

## Corporate Governance

### CORPORATE GOVERNANCE

S Science Company,Ltd.

Last updated: December 30, 2025

S Science Co., Ltd.

Representative Director and President: Mr. Kenko Hisanaga

Contact: 03-3573-3721

Ticker code: 5721

The status of our corporate governance is as follows:

## I Basic Policy on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

### 1. Basic Policy

#### 1. Our Basic Policy on Corporate Governance

Our company aims to enhance corporate governance in order to respond flexibly to the rapidly changing business environment and maintain corporate ethics and management policies. To that end, we will strive to enhance timely information disclosure and maintain sound corporate activities.

##### (1) Disclosure of information

We will strive to disclose accurate corporate information promptly, fairly, accurately, and in good faith to all stakeholders, including shareholders, general investors, institutional investors, and analysts, in accordance with relevant laws and regulations, regardless of the content or the quality of the disclosure environment. In addition, we will thoroughly manage information, strive to prevent insider trading, and will not provide specific information to certain individuals. The information that will be provided is as follows:

##### A. Financial Information (Quarterly, Half-Yearly, and Full-Year Financial Results)

##### B. Other Timely Disclosures

The disclosure method will be in accordance with the Financial Instruments and Exchange Act and rules regarding timely disclosure set forth by the Tokyo Stock Exchange, Inc. (hereinafter referred to as "TSE"), etc., and the information will also be posted on our website as appropriate.

##### (2) Performance forecasts and future projections

By disclosing detailed financial results on a quarterly basis, we strive to provide timely information disclosure for the convenience of stakeholders. Future forecasts, such as earnings forecasts, announced by our company are estimates at the time of announcement and do not constitute a commitment to their accuracy. Furthermore, the Company does not guarantee the content of any earnings forecasts made by third parties other than those announced by the Company.

##### (3) Information Disclosed to Securities Analysts and Institutional Investors

The information that we release to securities analysts and institutional investors is limited to facts that have already been made public in financial results announcements, publicly known facts, or the general business environment, etc. We do not mention any undisclosed "important facts."

##### (4) Methods for timely disclosure of company information

The timely disclosure of corporate information as required by the Companies Act, the Financial Instruments and Exchange Act, etc. will be carried out appropriately in accordance with the methods prescribed by law. In addition, in accordance with the rules, timely disclosure of company information that falls under the rules for timely disclosure will be registered in the "Timely Disclosure Information Transmission System (TDnet)" provided by the Tokyo Stock Exchange after providing a prior explanation to the Tokyo Stock Exchange, and the same information will be promptly provided to the media. Regarding the provision of information published on TDnet on our website, we will make the facts public to the media in accordance with the Financial Instruments and Exchange Act and the Timely Disclosure Rules, and after confirming that the information has been posted on the "Timely Disclosure Information Viewing Service" on the exchange's website, we will promptly post the information on our website. In addition, there may be delays in posting the information due to the need to prepare PDF files and other documents. For information that does not fall under the timely disclosure rules, our policy is to communicate the information to shareholders and investors accurately and fairly in an appropriate manner, taking into account various laws and regulations, such as the Financial Instruments and Exchange Act.

##### (5) We have established our "Disclosure Policy" and have posted it on our website, making efforts to ensure that all relevant parties are aware of it.

##### A. Basic Information Disclosure Policy

##### B. Information Disclosure Method

##### C. Quiet Period

We will regularly disseminate and thoroughly implement our IR policy throughout the company. All inquiries from securities analysts and institutional investors will be handled by the IR department. This is intended to protect our company and its employees from any legal liability, including those under the Financial Instruments and Exchange Act.

### 2. Our Internal Information Management System

Our company has established regulations governing the handling of information that may have a significant impact on investors' investment decisions and insider trading.

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Our internal system for timely disclosure is under the centralized responsibility of our public relations department, and we strive to establish prompt and accurate timely disclosure. With regard to the execution of duties, we have assigned a person in charge to each department in order to clarify roles and responsibilities.

(1) The process from the occurrence of important matters stipulated in the above rules to timely disclosure is as follows:

**A. Information collection and management**

When corporate information becomes available at our company, the head of the relevant department will confirm it and report the details to the information handling officer (general affairs officer).

The information handling officer will oversee matters related to the management and disclosure of corporate information.

**B. Determining the Importance of Information**

The corporate information collected by the Information Handling Officer is evaluated by the Information Handling Officer and a decision is made at the "Disclosure Policy" meeting with the Information Handling Officer and other information handling personnel to decide whether or not to disclose the information. The information that has been decided to be disclosed is also discussed regarding the content, timing, and presentation method of the information.

**C. External Disclosure**

With regard to important facts, the Information Disclosure Officer will work with the Information Handling Officer to promptly file notifications with the Tokyo Stock Exchange and other authorities and disclose information to the media after a resolution by the Board of Directors. .

**D. Education and Training, etc.**

To ensure fair, timely, and appropriate information disclosure throughout the entire Group and prevent insider trading, we thoroughly inform employees of laws, regulations, and internal rules through employee education and training, and we instruct our subsidiaries and other entities to establish information management systems and disclosure procedures.

(2) Based on the provisions of the Financial Instruments and Exchange Act, the Tokyo Stock Exchange regulations, and our company regulations, the Representative Director and the person in charge of handling information will determine whether information regarding important decisions, occurrences, and financial statements related to our company (including subsidiaries, etc.) falls under the items stipulated in the Tokyo Stock Exchange Timely Disclosure Regulations. If applicable, we will check and receive advice from the general affairs, accounting and internal audit departments, and will work to ensure that the divisions holding the information, related divisions and affiliated subsidiaries, etc., thoroughly manage the information in order to prevent insider trading.

(3) The Company is based on the management structure of a company with an audit and supervisory committee, and has adopted a director structure that emphasizes the flexibility of the Board of Directors in light of the Company's rules, etc., while ensuring the independence of each director in terms of management, allowing them to express their opinions based on their own judgment. Six outside directors have been appointed. Furthermore, important decisions and information regarding financial statements are submitted to and resolved by regular or special Board of Directors meetings, and important business matters are discussed and decided upon by the Business Committee as needed, in order to enhance business management. After these procedures are completed, the information is promptly disclosed by the Tokyo Stock Exchange Timely Disclosure (TDnet) through the Information Disclosure Department and then posted on our website.

(4) As mentioned above, we also strive to proactively disclose and publish information about our company that is not deemed to be subject to disclosure obligations under the Tokyo Stock Exchange Timely Disclosure Rules, even if it is deemed to have an impact on investors' investment decisions or transactions with clients.

(5) Securities reports, semi-annual reports, and other reporting documents based on the Financial Instruments and Exchange Act are submitted to the Local Finance Bureau by the relevant general affairs department in accordance with the above (using EDINET), and are then disclosed and available for public inspection by the Local Finance Bureau and the Tokyo Stock Exchange.

(6) Support system for appropriate information disclosure management We have appointed KDA Audit Corporation as our accounting auditor, entered into an audit contract with them, and have created an environment in which they can provide accurate management information and conduct audits from a fair and unbiased standpoint. As part of our internal control system to prevent the occurrence of risks such as scandals within the company, we have established an Internal Control Committee, which reports directly to the President and CEO, and which conducts internal audits of all business activities, including the appropriateness of methods, plans, and procedures, the effectiveness of business execution, and compliance with laws and regulations. Furthermore, in order to strengthen management transparency and compliance, we have signed a contract with a law firm as a legal advisor, and have put in place a system where we can receive timely advice and guidance on all legal matters that arise on a daily basis. Additionally, we have a system in place to confirm and receive advice from experts such as KDA Audit Corporation regarding the content and procedures of information disclosure as necessary.

<Posted on homepage>

**Disclosure Policy**

**1. Basic Information Disclosure Policy**

We will disclose information fairly and promptly in accordance with the Financial Instruments and Exchange Act and the Tokyo Stock Exchange's "Timely Disclosure Rules." In addition to information that complies with the above laws and regulations, we will also strive to disclose information that we believe is useful for promoting understanding of our company as proactively and fairly as possible.

**2. Method of information disclosure**

Information that falls under the Tokyo Stock Exchange's "Timely Disclosure Rules" will be disclosed to the media via the Tokyo Stock Exchange's "TDnet" system, and once registered, the information will also be posted on our website promptly.

In addition, securities reports, semi-annual reports, and other reports in accordance with the Financial Instruments and Exchange Act are submitted to the relevant local finance bureaus and are then disclosed to the Tokyo Stock Exchange and posted on our website.

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Furthermore, the information that we disclose in printed materials, on our website, through interviews, or through telephone inquiries will be limited to facts that have already been disclosed or are publicly known, or general business circumstances, etc. Please note that, due to competitive advantage and confidentiality agreements, we will refrain from responding to inquiries regarding specific information.

### 3. Quiet Period

In order to prevent the leaking of information that could affect our stock price during the preparation period for financial results announcement materials and to maintain fairness, we have designated a "quiet period" for a certain period prior to the announcement of our financial results. During this period, we will refrain from individual interviews by visit or telephone, responding to or attending meetings, or responding to business forecasts. However, if any important facts that fall under the "Timely Disclosure Rules" occur during this period, we will disclose the information as appropriate.

## 【Reasons for not implementing the principles of the Corporate Governance Code】Update

### 【Supplementary principle 1-1-1】<Analysis of the causes of the significant number of dissenting votes at the general shareholders' meeting>

In order to understand the intention of shareholders at the general shareholders' meeting and reflect that intention in management, we analyze the results of the general shareholders' meeting, such as the exercise rate and approval rate. Since the company has not received significant opposition to any of its proposed resolutions to date, we have not set any specific criteria for analyzing dissenting votes. Going forward, we will set analytical standards and, if there is a proposal that receives a significant number of dissenting votes, we will analyze the causes and use the results in subsequent dialogue with shareholders.

### 【Principle 1-3】<Basic capital policy>

Regarding our capital policy, since it is extremely difficult to forecast medium- to long-term business performance in a rapidly changing business environment, we disclose the results and forecasts for each fiscal year and quarter to the Tokyo Stock Exchange when we announce our financial results for each period, and also publish various financial statements on our website. Our dividend policy is also stated in our securities report.

### 【Supplementary Principle 2-2-1】<Periodic Review of the Code of Conduct>

Our company's officers and employees comply with these codes of conduct in order to put our management philosophy into practice. The Board of Directors will endeavor to review whether the Corporate Philosophy, Code of Conduct and Standards of Corporate Behavior are being put into practice.

### 【Supplementary Principle 2-4-1】<Ensuring diversity in core human resources, such as promoting women, foreigners, and mid-career hires to managerial positions>

As our company has a small number of employees and the proportion of women, foreigners and mid-career hires among our employees is not high, we do not currently set voluntary and measurable targets for the promotion of core personnel.

We believe that promoting personnel with diverse values, regardless of gender, nationality, or employment status, is extremely important for sustainable growth and improving corporate value over the medium to long term. Therefore, given that the domestic market accounts for the majority of our revenue, we are considering promoting foreigners to managerial positions, although we have not currently done so.

### 【Supplementary Principle 3-1-3】<Disclosure of information on sustainability initiatives and investments in human capital and intellectual property>

When disclosing our management strategy, we will appropriately disclose our sustainability initiatives, and will also consider disclosing and providing easy-to-understand and specific information regarding investments in human capital and intellectual property, while being mindful of consistency with our management strategy and management challenges.

### 【Supplementary Principle 4-1-2】<Explanation of the Medium-Term Management Plan>

In a rapidly changing business environment, we have determined that setting out medium- to long-term performance forecasts does not necessarily contribute to appropriate decision-making by shareholders and stakeholders regarding management plans, and therefore we do not create medium- to long-term management plans with numerical targets. We regularly conduct cause analyses of single-year forecasts and actual results, and make these publicly available to stakeholders on our website and through financial results announcements, etc.

### 【Supplementary Principle 4-2-1】<Management Remuneration>

A portion of management compensation is paid according to the level of contribution to business performance. Although we do not currently have a stock compensation system for management compensation, we will consider introducing compensation linked to medium- to long-term business performance or stock compensation as necessary in the future.

### 【Supplementary Principle 4-2-2】<Calculation of basic policies regarding sustainability issues>

The Board of Directors will formulate basic policies regarding the Company's sustainability initiatives from the perspective of improving corporate value over the medium to long term. In addition, in light of the importance of human capital and intellectual property, the Board will consider conducting effective audits to ensure that the allocation of management resources, including human capital and intellectual property, and the implementation of strategies related to the business portfolio contribute to the Company's sustainable growth.

### 【Supplementary Principle 4-3-1】<Appointment and Dismissal of Management>

The Board of Directors, which also includes outside directors, makes appropriate decisions after sufficient discussions with the outside directors regarding personnel proposals (such as the appointment and dismissal of senior management) that are prepared based on an evaluation of business performance, etc. We will also consider creating appointment and dismissal standards and establishing a voluntary committee.

### 【Supplementary Principle 4-10-1】<Appointment of Independent Outside Directors>

As a company with an audit and supervisory committee, we do not have a nomination committee or a compensation committee. However, the nomination and compensation of directors are decided by deliberation at the Board of Directors meeting based on the results of discussions between the Representative Director and independent outside directors.

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When considering important matters such as nominations and remuneration, the Company will obtain appropriate involvement and advice from independent outside directors.

**【Supplementary Principle 4-11-3】<Summary of the results of the analysis and evaluation of the effectiveness of the Board of Directors as a whole>**

The term of office for our directors (excluding directors who are audit and supervisory committee members) is one year, and the term of office for directors who are audit and supervisory committee members is two years. In the event that there is overlap in the appointment of next-term officers, the appointment will be based on an evaluation of their performance. The Board of Directors met 16 times in the fiscal year ended March 31, 2025, and has engaged in lively discussions on various management issues, such as management strategy and corporate governance, as well as business execution. Based on this, we believe that the Board of Directors is effective. Additionally, we will analyze and evaluate the effectiveness of the Board of Directors as a whole, including each director's self-evaluation for the previous fiscal year, and consider disclosing a summary of the results.

**【Principle 5-2】<Formulation and publication of business strategies and plans>**

Our fundraising is currently sourced internally, but if any costs associated with fundraising arise in the future, we will consider capital costs and consider our capital policy accordingly.

When we make decisions regarding important management strategies and plans, we will promptly disclose them on our website. At the Board of Directors meeting after the announcement of financial results, we will share opinions from shareholders and analysts and actively use them in reviewing our management strategies.

**【Supplementary Principle 5-2-1】<Basic policy and review status of business portfolio in formulating and announcing management strategy>**

When formulating and announcing management strategies, etc., the Company will clearly state the basic policy regarding the business portfolio decided by the Board of Directors and the status of reviews of the business portfolio.

Please note that the business portfolio for each fiscal year's plans and policies is discussed at the Board of Directors meeting on a case-by-case basis.

**【Disclosure based on the principles of the Corporate Governance Code】Update**

**【Supplementary Principle 1-2-1】<Regarding Qualified Information Provision>**

The Company promptly and appropriately discloses information that is believed to be useful to shareholders in making appropriate decisions at the general meeting of shareholders (non-statutory matters in the convocation notice and additional information required by investors, etc.).

**【Supplementary Principle 1-2-2】<Regarding Early Dispatch of Convocation Notices>**

In order to ensure shareholders have sufficient time to consider the proposals for the general meeting, we strive to send out convocation notices for the general meeting of shareholders early, rather than the statutory two weeks in advance. In addition, we publish information about the convocation notices electronically on TDnet and our website prior to the sending date.

**【Supplementary Principle 1-2-4】<Electronic Exercise of Voting Rights and English Translation of Convocation Notices>**

Currently, we believe that the ratio of overseas investors among our shareholders is relatively low. However, we are working to create an environment that enables the electronic exercise of voting rights (such as by using an electronic voting platform) and to translate convocation notices and other documents into English.

**【Principle 1-4】<Strategic shareholdings>**

In order to contribute to sustainable growth and the improvement of corporate value over the medium to long term, the Company may hold shares of companies that it deems necessary as part of its management strategies, such as business alliances and fundraising, for strategic shareholding purposes. Regarding major strategic shareholdings, the Board of Directors is reviewing whether or not to continue holding them and is considering whether they are in line with the objectives of holding them, such as maintaining a medium-term relationship and improving corporate value. We will engage in dialogue with the strategic shareholding parties, and if no improvement is seen, we will sell or reduce the shares as appropriate.

Regarding the exercise of voting rights for cross-shareholdings, we will carefully examine the content of the proposal and judge whether it will contribute to improving corporate value and then exercise our voting rights appropriately. We will not make a positive decision on proposals that may damage corporate value, regardless of whether they are proposed by the company or shareholders.

**【Supplementary Principle 1-4-1】<Regarding the sale of treasury stock>**

If a company that holds our company's shares as strategic shareholdings (a strategic shareholder) expresses an intention to sell those shares, we will not prevent the sale, etc., by reducing transactions or for other reasons.

**【Supplementary Principle 1-4-2】<Regarding the economic rationality of transactions>**

The Company will engage in thorough dialogue with cross-shareholding shareholders regarding issues such as improving medium- to long-term corporate value and creating synergies. If no improvement is seen as a result of the dialogue, the Company will take measures including reducing shares by selling them, and will not engage in transactions that may harm the common interests of the Company's shareholders, such as continuing transactions without fully verifying the economic rationality of the transactions.

**【Principle 1-7】<Management System for Related Party Transactions>**

The Company has established the Board of Directors Regulations and Supplementary Provisions, and when conducting transactions between officers and the Company (self-dealings and indirect transactions) and transactions between major shareholders and the Company (transactions between related parties), the transaction is submitted to the Board of Directors in advance for approval, except in cases where it is clear that the terms of the transaction are the same as those of general transactions, so as not to harm the common interests of the Company and its shareholders.

**【Principle 2-6】<Fulfilling the role of a corporate pension plan asset owner>**

Since our company does not have a corporate pension plan, it does not qualify as an asset owner.

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【Principle 3-1】<Enhancement of information disclosure>

(1) Our management philosophy, standards of corporate conduct, etc.  
We disclose these on our website (<http://s-science.jp>).

(2) Basic Approach and Policies Regarding the Corporate Governance Code  
These are disclosed on our website (<http://s-science.jp>).

(3) Policies and procedures for the Board of Directors in determining the remuneration of Directors, etc.  
(Policy)

The amount of remuneration for directors is determined, taking into consideration the position and job responsibilities of the director in question.

(Procedure)

Although we do not have a compensation committee, individual executive compensation is reviewed internally based on a delegated resolution of the Board of Directors, and the final decision is made by the Representative Director. The reason for delegating authority is so that the Representative Director can evaluate the corresponding performance and responsibilities of each executive while overseeing the performance of the entire company, and the delegated authority is the amount of remuneration for individual directors.

(4) Policies and procedures for the Board of Directors to nominate directors

(Policy)

Candidates for directors of our company are judged comprehensively based on their experience and knowledge, in addition to their ability to fulfill those responsibilities, as defined in our "Officer Service Regulations." In addition to independence as defined in the "Independence Criteria for Outside Directors," candidates for outside directors are also judged comprehensively based on whether they possess extensive experience and a high level of knowledge. Based on these, the Board of Directors will deliberate and decide on the proposals, which will then be submitted to the General Meeting of Shareholders.

(Procedure)

Candidates for Outside Directors of the Company will be selected from a wide range of diverse candidates in accordance with the nomination policy. Candidates for Directors who are Audit and Supervisory Committee members will be selected with the consent of the Audit and Supervisory Committee. The Board of Directors considers the appropriateness of the selection process for director candidates who are directors and audit and supervisory committee members, their qualifications and reasons for nomination, the independence criteria for independent outside directors, and the executive compensation system. The Board of Directors makes decisions on the selection of director candidates.

(5) Explanation of the nomination of director candidates, etc.

In the reference documents for the General Meeting of Shareholders, we disclose the reasons for selecting candidates for outside directors, and we also include an explanation of the selection and nomination of each candidate for director in the reference documents for the General Meeting of Shareholders.

【Supplementary Principle 3-1-1】<Information Disclosure Description>

Information disclosure regarding business strategies, senior management appointments, etc. shall be specifically described.

【Supplementary Principle 3-1-2】<Information Disclosure in English>

We disclose information in English.

【Supplementary Principle 4-1-1】<Outline of the scope of delegation to management>

The Board of Directors is responsible for overseeing overall management, including the execution of duties by executive officers, and ensures the fairness and transparency of management. It also makes decisions on behalf of the Company through decisions on important business execution matters that are required by law to be decided by the Board of Directors. With regard to the execution of business operations and decisions other than the important business operations set forth in the preceding paragraph, authority will be delegated to business division meetings and the directors in charge of the relevant operations, and the Board of Directors will oversee the status of these meetings and the execution of duties by directors, etc.

【Supplementary Principle 4-1-3】<Supervision of the Board of Directors>

When selecting a successor to the Representative Director, who is the company's highest-ranking executive officer, the Representative Director and the Independent Outside Directors exchange opinions and discussions, and the person is selected from among those deemed appropriate, regardless of whether they are inside or outside the company, taking into consideration their personality, insight, and practical experience. The person is then reported to the Board of Directors, who then deliberates and decides on the matter.

【Supplementary Principle 4-3-2】<Appointment of CEO>

The Board of Directors, which also includes independent outside directors, takes sufficient time to select a qualified CEO, recognizing that the selection of the CEO is the most important strategic decision for the company, and reports the selection to the Board of Directors, which then deliberates and decides on the matter.

【Supplementary Principle 4-3-3】<Dismissal of CEO>

If the Board of Directors, which includes independent outside directors, determines that the CEO is not performing his or her duties adequately based on an appropriate evaluation of the company's performance, etc., the Board of Directors will report to the Board of Directors and obtain approval in accordance with the procedures for dismissing the CEO.

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【Supplementary Principle 4-3-4】<Establishment of a risk management system>

The Internal Control Management Department is responsible for the practical implementation of internal control and risk management systems related to compliance and financial reporting. The effectiveness of the system's construction and operation will be reported to the Board of Directors for approval.

【Principle 4-8】<Effective use of independent outside directors>

Of the eight directors, four are outside directors, and all of them are registered as independent officers. The outside directors utilize their experience and knowledge to fulfill their roles and responsibilities as outside directors.

【Principle 4-9】<Independence Criteria and Qualifications of Independent Outside Directors>

The Company selects candidates for independent outside directors in accordance with its "Independence Criteria for Outside Directors," which are based on the independence standards set by the Tokyo Stock Exchange. The independence criteria are set out and disclosed on the Company's website.

【Principle 4-11】<Prerequisites for ensuring the effectiveness of the Board of Directors and the Audit and Supervisory Committee>

Our company currently has eight directors, six of whom are outside directors, regardless of gender or nationality, and is composed of a balance of knowledge, experience, and ability, achieving both diversity and an appropriate size. In addition, directors who are full-time Audit and Supervisory Committee members have appropriate knowledge of finance and accounting, and are supported by individuals with experience in the accounting and general affairs departments, and other outside directors who are Audit and Supervisory Committee members have considerable knowledge of finance and accounting.

【Supplementary Principle 4-11-1】<Views on the balance of knowledge, experience, and capabilities, as well as diversity and size of the Board of Directors as a whole>

The number of members of our Board of Directors will be limited to 12, as stipulated in our Articles of Incorporation, and the number of directors who are Audit and Supervisory Committee members will be limited to four. Our basic policy is to have the Board of Directors comprised of individuals deemed appropriate, taking into consideration the balance of knowledge, experience, and abilities associated with each business. In addition, in consideration of the importance of the role of outside directors in corporate governance, the Company operates its Board of Directors with two independent directors. Based on the Company's corporate philosophy, directors are selected through a comprehensive evaluation and judgment of their experience, knowledge, expertise, etc. Furthermore, outside directors are appointed based on criteria that ensure they meet the requirements for independent directors as defined by the Company and that there is no risk of a conflict of interest with general shareholders.

【Supplementary Principle 4-11-2】<Status of Directors Concurrently Serving as Officers of Other Listed Companies>

Directors, including outside directors, allocate the time and effort required to properly fulfill their roles and responsibilities to their duties as directors, and limit concurrent positions to a reasonable extent. The status of concurrent positions is disclosed in the securities report and in the materials attached to the notice of the general meeting of shareholders. (See our website.)

【Supplementary Principle 4-14-2】<Director Training Policy>

The Company will support the Directors in the performance of their duties by collecting and providing them with information on economic conditions, industry trends, compliance with laws and regulations, corporate governance, financial accounting, and other matters that are necessary for them to fulfill their roles and functions.

【Principle 5-1】<Policy for constructive dialogue with shareholders>

Regarding dialogue with our shareholders, the General Affairs Department will thoroughly consider how to respond together with the Representative Director and the Director in charge and will respond appropriately. At our company, the General Affairs Department holds regular meetings to support dialogue with shareholders. For shareholders, we are conducting activities to deepen their understanding of our management strategy and business environment by providing financial reports and disclosing information on our website. The officer in charge of disclosure provides feedback from shareholders and analysts to the Board of Directors and actively utilizes this information in reviewing the Company's management strategy, etc. As a general rule, the Company endeavors to grasp the composition of shareholders based on the shareholder register, which is compiled twice a year.

## 2. Capital Structure

Shareholding ratio of foreigners:	Less than 10%
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【 Status of major shareholders】Update

Name or Company Name	Number of Shares Owned (Shares)	Percentage (%)
KAY LEO BROTHERS LIMITED	4,317,156	2.77
SBI Securities Co., Ltd.	3,518,240	2.26
Mr. Moritoshi Shinada	2,300,000	1.48
Nomura Securities Co., Ltd.	1,968,190	1.26
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTSM LSCB RD	1,414,979	0.91
Nomura Securities Co., Ltd.	1,052,100	0.68
Mr. Shinji Takeichi	1,000,000	0.64
SOCIETE GENERALE INTERNATIONAL LIMITED CLIENT OMNIBUS	884,300	0.57

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Rakuten Securities, Inc.		818,400	0.53
Mr. Masaya Sega		753,000	0.48
Presence or absence of controlling shareholders (excluding parent company)	——		
Parent company:	None		
Supplementary explanation			

### 3. Company attributes

Listed Exchange and Market Classification	Tokyo Standard
Fiscal Year End	March
Industry	Non-ferrous Metals
Number of Employees (Consolidated) at the End of the Previous Fiscal Year	Less than 100
Consolidated sales for the most recent fiscal year	Less than JPY 10 billion
Number of consolidated subsidiaries as of the end of the most recent fiscal year	Less than 10

### 4. Guidelines on measures to protect minority shareholders when conducting transactions with controlling shareholders

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### 5. Other special circumstances that may have a significant impact on corporate governance

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## II Status of the management organization and other corporate governance systems related to management decision-making, execution and supervision

### 1. Matters related to organizational structure and management

Organizational structure	Company with audit and supervisory committee
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#### 【Director relations】

Number of Directors Per Articles of Incorporation	12
Term of Office of Directors Per Articles of Incorporation	1 Year
Chairman of the Board of Directors	President
Number of Directors	8
Appointment Status of Outside Directors	Appointed
Number of Outside Directors <span style="border: 1px solid red; padding: 2px;">Update</span>	4
Number of Outside Directors Designated as Independent Directors <span style="border: 1px solid red; padding: 2px;">Update</span>	4

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Relationship with the Company (1)

[Update](#)

Name	Attributes	Relationship with the Company(※)											
		a	b	c	d	e	f	g	h	i	j	k	
Mr. Hidekazu Kambayashi	People from other companies												
Mr. Yoshihiko Fuchibe	People from other companies												
Mr. Hiroshi Shimooka	People from other companies												
Mr. Ken Fukuda	People from other companies												

※ Select options regarding your relationship with the company

※ If you currently or recently qualify for each category, mark it with a "○"; if you qualify in the past, mark it with a "△."

※ If a close relative currently or recently meets each category, mark them with a "●"; if they met the category in the past, mark them with a "▲".

a An executive of a listed company or its subsidiary

b An executive or non-executive director of a parent company of a listed company

c An executive of a sister company of a listed company

d A person whose major business partner is a listed company, or an executive of such person

e major business partner of a listed company or an executive thereof

f A consultant, accounting professional, or legal professional who receives a large amount of money or other property from a listed company in addition to executive compensation

g A major shareholder of a listed company (or, if the major shareholder is a corporation, an executive officer of that corporation)

h An executive officer (the person himself/herself only) of a business partner of a listed company (one that does not fall under any of d, e, or f)

i An executive officer (the person himself/herself only) of a company with which an outside director has a mutual appointment relationship

j An executive officer (the person himself/herself only) of a company to which a listed company makes a donation

k Other

Relationship with the Company (2)

[Update](#)

Name	Audit and Supervisory Committee Member	Independent Director	Supplementary explanation for relevant items	Reason for appointment
Mr. Hidekazu Kambayashi	○	○	-----	He has worked as a manager at a security company for many years, where he has experience in human resource development and business expansion. We believe that he will be able to use his wide-ranging insight to objectively and neutrally evaluate and monitor our company's management, and will be able to carry out his duties as a director being Audit and Supervisory Committee member, so we would like to request his election.
Mr. Yoshihiko Fuchibe	○	○	-----	Although he has little experience in corporate management, he has extensive experience as an attorney and has sufficient insight to oversee corporate management. We have appointed him based on the belief that he will be able to utilize this experience to audit and supervise the execution of duties by directors from an objective standpoint.
Mr. Hiroshi Shimooka		○	-----	As he serves as Representative Director of another related company, LIE A1 Inc., we believe that this will strengthen the monitoring and supervision functions of the company's management and that he will be able to provide advice regarding management, and therefore we are requesting that he should be appointed as an Outside Director.
Mr. Ken Fukuda		○	-----	He has the experience and specialized knowledge he cultivated as a secretary to a member of the House of Representatives, and based on his extensive experience and deep insight, he is an individual who can provide appropriate advice and recommendations from an objective perspective regarding the Company's management structure and decision-making process. We believe that he will be able to fulfill this role, and therefore propose his election as an Outside Director.

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## 【Audit and Supervisory Committee】

### Committee composition and chairperson's attributes

	Total Committee Members (Number of Members)	Full-time Committee Members (Number of Members)	Internal Directors (Number of Members)	Outside Directors (Number of Members)	Chairperson (Chairman)
Audit and Supervisory Committee	3	1	1	2	Internal Director

Are there directors or employees assisting the Audit and Supervisory Committee in its duties?

None

### Reasons for adopting the current system

The Audit and Supervisory Committee conducts audits in cooperation with the Internal Audit Office, and therefore does not have employees to assist the Audit and Supervisory Committee in its duties.

### Cooperation between the Audit and Supervisory Committee, accounting auditors, and the internal audit department

Regarding cooperation between the Audit Committee and the accounting auditor, information exchange meetings are held to promote mutual communication. The Audit Committee and the Internal Audit Office have also set up a forum for information exchange to promote cooperation and are working to put in place a system that will enable confirmation and adjustment of the implementation status of policies. Similarly, regarding cooperation between the Internal Audit Office and the accounting auditor, information and opinions are exchanged.

## 【Voluntary Committees】

Existence of voluntary committees equivalent to a nomination committee or compensation committee

None

## 【Independent Directors and Audit & Supervisory Board Members】

Number of Independent Directors Update

4

### Other matters concerning independent directors

## 【Incentive related matter】

Status of implementation of measures to provide incentives to directors

Not implemented

### Supplementary explanation for the relevant item

Because there is currently no particular need for it.

Eligible recipients of stock options Update Internal directors and outside directors

Supplementary explanation for the relevant item Update

4 internal directors and 2 external directors (total number of shares allocated: 2,152,000)

## 【Director compensation related】

Disclosure status (of individual director compensation)

Individual compensation is not disclosed

### Supplementary explanation for the relevant item

- Annual compensation for directors (excluding audit and supervisory committee members) is JPY 84 million (including JPY 2 million for outside directors).
- Annual remuneration for directors who are Audit and Supervisory Committee members: JPY 8 million (including JPY 2 million for outside directors)

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Is there a policy for determining the amount of remuneration or its calculation method?	Yes
Disclosure of policy for determining the amount of remuneration or its calculation method	

The remuneration is set within the scope of the remuneration framework resolved at the General Meeting of Shareholders, with the aim of achieving sustainable improvement in corporate value, and securing, retaining, and motivating human resources.

(Basic idea)

Remuneration will be designed to promote short-term, medium- to long-term business performance and improvement of corporate value.

Remuneration will be designed to secure the human resources essential for sustainable growth.

(Remuneration level)

The decision will be made taking into consideration the Company's business operations and business environment.

(Amount of remuneration)

The remuneration of our directors (excluding directors who are audit and supervisory committee members) was resolved at our 103rd Ordinary General Meeting of Shareholders held on June 29, 2022 to be no more than JPY 20 million per month (of which the portion for outside directors is no more than JPY 2 million per month). Please note that the remuneration of directors (excluding directors who are audit and supervisory committee members) does not include the employee salaries of directors who also serve as employees.

In addition, at the Ordinary General Meeting of Shareholders, it was resolved that the remuneration for directors who are Audit and Supervisory Committee members of the Company shall be no more than JPY 3 million per month.

(Procedure)

Although the Company does not have a Remuneration Committee, the policy for determining the content of individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) was resolved at the Board of Directors meeting held on June 27, 2025. The remuneration for Directors of the Company consists solely of fixed remuneration, and is determined taking into consideration the degree of contribution to profits, the importance of business execution, the size of the role they play, the scope and degree of responsibility, etc. The remuneration for directors who are Audit and Supervisory Committee members consists solely of fixed remuneration, which is determined through discussions among Audit and Supervisory Committee members, taking into consideration whether the director is full-time or part-time. The calculation of individual executive remuneration is determined internally based on a delegated resolution of the Board of Directors, and the final decision is made by the Representative Director.

The reason for delegating authority is so that the Representative Director can evaluate the performance and responsibilities of each executive officer while overseeing the company's overall performance, and the delegated authority is the amount of remuneration for individual directors.

## 【Support system for outside directors】

Outside directors who have no vested interest in the Company attend the regular monthly meetings of the Board of Directors and other meetings on important matters, as well as extraordinary meetings of the Board of Directors. As non-executive directors of the Company, the outside directors provide accurate suggestions and advice regarding the strengthening of the Company's compliance and management structure. In addition, the outside directors who are Audit and Supervisory Committee members determine their respective duties, inspect important approval documents, listen to business reports from the Board of Directors, and based on the results of their work, audit the business execution functions and provide opinions and advice on matters related to the legal responsibilities of directors.

## 2. Matters relating to business execution, audit/supervision, nomination, compensation determination, etc. (Outline of the current corporate governance system)

Our company is a company with an audit and supervisory committee. Although we have not established a committee to handle matters related to functions such as nominations and compensation decisions, all decisions are made by the Board of Directors. In particular, the nomination of candidates for business execution, auditing and supervision, and directors is decided after thorough deliberation by the Board of Directors. Directors' remuneration is decided by the Board of Directors after deliberating from an objective and fair perspective on an appropriate remuneration system and level, as well as individual remuneration, in accordance with the business environment and company performance.

## 3. Reasons for choosing the current corporate governance system

At the 103rd Ordinary General Meeting of Shareholders held on June 29, 2022, the Company passed and approved a transition from a company with an audit and supervisory board to a company with an audit and supervisory committee. The Company is now in the process of further strengthening its governance in order to meet the expectations of all stakeholders by strengthening the Board of Directors' oversight of business execution and improving the efficiency, soundness, and transparency of processes through the participation of outside directors in management.

## III Status of implementation of measures regarding shareholders and other stakeholders

### 1. Status of efforts to invigorate general shareholders' meetings and facilitate the exercise of voting rights

	Supplementary Explanation
Early dispatch of notices of general shareholders' meetings	We strive to send out notices of general shareholders' meetings early, rather than the statutory two weeks before the meeting, to ensure shareholders have sufficient time to consider the proposals for the meeting. Please note that prior to sending out the notice of the general meeting, the information will be published electronically via TDnet and our website.

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## 2. IR activities

	Supplementary Explanation	Whether or not the representative will give an explanation
Posting IR materials on the website	We disclose and post financial information, primarily summary financial statements, securities reports, and quarterly reports, as IR information in a timely manner.	
Establishing an IR department (person in charge)	This is handled by the General Affairs Department.	

## 3. Status of efforts to respect the positions of stakeholders

	Supplementary Explanation
Establishment of a Policy for Providing Information to Stakeholders	We strive to disclose prompt, fair, accurate, and easy-to-understand corporate information to all stakeholders, including shareholders, general investors, institutional investors, and analysts, in accordance with relevant laws and regulations and in good faith, regardless of the content or the quality of the disclosure environment. We are also improving the information provided on our company website.

# IV Matters concerning internal control systems, etc.

## 1. Basic Concept of Internal Control System and Its Development Status

In accordance with the Companies Act, the Enforcement Regulations of the Companies Act, and the Financial Instruments and Exchange Act, the Company has established the following system (hereinafter referred to as the "Basic Policy for the Establishment of Internal Controls") to ensure the appropriateness of its business operations.

1. A system to ensure that the execution of duties by directors of the Company and its subsidiaries complies with laws, regulations, and the Articles of Incorporation. Based on corporate ethics, the Representative Director repeatedly conveys this spirit to officers and employees, ensuring that corporate activities are premised on compliance with laws, regulations, and the Articles of Incorporation, as well as social ethics, honest responses to stakeholders, transparent management, and contributions to society through value creation through business activities.

- (1) To put this into practice, the officers of the Company and its subsidiaries shall abide by the Corporate Philosophy, Code of Conduct, and Standards of Corporate Behavior, and shall take the lead in adhering to and promoting corporate ethics throughout the Group.
- (2) The Representative Director shall appoint an Internal Control Manager to develop a company-wide compliance system, identify issues, and manage risks. The Internal Control Manager shall deliberate on important compliance issues and report the results to the Board of Directors.
- (3) The Representative Director shall appoint an Internal Control Manager to develop a company-wide compliance system, identify issues, and manage risks. The Internal Control Manager shall deliberate on important compliance issues and report the results to the Board of Directors. The Board of Directors shall analyze compliance risks specific to each business division and implement specific countermeasures.
- (4) The Board of Directors will decide on specific disciplinary action in the event of violations of laws, regulations, or the Articles of Incorporation by officers or employees.

2. System to ensure that the execution of duties by employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

- (1) In order to ensure that employees perform their duties in accordance with laws and regulations and the Articles of Incorporation, the Group will establish a system for the practical application and thorough implementation of the Corporate Philosophy, Corporate Code of Conduct, Standards of Corporate Behavior, and Group Corporate Ethics, etc. In addition, the Company let the Representative Director, Directors and Executive Officers to provide compliance education and awareness-raising to employees of the Group.

- (2) If an officer or employee of the Group discovers a serious violation of laws and regulations or other important facts related to compliance at a Group company, they shall report it to the Representative Director and the Internal Control Manager. The Internal Control Manager will direct and supervise an investigation into the reported facts and, if deemed necessary after consultation with the Representative Director, will decide on appropriate measures.

- (3) The Company will ensure that employees have a means to directly report any conduct within the Group that is suspected of being in violation of laws and regulations, and will establish a compliance hotline as one such means. In such cases, the Company will guarantee anonymity at the whistleblower's request and ensure that no disadvantage is inflicted on the whistleblower. The Internal Control Manager who receives the report will investigate the details, decide on measures to prevent recurrence in consultation with the relevant department, and implement the measures to prevent recurrence throughout the Company.

3. System for storing and managing information related to the execution of duties by the Company's directors

- (1) Directors shall appropriately store and manage documents (including electromagnetic records; the same applies hereinafter) relating to the performance of their duties, such as minutes of general shareholders' meetings and related materials, minutes of board of directors meetings and related materials, decision documents in which directors make decisions, and other important accompanying documents relating to the

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performance of directors' duties, as well as other important information, in accordance with internal company regulations and in accordance with their respective responsibilities.

- (2) The Chairman of the Board of Directors will be responsible for monitoring and supervising the storage and management of the information mentioned in (1) above, and will be assisted by the General Affairs Manager. The duties of this Manager will include the preparation of minutes as required by the Companies Act.
- (3) The documents set out in (1) above shall be kept for at least 10 years and may be inspected by directors as necessary.

4. Regulations and other systems for managing the risk of loss for the Company and its subsidiaries

- (1) Based on the Risk Management Regulations, the Board of Directors will take practical measures to address all risks that threaten to enhance corporate value and achieve the sustainable development of corporate activities.
- (2) We will determine the department responsible for each risk category of the Group, appoint the Internal Control Manager as the person responsible for all risks of the Group, and comprehensively manage the risks of the entire Group. We will plan and develop the Group's cross-sectional risk management system, identify problems, and respond when a crisis occurs, and provide this as important information for management decisions at the Board of Directors meeting, etc.
- (3) In addition to the above, we will establish a system to ensure business continuity in the event of the following risks.
  - ① Risk of suffering significant losses due to disasters such as earthquakes, floods, accidents, and fires
  - ② Risk of serious disruption to production and sales activities due to improper business practices by officers and employees
  - ③ Risk of suffering losses due to deterioration in the financial condition of business partners, etc.
  - ④ The risk of incurring losses caused by fluctuations in the purchase and sales prices of assets and products held due to fluctuations in various market risk factors, such as interest rates, securities and product prices, and foreign exchange rates.
  - ⑤ The risk of suffering losses due to a deterioration in financial conditions, a decline in creditworthiness, or other factors that make it impossible to secure necessary funds and resulting in cash flow problems.
  - ⑥ Risk of suffering significant losses due to malfunction of core IT systems
  - ⑦ Other risks that the Board of Directors deems extremely serious

5. Systems to ensure that the directors of the Company and its subsidiaries execute their duties efficiently

- (1) The Board of Directors will have the Representative Director and other Directors and Executive Officers in charge of business operations execute their duties based on the division of duties between the Representative Director and other Directors and Executive Officers in charge of business operations. The Representative Director will also build the entire Group organization and establish a system for its efficient operation and monitoring.
- (2) The Company will use the following business management systems to ensure the efficiency of the execution of duties by Directors.
  - ① Establishment of administrative authority and decision-making rules
  - ② Establishment of a Board of Directors composed of directors and executive officers
  - ③ Formulating medium-term management plans by the Board of Directors, setting performance targets and budgets for each business division based on the medium-term management plans, and reviewing monthly and quarterly performance using IT and implementing improvement measures.

6. System to ensure the appropriateness of business operations within the corporate group consisting of the Company and its subsidiaries

- (1) Aiming to establish internal controls within the Company and each Group company, the Company will establish a system that will enable discussions, information sharing, and communication of support and training, etc. regarding internal controls across the entire Group in an efficient manner.
- (2) Transactions between companies within the Group must be appropriate in light of laws, accounting principles, tax laws, and other social norms.
- (3) The Representative Director and Directors and Executive Officers in charge of business operations will, in accordance with their respective duties, instruct Group companies to establish appropriate internal control systems. This includes the Representative Director instructing the Directors of each Group company on the establishment of a system for storing and managing information related to the Director's performance of their duties.
- (4) The Internal Audit Department shall conduct or supervise internal audits within the Group and ensure the effectiveness and appropriateness of internal controls across the Group's overall business. The annual plan, implementation status, and results of operational audits shall be reported to the Board of Directors, etc. according to their importance.
- (5) Directors who are Audit and Supervisory Committee members (hereinafter referred to as "Audit and Supervisory Committee members") will establish an appropriate system, including close cooperation with the accounting auditor and the business audit department, so that they can effectively and appropriately monitor and audit the entire group in accordance with the consolidated management of the Group, either themselves or through the Audit and Supervisory Committee of the Company.

7. Matters concerning the system for employees to assist the Audit and Supervisory Committee in the performance of its duties and the independence of such employees from Directors

- (1) If an audit and supervisory committee member requests the appointment of an employee to assist the audit and supervisory committee member in his or her duties, a full-time employee with sufficient quantitative knowledge shall be appointed to assist the audit and supervisory committee member.
- (2) The Audit and Supervisory Committee Assistants will perform their duties in accordance with the instructions of the Audit and Supervisory Committee Members and may concurrently serve as auditors of the Company's group companies, but will not concurrently hold positions related to the execution of business of the group companies.
- (3) In order to ensure the independence of the Audit and Supervisory Committee Members, decisions regarding personnel matters such as the appointment and transfer of such employees will require the prior consent of the full-time Audit and Supervisory Committee Members.
- (4) Personnel evaluations of Audit and Supervisory Committee Assistants shall be conducted by full-time Audit and Supervisory Committee members.

8. Systems for Directors and employees of the Company and its subsidiaries to report to the Audit and Supervisory Committee and other systems related to reporting to the Audit and Supervisory Committee

- (1) The Representative Director and Directors and Executive Officers in charge of business execution shall report on the status of execution of their respective duties at important meetings such as the Board of Directors meetings from time to time.

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- (2) The Representative Director and Directors in charge of business operations shall promptly report the following matters to the Audit and Supervisory Committee upon discovery:
  - ① Anything that has significantly damaged the company's credibility or is likely to do so
  - ② Anything that has had a major negative impact on the company's performance, or that is likely to have such an impact.
  - ③ Anything that has caused or is likely to cause serious damage to the environment, safety, sanitation or product liability both inside and outside the company.
  - ④ Serious violations of the Corporate Code of Conduct, Corporate Standards of Conduct, and Group Corporate Ethics
  - ⑤ Other matters equivalent to ① to ④ above
- (3) Directors (excluding directors who are Audit and Supervisory Committee members) and employees of the Company, as well as directors, auditors and employees of subsidiaries, who have reported to the Audit and Supervisory Committee, must not be treated disadvantageously because they have made such a report, and this fact will be made known to all.

9. Other systems to ensure that audits by the Audit and Supervisory Committee are carried out effectively

- (1) The majority of the Audit and Supervisory Committee members shall be independent external Audit and Supervisory Committee members to ensure external transparency. The external Audit and Supervisory Committee members shall satisfy the independence requirements set forth by the Company, which shall be determined by the Audit and Supervisory Committee regulations and the Audit and Supervisory Committee audit standards approved by the Audit and Supervisory Committee.
- (2) In order to form its own opinions, the Audit and Supervisory Committee of the Company will hold regular meetings to exchange opinions with the Representative Director. The Audit and Supervisory Committee will be guaranteed the opportunity to receive advice on audit work from specialized lawyers, certified public accountants, etc., as necessary, for legal and accounting matters that require particular expertise.

10. System to ensure the reliability and accuracy of financial reporting

In order to ensure the appropriateness and reliability of internal controls related to the financial reporting of the Group, the Company will establish related regulations based on the standards for evaluation and audit of internal controls related to financial reporting, and will establish a system for ensuring the effective functioning of internal controls and a reporting system under the leadership of the Representative Director, who will evaluate these systems regularly and take necessary corrective measures if any deficiencies are found.

## 2. Basic policy and implementation status for excluding anti-social forces

Our company's Code of Conduct stipulates that we will not have any relationship with anti-social forces or organizations that pose a threat to social order or safety.

A We have clearly stated our basic policy of eliminating anti-social forces.

B We will respond to threats from anti-social forces in cooperation with the police and other authorities.

C We work with industry groups and local companies to eliminate anti-social forces.

## V Other

### 1. Whether or not a policy for responding to takeovers has been implemented

Whether or not a policy for responding to takeovers has been implemented

No

Supplementary explanation for the relevant item

## 2. Other Matters Related to the Corporate Governance System, etc.

Outline of the Timely Disclosure System

### 1. Basic Policy on Timely Disclosure

We recognize the importance of disclosing company information to securities market participants and stakeholders in a timely and appropriate manner, and have established an information collection and disclosure system in accordance with the Financial Instruments and Exchange Act and the laws, regulations, and rules set forth by the Tokyo Stock Exchange, and are working to disclose information.

### 2. Internal System for Timely Disclosure

#### (1) Information Handling Officer and Department in Charge of Timely Disclosure

The Director in charge of the General Affairs Department is responsible for handling information and is responsible for centrally grasping and managing information such as important facts (financial results, decisions, occurrences, etc.). As the department responsible for timely disclosure, the General Affairs Department determines the need for timely disclosure based on the Financial Instruments and Exchange Act and the laws, regulations, and rules set forth by the Tokyo Stock Exchange, and prepares timely disclosure documents.

#### (2) Information gathering system for important facts, etc.

Important facts, such as facts that have been decided or occurred, and information that may fall under these categories, are communicated by the Board of Directors to the person responsible for handling information, or are reported by each internal department or subsidiary.

#### (3) Internal approval system leading up to disclosure

The Director in charge of general affairs (person responsible for handling information) reports to the Representative Director and obtains approval for disclosure.

### 3. Method of information disclosure

After obtaining approval from the Representative Director, the Director in charge of General Affairs (person responsible for handling information) instructs the person in charge of disclosure to disclose information to the stock exchange via TD-net.

Information disclosed in a timely manner via TD-net is also posted on our website for the convenience of our stakeholders.

We also actively provide company information that does not fall under the category of timely disclosure on our website.

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