4-6-2 Kachidoki, Chuo-ku,
Tokyo 104-0054, Japan
TOMOE CORPORATION
Board of Directors
CC： Audit and Supervisory Committee

Follow-up on Our Request for a Complete Overhaul of the Mid-Term Plan and the Establishment of a Special Committee

Hibiki Path Advisors (from January 2026, Hibiki Path Advisors SPC; collectively, "we") sent you the attached letter dated September 12, 2025, titled "Request for a Complete Overhaul of the Mid-Term Management Plan and the Establishment of a Special Committee" (the "Prior Letter"). This letter serves to confirm the status of your review of our Prior Letter and to communicate the course of action we will take should these issues remain unaddressed. Please note that this letter is also scheduled for public release.

To begin, we restate below the three requests set out in our prior letter.

- **A complete overhaul of the Medium-Term Management Plan**
- **Establishment of a Special Committee composed of external directors and independent third parties to evaluate alternatives, including considerations on remaining publicly listed versus pursuing privatization**
- **If the Company chooses to remain publicly listed, decisive action on non-core assets and excess capital (specifically, the early sale of real estate assets and cross-shareholdings, coupled with a large-scale share repurchase and dividend payout)**

It has now been more than four months since those requests, and we have seen no response, no disclosure, and no direction from your side. No revision to the Medium-Term Management Plan has been disclosed. No Special Committee exists. There is still no accelerated capital-return policy. Meanwhile, as we highlighted in our past commentary on the 2Q FY3/26 earnings release, the continuation of self-preserving corporate behavior—such as the acquisition of JPY 1.1 bn in investment securities—remains a concern. Moreover, your Company's balance of investment securities has increased to JPY 43.2 bn (from JPY 35.8 bn at the prior FY-end) supported by the broader rise in equity markets, and the ratio of investment securities to net assets has risen to 56% (from 49% at the prior FY-end). We have seen no evidence of any ambitious initiatives aimed at enhancing corporate value, including those we have proposed. Despite a significant downward revision to the first half guidance (Japanese Only) — revenue down 15.3%, operating profit down 21.3% — you have provided neither a detailed explanation nor any measures to address these issues. Instead, management appears content to persist with incremental measures, leaving us deeply disappointed.

In recent years, the construction industry has clearly entered an era of large-scale M&A and consolidation. We view this not as a discretionary growth strategy, but rather as the visible manifestation of a structural shift in the competitive landscape—where winners and losers are increasingly determined by structural constraints such as rising material costs, labor shortages, and limitations in existing profit models. In 2025, Taisei Corporation launched a tender offer (TOB) for Toyo Construction Co., Ltd., making it a consolidated subsidiary and thereby incorporating capabilities in marine and port civil engineering. Similarly, Sumitomo Mitsui Construction Co., Ltd. was ultimately compelled to choose a path under the umbrella of INFRONEER Holdings Inc. These cases suggest that it is becoming increasingly difficult for many companies to sustain competitiveness on a standalone basis, which are forced to pursue survival and growth under larger corporate platforms.

In addition, proactive engagement from capital-market participants, including investors, has increasingly extended to real estate and construction-related companies. For example, Elliott Investment Management L.P. has encouraged improvements at Sumitomo Realty & Development Co., Ltd. through constructive dialogue regarding shareholder returns, capital efficiency, and corporate governance. Such initiatives act as external discipline on management and can serve as a catalyst for strategic change and industry consolidation.

Against this backdrop, even if your Company insists on maintaining the status quo, it cannot avoid engagement with the capital markets as long as it remains a public company. Moreover, with persistent deficiencies in both scale and capital efficiency, sustaining competitiveness over the medium to long term will be extremely challenging. Unless your Company undertakes a comprehensive overhaul of management—including portfolio rationalization to reallocate resources toward the core business, rebuilding the earnings model, making continuous investments to enhance productivity, and implementing a capital policy capable of supporting these initiatives—there is a high risk that your competitive position will steadily deteriorate, potentially causing long-term value destruction.

As a relevant precedent in a closely related business, Miyaji Engineering Group, Inc. ("Miyaji") provides a noteworthy example of decisive action. In August 2023, Miyaji publicly released its "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" and has since implemented a range of measures aimed squarely at enhancing corporate value.

Figure 1: Miyaji Engineering Group, Inc. Initiatives to Enhance Corporate Value

#	Key Initiative	Targets / Specific Actions
①	Capital policy contributing to ROE 10%	Maintain equity ratio at 55% / Increase dividend payout ratio (35%→60%).
②	Reduction of policy shareholdings	10% or less of net assets should be allocated to policy holdings (based on book value).
③	Buy Back	Reduction of cross-shareholdings, with careful attention to liquidity.
④	Proactive IR	English disclosures, continued integrated reporting, factory tours, etc.
⑤	Achieving mid-term plan	Proactive investments to drive business KPIs and sustainable growth.
⑥	Stock split	1-for-2 stock split.
⑦	QUO card 20th Anniversary	—

(Source: Miyaji Engineering Group, Inc. disclosures)

We strongly urge your Company to take best-practice examples, such as the one above, into account and to promptly disclose the status of the review of our requests, together with clear deadlines for concrete action.

If management continues to disregard corporate value, we will have no choice but to act. We would escalate by fully exercising our shareholder rights and running a public campaign. One option currently under active consideration is opposing certain director nominees at the 94th Annual General Meeting of Shareholders (expected to be held in 2026), along with a public campaign supporting that opposition. We are also considering asking shareholders to express their views regarding the treatment of excess assets. In preparing for the AGM, we will base our decisions on your 3Q FY3/26 disclosures.

As you are already aware, we recently announced our business integration with 3D Investment Partners Pte. Ltd. ("3DIP"). In our prior commentary to another investee, we stated that management should *"not to retreat into a small-company mindset or indulge in vanity as leaders of a small firm. Similarly, we encourage many executives across the industry to take a zero-based approach in reconsidering all strategic options, including industry consolidation or joining a larger corporate group, to determine what genuinely enhances corporate value."* We have demonstrated our commitment to this principle by taking decisive action ourselves, aiming to better serve our clients and contribute more meaningfully to the capital markets. From this year onward, under the new structure, we will continue to engage proactively with your Company as a key holding within the Hibiki Path Advisors SPC and work vigorously to enhance your corporate value.

As always, we remain fully open to constructive dialogue—strictly without any insider information—and would welcome proactive engagement from your side as well. We look forward to your continued serious and constructive engagement with shareholders.

20 January 2026
Hibiki Path Advisors SPC
Yuya Shimizu
Hibiki@3dipartners.com