------------------|-----------|-----------|
|                                 | February 2023  | February 2024 | February 2025 | June 2023                     | June 2024 | June 2025 |
| Net Assets (thousand yen)       | 3,858,291      | 2,707,158     | 1,234,485     | 82,723                        | 201,394   | (132,311) |
| Total Assets (Thousand yen)     | 10,755,195     | 8,375,123     | 7,303,588     | 206,119                       | 368,451   | 381,699   |
| Net Assets per Share(Yen)       | 249            | 175           | 79            | —                             | 36,241    | 23,809    |
| Net Sales (Thousand yen)        | 18,443,392     | 15,409,427    | 13,119,142    | 145,676                       | 75,597    | 142,647   |
| Operating Income (Thousand yen) | (726,188)      | (910,806)     | (1,213,814)   | 926                           | (322,325) | (296,338) |
| Ordinary Income (Thousand yen)  | (617,932)      | (854,714)     | (1,161,845)   | (136)                         | (315,274) | (328,474) |
| Net Income (Thousand yen)       | (1,056,633)    | (1,151,330)   | (1,472,623)   | (9,301)                       | (340,315) | (333,705) |
| Net Income per Share(Yen)       | (68)           | (74)          | (95)          | —                             | (71,023)  | (60,051)  |
| Dividend per Share(Yen)         | -              | -             | -             | -                             | -         | -         |

(Unit: thousand yen unless otherwise noted)

#### 5. Method of Acquisition

Currently, multiple schemes are under discussion, including share transfer, share exchange, or subscription to third-party allotment of shares. The final acquisition method will be determined through further discussions and due diligence.

#### 6. Schedule

| Item                                   | Schedule (Planned) |
|--|--------------------|
| (1) Board of Directors Resolution Date | October 6, 2025    |
| (2) Basic Agreement Execution Date     | October 6, 2025    |

#### 7. Future Outlook

Moving forward, the Company will proceed with detailed discussions with AddElm and advance the procedures for concluding the final agreement and making it a subsidiary. Once the final agreement is reached, prompt disclosure will be made.