

Last Update: June 26, 2025
KAGA ELECTRONICS CO., LTD.
Ryoichi Kado,
Representative Director,
President & COO
Contact: +81-3-5657-0111
Securities code: 8154
URL: <https://www.taxan.co.jp>

The status of corporate governance by the Company is described below.

I. Basic approach to corporate governance, capital structure, corporate attributes, and other basic Information

1. Basic Approach

- (1) The Company is cognizant that enhancing corporate governance is a key management issue and takes measures to ensure total compliance with corporate ethics and laws and regulations and to reinforce internal control systems while making ensuring the soundness, efficiency and transparency of business operations and raising corporate value its fundamental policies and objectives.
- (2) In view of the importance of corporate governance, we have established the Sustainability Committee, and Nomination and Compensation Committee to strengthen our corporate governance system.
- (3) The Company strives to increase corporate value while maintaining good relationships with stakeholders (interested parties).
- (4) The Board of Directors holds monthly regular meetings and holds extraordinary meetings on a flexible basis as needed. The Board makes decisions on matters specified by laws and regulations and other important matters relating to management and oversees the status of the performance duties by each director. The Company has 12 directors (of which 6 are outside directors) and has established a structure that enables adequate deliberation and appropriate and timely decision-making. The Company instituted the employment-based and delegation-based executive officer systems, and transitioned from a company with a Board of Auditors to a company with an audit and supervisory committee at the conclusion of the 57th Ordinary General Meeting of Shareholders to further improve corporate governance. We have adopted a corporate governance system based on cooperation among the Board of Directors, the Nomination and Compensation Committee, the Audit and Supervisory Committee, and the accounting auditors. In this way, the Company segregated management decision-making and supervisory functions from business execution functions and clarified each role, and has established structures that enable timely response to changes in the external environment while enhancing the functions of the Board of Directors and business execution functions. We have adopted a corporate governance system based on cooperation among the Board of Directors, the Nomination and Compensation Committee, the Audit and Supervisory Committee, and the accounting auditors, and the Company has built a system capable of providing swift response to external environmental changes while strengthening the Board of Directors' function and the business execution function through promoting separation of the decision-making and supervisory functions related to management from the business execution function and clarifying the respective roles.
- (5) Through the activities of the Information Disclosure Committee, we are working to ensure that corporate information about the Company is disclosed in an easy-to-understand, fair, timely, and accurate manner, and we are also working to enhance our IR and public relations staff as an organization to implement this further.

(6) In light of the increasing emphasis placed on internal controls, the Audit office was placed under the direct authority of the Representative Director, President & COO and works in collaboration with Administration Headquarters, etc. to conduct audit operations regarding the appropriateness of business activities including Group companies, the status of use of company resources, and the status of compliance with laws, regulations, and internal rules. In addition, the Company strives to comprehensively operate internal control systems in response to enforcement of the Financial Instruments and Exchange Act.

(7) The Audit and Supervisory Committee comprises 4 directors who are Audit and Supervisory Committee members including 3 outside directors. Audit and Supervisory Committee members attend of the Board of Directors and carry out their duties by actively attending other important internal meetings and through other means. There are no interests between the Company and the outside director who are Audit and Supervisory Committee members including personal relationships or capital relationships. Note that although, with respect to Yoichi Sato, an agreement is entered into between the Company and the law firm of which the said individual is a member, for the provision of legal services, etc., Yoichi Sato is not a partner of that law firm and is not involved in the management or practice of that firm.

In addition, Kyoko Oyanagi is the representative of the Social Insurance and Labor Advisors Corporation with which the Company has an advisory contract, but the transaction amount is insignificant.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company implements all the principles established in the Corporate Governance Code.

Disclosure Pursuant to the Principles of the Corporate Governance Code

Principle 1-4: So-called strategic stockholdings

● Stockholding policy

The company holds publicly traded shares with the aim to build, support, and develop businesses relationships beneficial to increasing its shareholder value. Regarding stock held, business relations with the company, equity-method net earnings, dividend payouts, book value and market value comparisons, and other matters are reported to the board of directors once a year, and the board of directors periodically confirms whether or not to continue to hold the shares (including decreases in the number of shares held). Information concerning the number of shares for each issue of specified shares and the amount recorded in the balance sheet, etc. can be found in the Annual Securities Report.

● Regarding the use of voting rights relating to strategic stockholdings

The company will use its voting rights with its stockholding objectives in mind, after careful examination of the other company's management policy and the content of individual agenda items, and based on whether or not an item will contribute to the expansion of both companies' medium- and long-term shareholder value.

Principle 1-7: Related-Party Transactions

In cases where Company officers conduct transactions with related parties, the transactions are approved by resolution of the Board of Directors in accordance with the Rules on Corporate Officers and other rules. In addition, all officers are obligated to submit a written Confirmation of Transactions with Related Parties with regard to their transactions with related parties at the end of each year. In cases where the Company conducts transactions with major shareholders and others, the Board of Directors discusses the particulars of the transactions in accordance with the Detailed Table of Authority.

Principle 2-4: Ensuring Diversity, Including Active Participation of Women

Supplementary Principle 2-4-1:

<Approach to Ensuring Diversity>

1. Appointment of Women to Managerial Positions

The Company aims to achieve a ratio of female managers of around 25% during the 2030s. Accordingly, based on a mid- to long-term perspective, the Company will promote the creation of an environment where women can actively participate as a matter of course and support the autonomous growth of our employees. At the same time, we will also continuously work to ensure that our female employees accumulate experience, develop a career mindset, etc., and thereby steadily increase the proportion of women among core human resources.

2. Appointment of Foreign Nationals and Mid-career Hires to Managerial Positions

Regarding foreign nationals and mid-career hires, the Company is not aware of any particular differences arising as a result of nationality or the time when employees were hired when appointing employees to managerial positions. As such, our target is to maintain the current level of such appointments.

<Voluntary and Measurable Goals for Ensuring Diversity>

1. Appointment of women to managerial positions

Current (as of April, 2025): 17.3% Target: During 2020s: 17.0% / During 2030s: 25.0%

2. Appointment of foreign nationals to managerial positions

Current (as of April, 2025): 32.7% Target: Maintain current level

3. Appointment of mid-career hires to managerial positions

Current (as of April, 2025): 60.0% Target: Maintain current level

Principle 2-6: Function as asset owner of corporate pensions

In order to provide retirement benefits to its employees, the company uses both a defined benefit corporate pension plan and a defined contribution pension plan.

The management of the defined benefit corporate pension reserve is relegated to an asset management entity that has declared its acceptance of the Stewardship Code, and the company appropriately supervises said management, e.g. via regular reports to its relevant internal department.

Principle 3-1: Enhancement of Information Disclosures

1. The Company's vision (corporate principles and so on), management strategies, and management plans are posted on the Company's website as the Kaga Electronics Corporate Philosophy and Action Guidelines at <https://www.taxan.co.jp/en/company/vision/>, and information on our medium-term management strategy can be found at https://www.taxan.co.jp/en/ir/management/management_07.html.
2. With regard to the Company's fundamental approach and policies on corporate governance, refer to this report, Section I: Basic approach to corporate governance, capital structure, corporate attributes, and other basic information, Part 1: Basic approach.
3. With regard to policies and procedures for the determination of the remuneration of management executives and directors by the Board of Directors, refer to this report, Director Remuneration under Section II: Management decision-making, management organizations for execution and supervision, and other elements of the corporate governance system.
4. At Kaga Electronics, our policy when nominating director candidates is to "nominate persons with character and insight, who will contribute to the sustainable growth of the Group and corporate value over the mid to long term as director candidates." When selecting corporate Audit and Supervisory Committee members, our policy is to select "persons of appropriate character for corporate Audit and Supervisory Committee members, with advanced specialist knowledge and abundant experience." When nominating director candidates, first, the Nomination and Compensation Committee, an advisory body to the Board of Directors, deliberates the nominations and makes a report to the Board of Directors, then upon receiving this report, the Board of Directors deliberates and decides on the nominations. When nominating corporate candidates for director who are Audit and Supervisory Committee members, after the Nomination and Compensation Committee has deliberated the matter and the consent of Audit and Supervisory Committee members has been obtained, a report is made to the Board of Directors. Upon

receiving this report, the Board of Directors deliberates and decides on the nominations. The Nomination and Compensation Committee consists of 3 outside directors and 2 internal directors. In addition, the Board of Directors decides on the selection and dismissal of upper-level management based on the employment-based and delegation-based executive officer regulations and criteria of each type of qualification, and after evaluation by the Group Management Headquarters Meeting and the Nomination and Compensation Committee.

5. The company will provide explanations regarding the naming and selection and dismissal of board directors at appropriate times via means such as news releases and convocation notices for general shareholder meetings.

Supplementary Principle 3-1-3:

<Sustainability Initiatives>

The Kaga Electronics Group recognizes the promotion of CSR and sustainability as important management issues. We have established a Sustainability Committee chaired by the Representative Director and President of Kaga Electronics Co., Ltd. Under the committee, we have set up specialized subcommittees for Environmental Management Promotion, Diversity Promotion, Governance, Risk Management, Compliance, and Information Disclosure. This management structure promotes CSR and sustainability across the Group. Under the commitment of top management and in collaboration with business divisions, we work as a united group to promote sustainability through each committee by formulating policies, measures, and targets for ESG issues and managing progress.

In fiscal 2024, the SDGs Committee (now the Sustainability Committee) met two times, with each subcommittee directly under the Sustainability Committee meeting once each month, in principle, actively engaging in a series of discussions and considerations on each theme.

Regarding the Medium- to Long-term Sustainability Management Plan formulated on November 25, 2021, each committee directly under the Sustainability Committee reports the progress on each KPI to the Sustainability Committee on a semi-annual basis. The Sustainability Committee verifies the appropriateness of the measures and checks the need for additional measures, thereby implementing the PDCA cycle to work toward realizing the ESG issues set forth in the plan.

<Disclosure Based on the TCFD or Equivalent Frameworks>

Led by the Environmental Management Promotion Committee, and giving reference to the TCFD recommendations framework, the matters the Company consider to be the major physical risks as well as the transition risks and opportunities relating to climate change, and our response policies, can be found on the sustainability information page of our website. Sustainability page:
<https://www.taxan.co.jp/jp/csr/conservation/index.html>

<Investment in Human Capital, Intellectual Property, etc.>

Led by the Diversity Promotion Committee, the Company is working to ensure diversity in the areas of “promoting women’s empowerment” and “appointing women, foreign nationals, and mid-career hires to managerial positions.” Additionally, under the theme of “balancing work-life management and enhancement of productivity,” the Company has reviewed work styles and developed an environment and systems focused on childcare and nursing care, revising its rules and regulations to make telework a permanent system. Moreover, in 2025, the Company has been recognized as a Certified Health & Productivity Management Outstanding Organization for the third consecutive year.

Supplementary Principle 4-1-1:

The Board of Directors has established the Board of Directors Rules as a decision-making body for important matters that include the formulation of basic management policies and management plans, and decisions on matters delegated by the General Meeting of Shareholders, in an effort to clearly define the matters to be resolved. In order to ensure timely management, the Board also has adopted an executive officer system and formulated the Rules on Work Authority to properly delegate authority. The Board assumes its roles of appointing the executive officers to be delegated and overseeing the execution of their duties.

Principle 4-9: Independence Standards and Qualifications for Independent Outside Directors

In accordance with the Tokyo Stock Exchange standards on independence, the Company requires that there be no special interests in the Company with regard to the election of outside directors and discloses the qualification criteria for outside directors through convocation notices. In addition, to reinforce the functions of the Board of Directors, outside directors are required to have extensive experience and broad powers of judgment as corporate managers and the like.

Principle 4-10-1:

<Approach to the Independence of the Composition of the Nomination and Compensation Committee, as well as its Rights, Roles, etc.>

The Company has adopted a Company with an Audit and Supervisory Committee, and while outside directors do not constitute a majority of the Board of Directors, we have established a voluntary Nomination and Compensation Committee. The Nomination and Compensation Committee has a majority of independent outside directors, and the chairperson is appointed from among the independent outside directors. The committee provides appropriate advice on and involves itself in such matters as the independence, objectivity, and accountability of the functions of the Board of Directors concerning the nomination and compensation of directors and delegation-based executive officers, as well as succession planning. By respecting the findings of the Nomination and Compensation Committee, the independence, objectivity, and accountability of the functions of the Board of Directors are also strengthened appropriately.

Principle 4-11-1:

The Company emphasizes ensuring diversity on the Board of Directors as a whole with different specialized knowledge, experience, and so on with regard to nominating candidate directors so that the Board can demonstrate maximum effectiveness and efficiency.

The Company discloses a skill matrix for each director along with the career summaries of independent outside directors and other information on our website and in the Notice of the 57rd Ordinary General Meeting of Shareholders.

https://www.taxan.co.jp/en/ir/management/management_03.html

Supplementary Principle 4-11-2:

The Company discloses the materials regarding the concurrent positions of directors in its notice of convocation of the regular ordinary General Shareholders Meeting and securities reports.

Directors' concurrent positions as new officers at other Group Companies are appropriately reported to the Board of Directors, and the time and work necessary to appropriately fulfill their roles and responsibilities as directors of the Company are secured. The Company discloses the status of attendance at Board of Directors meetings in its notice of convocation of the regular ordinary General Shareholders Meeting, integrated reports, and securities reports.

Supplementary Principle 4-11-3:

Every year, the Company analyzes and evaluates the effectiveness of the Board of Directors as a whole. In terms of the method of analysis and evaluation, the Company administers self-assessment questionnaires to all directors with questions related to the effectiveness of the Board of Directors (such as the composition, operation, and functions of the Board of Directors, the provision of information to outside directors, and governance systems). The results of the questionnaires are then analyzed and evaluated.

Based on the questionnaire conducted in April 2025, the Company has judged that a certain level of effectiveness of the Board of Directors as a whole has been ensured.

Principle 4-14-2:

The Company provides necessary opportunities and supports the cost of acquiring knowledge relating to the management, compliance, and so on necessary for directors to fulfill their roles and perform their responsibilities.

Principle 5-1: Policy on Constructive Dialogue with Shareholders

● Fundamental Approach

The Company undertakes active measures to engage in dialogue and other interactions with shareholders and investors in order to achieve sustainable growth and increase corporate value in the medium to long term.

(1) Investor relations structures

The Representative Director, President & COO oversees dialogues with shareholders and investors, along with the CFO and the specialized Investor Relations and Public Relations Department.

(2) Methods of dialogue

The Company holds financial briefings for mass media, analysts, and institutional investors twice annually (in May and November), as well as briefings on its business and strategy, and responds appropriately to requests for individual visits and for information. For our shareholders and individual investors, information on management policies, business details, results, videos of financial briefings for institutional investors, and other information are posted on the Company's website and the Company strives to enhance information disclosures. In addition, the Company regularly participates in large-scale briefings for individual investors held in Tokyo, Osaka, and other major metropolitan areas and responds appropriately to individual inquiries.

(3) Internal feedback

Feedback regarding the details of dialogues with shareholders and investors is provided by the officers responsible for management divisions and Investor Relations and Public Relations Department to the Board of Directors and other relevant divisions as necessary.

(4) Insider trading and quiet periods

The Company does not divulge insider information during dialogues with shareholders and investors. The Company has established Rules on Internal Information Management and Restriction of Insider Trading and strives to manage insider information. The periods from the end of each quarterly financial period until the announcement of financial results for that period are designated quiet periods and dialogue and information disclosures are restricted during those periods.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

| | |
|-----------------------|------------------------------------|
| Description | Disclosure of Initiatives (Update) |
| Disclosure in English | Yes |
| Update date | June 26, 2025 |

Explanation of this matter

1. Current Situation

Based on the results and issues in the Medium-Term Management Plan 2024, the Company announced on November 6, 2024, the “Medium-Term Management Plan 2027 (2025 - 2027),” a three-year management plan running from fiscal 2025 (year ending March 31, 2026) to fiscal 2027 (year ending March 31, 2028) as a guideline for sustained growth of the Group toward the next generation. The new medium-term plan continues the management vision of being a “world class company” and “Japan’s No. 1 corporate group in the industry” that were presented in the previous plan, based on a long-term concept focused on achieving net sales of 1 trillion yen in fiscal 2028 (year ending March 31, 2029), the 60th anniversary of the Company’s founding. Medium-Term Management Plan 2027 has set out the basic policy of “enhancing corporate value through management that emphasizes profitability and capital efficiency,” along with priority measures for “further improvements to profitability,” “reinforcement of management base,” and “promotion of SDGs management.” The plan has established management targets for the fiscal year ending March 2028, the final fiscal year of the plan, as follows.

● Management Targets for FY2027

| | | Final year of previous medium-term plan (Results for FY2024) | Final year of new medium-term plan (Targets for FY2027) |
|--|----------------------------------|--|---|
| Management targets aiming for JPY 1 tn in final year | Net Sales | – | JPY 800 bn or higher |
| | Operating Income | – | JPY 36 bn or higher |
| Increase in revenue through organic growth | Net Sales | JPY 547.7 bn | JPY 700 bn or higher |
| | Operating Income (Profit Margin) | JPY 23.6 bn (4.3%) | JPY 35 bn or higher (5.0%) |
| Index in capital efficiency | ROE [Ref. Equity Cost] | 10.8% [around 10%] | 12.0% or higher [around 10%] |

| | FY2021/3 | FY2022/3 | FY2023/3 | FY2024/3 | FY2025/3 | FY2026/3 |
|---|-----------|-----------|-----------|-----------|-----------|-------------|
| (billion yen) | (Results) | (Results) | (Results) | (Results) | (Results) | (Forecasts) |
| Net Sales | 422.3 | 495.8 | 608.0 | 542.6 | 547.7 | 530.0 |
| Operating Income | 11.4 | 20.9 | 32.2 | 25.8 | 23.6 | 23.0 |
| Profit attributable to owners of parent | 11.3 | 15.4 | 23.0 | 20.3 | 17.0 | 16.5 |
| ROE (%) | 13.5 | 15.7 | 19.6 | 14.5 | 10.8 | 10.0 |
| Stock prices (yen) | 2,480 | 3,255 | 5,010 | 6,380 | 2,698 | - |
| PBR (times) | 0.75 | 0.87 | 1.05 | 1.16 | 0.85 | - |

Note1 : Stock price and PBR are calculated based on the closing value on the final day of each fiscal year.

2 : 1:2 stock split was implemented in the fiscal year ended March 2025. Figures prior to the period were restated to reflect the split.

2. Views on ROE

In terms of the most recent performance, ROE has remained stable at 10% or more, maintaining a level above the cost of capital.

Medium-Term Management Plan 2027 outlines a basic plan of “emphasizing capital efficiency,” setting an ROE target significantly above the current cost of shareholders' equity of around 10% at “12.0% or more” for the final year of the plan. ROE can be divided into three components: net income margin, financial leverage, and total asset turnover. The outlook for each component is designed as follows.

| | FY2021/3 (Results) | FY2022/3 (Results) | FY2023/3 (Results) | FY2024/3 (Results) | FY2025/3 (Results) | FY2028/3 (Outlook) |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net profit margin (%) | 2.7 | 3.1 | 3.8 | 3.7 | 3.1 | 3.0~3.5 |
| Financial leverage (times) | 2.6 | 2.6 | 2.4 | 2.0 | 1.9 | 2.0~2.5 |
| Total asset turnover (turns) | 1.9 | 1.9 | 2.2 | 1.9 | 1.8 | Around 2.0 |
| ROE (%) | 13.5 | 15.7 | 19.6 | 14.5 | 10.8 | 12.0~15.0 |
| <Reference> | | | | | | |
| Cost of equity (%) | 8.1 | 7.5 | 8.1 | 10.6 | 9.4 | 10.0 |

3. Future Initiatives

To improve our PBR, it is important to maintain and enhance ROE above the cost of shareholders' equity, while also receiving proper valuation from the stock market for our business initiatives and growth strategies. To this end, we will steadily implement the measures outlined in Medium-Term Management Plan 2027. Its main measures are the following four points.

Measure (1): Steadily implement Medium-Term Management Plan 2027

The Company will engage in maintaining and improving business growth and profitability through the steady implementation of the various measures established in the Medium-Term Management Plan, aiming to achieve the management targets in the final fiscal year of the plan.

Measure (2): Enhance shareholder satisfaction

The Company will engage in enhancing shareholder satisfaction through the steady implementation of the shareholder return policy established under the Medium-Term Management Plan (1. increase the consolidated dividend payout ratio as a guideline for dividend growth from 25–35% to 30–40% through medium- to long-term profit growth, 2. set a new ordinary dividend target of “DOE of 4.0%” for stable and continuous ordinary dividend payments, and 3. flexibly implement shareholder return measures through special dividends and acquisition of treasury shares).

Measure (3): Promote SDGs management

The Company has engaged in CSR and ESG activities for some time. The Sustainability Committee, chaired by the President & COO, will play a central part in deepening these activities and promoting sustainability management goals (SDGs) across the entire Group company. For the fiscal year ending March 2026, we will continue to calculate greenhouse gas (GHG) emissions by Scope 1, 2, and 3, while working toward achieving our reduction targets based on fiscal 2023 emissions: 42% reduction for Scopes 1 and 2 and 25% reduction for Scope 3 by fiscal 2030. Additionally, we will continue efforts to enhance ESG evaluation through external institutions such as the CDP and TCFD.

Measure (4): Maintain and further strengthen proactive IR activities

Moving forward, the Company will continue to further increase confidence in the Company's management and reduce the cost of capital through broader disclosure to capital markets and active dialogue that it has undertaken for some time, centered on the Investor Relations & Public Relations Department, which is a section specializing IR.

Specifically, these activities include company briefing sessions, financial results briefings, and other IR events for investors, as well as communication through the Company's IR site, Integrated Report, and media

(economics journals and specialist magazines). In addition, the President & COO will play a central role in energetically undertaking constructive dialogue with shareholders and investors, including those overseas. The opinions and other comments received through these IR activities will be shared in meetings of the Board of Directors and utilized, including in the review of management strategy.

2. Capital Structure

| | |
|----------------------------|--------------------------------|
| Foreign shareholding ratio | At least 20% and less than 30% |
|----------------------------|--------------------------------|

Status of Major Shareholders

| Name | Number of Shares Held | Ratio (%) |
|--|-----------------------|-----------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 6,112,700 | 11.63 |
| OKOZE CO., LTD | 3,680,000 | 7.00 |
| Custody Bank of Japan, Ltd. (Trust Account) | 3,471,100 | 6.60 |
| KAGA ELECTRONICS Employee Shareowners Association | 3,140,057 | 5.97 |
| MUFG Bank, Ltd. | 2,275,268 | 4.33 |
| Mizuho Bank, Ltd. | 1,900,668 | 3.62 |
| Isao Tsukamoto | 1,451,990 | 2.76 |
| THE BANK OF NEW YORK MELLON 140044 | 1,046,755 | 1.99 |
| STATE STREET BANK AND TRUST COMPANY 505103 | 984,158 | 1.87 |
| Nippon Life Insurance Company | 918,788 | 1.75 |

| | |
|--|------|
| Existence of controlling shareholder (other than parent company) | — |
| Existence of parent company | None |

Supplementary Explanation

- 1) Numbers of shares held are as of March 30, 2025.
- 2) The Company holds 4,843,430 shares of treasury stock, but the Company is not included in the major shareholders listed above.
- 3) Shareholding ratios are calculated with treasury stock excluded.

3. Company Attributes

| | |
|---|---|
| Listing stock market and market section | Prime Market |
| Fiscal year-end | March |
| Business type | Wholesale |
| Number of Employees (consolidated) as of the end of the previous fiscal year | 1,000 or more |
| Sales (consolidated) as of the end of the previous fiscal year | 100 billion yen to less than 1 trillion yen |
| Number of consolidated subsidiaries as of the end of the previous fiscal year | 50 to less than 100 |

4. Policy on Measures to Protect Minority Shareholders when Conducting Transactions and the like with Controlling Shareholder

5. Other Special Circumstances which may have a Material Impact on Corporate Governance

None.

II. Management Decision-Making, Management Organizations for Execution and Supervision, and Status of other Corporate Governance Systems

1. Matters Relating to Organizational Structure, Operations, etc.

| | |
|-----------------------|---|
| Organizational format | Company with an Audit and Supervisory Committee |
|-----------------------|---|

Directors

| | |
|--|---------------------------------|
| Number of directors specified in Articles of Incorporation | 20 |
| Term of office of directors specified in Articles of Incorporation | 1 year |
| Chairperson of the board | President & COO |
| Number of directors | 12 |
| Appointment of outside directors | Outside directors are appointed |
| Number of outside directors | 6 |
| Number of outside directors designated as independent directors | 6 |

Relationships with the Company (1)

| Name | Affiliation | Relationship with the Company* | | | | | | | | | | | |
|--------------------|--|--------------------------------|---|---|---|---|---|---|---|---|---|---|--|
| | | a | b | c | d | e | f | g | h | i | j | k | |
| Susumu Miyoshi | Formerly affiliated with another company | | | | | | | | | △ | | | |
| Noritomo Hashimoto | Formerly affiliated with another company | | | | | | | | | △ | | | |
| Mamoru Yoshida | Formerly affiliated with another company | | | | | | | | | △ | | | |
| Susumu Kitsunai | Certified public accountant | | | | | | | | | | | | |
| Youichi Sato | Attorney | | | | | | | | | | | | |
| Kyoko Oyanagi | Other | | | | | | | | | ○ | | | |

* Categories for Relationship with the Company

* Marked with ○ if the director currently falls or has recently fallen under the category

Marked with △ if the director fell under the category in the past

* Marked with ● if a close relative of the director currently falls or has recently fallen under the category

Marked with ▲ if a close relative of the director fell under the category in the past

a. Executive of the Company or subsidiary of the Company

b. Executive or non-executive director of the parent company of the Company

c. Executive of a fellow subsidiary of the Company

d. Person with the Company as a major client or supplier or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company other than compensation as an officer of the Company

g. Major shareholder of the Company (or an executive of a major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company with which the Company mutually appoints outside officers (the director himself/herself only)

j. Executive of a company or organization that receives donations from the Company (the director himself/herself only)

k. Other

Relationships with the Company (2)

| Name | Audit and Supervisory Committee Members | Independent Officer | Supplementary Explanation of Applicable Items | Reasons for Appointment |
|--------------------|---|---------------------|--|---|
| Susumu Miyoshi | | ○ | <p>The Company executed an advisory agreement with Susumu Miyoshi in August 2010, but the agreement was terminated when he was appointed as a director.</p> | <p>Mr. Miyoshi has a wealth of experience and a wide range of knowledge as a top manager, and the Company requests that he be elected as an Outside Director with the expectation that he will reinforce the functions of the Board of Directors by providing supervision and advice on overall management based on this knowledge.</p> <p>Mr. Miyoshi was formerly an executive of a trading partner of the Company, but he has resigned from that position, and the Company has determined that there is no risk of conflicts of interests with general shareholders. Accordingly, he has been designated as an independent officer.</p> |
| Noritomo Hashimoto | | ○ | <p>The Company executed an advisory agreement with Noritomo Hashimoto in July 2016, but the agreement was terminated when he was appointed as a director. The Company engages in purchase, sale, and other transactions with Mitsubishi Electric Corporation, of which Mr. Hashimoto was an executive until June 2016, but the amounts of the transactions account for a very small percentage of each company's sales (less than 0.1% in the fiscal year ended March 2025).</p> | <p>Mr. Hashimoto has a wealth of experience and a high level of knowledge as a top manager, and the Company requests that he be elected as an Outside Director with the expectation that he will reinforce the functions of the Board of Directors by providing supervision and advice on overall management, particularly on management strategy and personnel affairs, based on this knowledge.</p> <p>Mr. Hashimoto was formerly an executive of a trading partner of the Company, but as he has resigned from that position, and the transaction amounts are very small, the Company has determined that there is no risk of conflicts of interests with general shareholders. Accordingly, he has been designated as an independent officer.</p> |

| Name | Audit and Supervisory Committee Members | Independent Officer | Supplementary Explanation of Applicable Items | Reasons for Appointment |
|-----------------|---|---------------------|--|---|
| Mamoru Yoshida | | ○ | <p>The Company executed an advisory agreement with Mamoru Yoshida in April 2024, but the agreement was terminated when he was appointed as a director. The Company engages in purchase, sale, and other transactions with Panasonic Holdings Corporation, of which Mr. Yoshida was an executive until June 2016, but the amounts of the transactions account for a very small percentage of each company's sales (less than 0.1% in the fiscal year ended March 2025).</p> | <p>Mr. Yoshida has a wealth of experience and a high level of knowledge as a top manager, and the Company requests that he be elected as an Outside Director with the expectation that he will reinforce the functions of the Board of Directors by providing supervision and advice on overall management, particularly on management strategy, manufacturing, marketing, and governance, based on this knowledge.</p> <p>Mr. Yoshida was formerly an executive of a trading partner of the Company, but as he has resigned from that position, and the transaction amounts are very small, the Company has determined that there is no risk of conflicts of interests with general shareholders. Accordingly, he has been designated as an independent officer.</p> |
| Susumu Kitsunai | ○ | ○ | — | <p>Mr. Kitsunai has extensive knowledge of and experience in corporate management, as well as in finance and accounting as a certified public accountant, and is expected to provide advice from multifaceted perspectives based on his viewpoint as a professional. The Company believes he can appropriately perform audits and supervision of the Company and has therefore elected him as an outside director who is an Audit and Supervisory Committee member.</p> <p>Mr. Kitsunai does not have any special interests in the Company, and the Company has determined that there is no risk of conflicts of interests with general shareholders. Accordingly, he has been designated as an independent officer.</p> |

| Name | Audit and Supervisory Committee Members | Independent Officer | Supplementary Explanation of Applicable Items | Reasons for Appointment |
|---------------|---|---------------------|---|--|
| Youichi Sato | ○ | ○ | — | <p>Mr. Sato has many years of advanced legal experience as a judge and attorney. Considering his knowledge and experience as a professional in the legal field, the Company believes he can appropriately perform audits and supervision of the Company and has therefore elected him as an outside director who is an Audit and Supervisory Committee member.</p> <p>Mr. Sato also serves as an attorney (of counsel) at Alpha Partners Law Offices. Although the Company has entered into a legal advisory contract with Alpha Partners Law Offices, Mr. Sato is not a partner attorney of the law firm and is not involved in its management and practical business. The Company deems that there is no risk of conflicts of interests with general shareholders. Accordingly, he has been designated as an independent officer.</p> |
| Kyoko Oyanagi | ○ | ○ | <p>Kyoko Oyanagi serves as a representative of Sakura Management Office. Although the Company entered into an advisory agreement with Sakura Management Office in June 2004, the amount of said transaction accounts for a very small percentage of the sales of Sakura Management Office (less than 3% in the fiscal year ended March 2025).</p> | <p>Ms. Oyanagi possesses extensive knowledge and experience as a labor and social security attorney. The Company believes she can appropriately perform audits and supervision from a multifaceted perspective based on her viewpoint as a professional in the areas of work-style reform, investment in human capital, and promotion of women's activities and has therefore elected her as an outside director who is an Audit and Supervisory Committee member. Ms. Oyanagi also serves as a representative of Sakura Management Office. Although the Company has entered into an advisory agreement with Sakura Management Office, the value of said transaction is minimal. The Company has determined that there is no risk of conflicts of interests with general shareholders. Accordingly, she has been designated as an independent officer.</p> |

Audit and Supervisory Committee

Composition of committee members and attributes of the chairperson

| All committee members (persons) | Full-time committee members (persons) | Internal directors (persons) | outside director (persons) | Committee chairman (chairperson) |
|---------------------------------|---------------------------------------|------------------------------|----------------------------|----------------------------------|
| Audit and Supervisory Committee | 4 | 1 | 3 | Inside director |

| | |
|---|-----|
| Existence of directors and employees supporting the work of Audit and Supervisory Committee members | Yes |
|---|-----|

Matters relating to the independence of relevant directors and employees from executive directors:

The Company's Rules on the Allocation of Work Duties include provisions relating to employees who assist the Audit and Supervisory Committee members in the performance of their duties. The Audit and Supervisory Committee members cause employees to support them in the performance of audit operations, focusing on work in the Audit Office, as necessary.

In cases where an employee is affiliated with the Audit Office and other departments that assist the Audit and Supervisory Committee members in the performance of their duties, only Audit and Supervisory Committee members have the authority to issue instructions and orders relating to that work. In cases of transfer, evaluation, and disciplinary disposition of such employees, the consent of the Audit and Supervisory Committee is required.

Status of cooperation among Supervisory Board members, accounting auditors, and internal audit department:

The Company has entered into an audit agreement with PricewaterhouseCoopers Japan LLC and undergoes statutory audits. The accounting auditors regularly propose audit plans and report the results of year-end accounting audits, audit progress for each quarter, and quarterly reviews to the Audit and Supervisory Committee members, and exchange with them opinions on important considerations. In addition, the accounting auditors and Audit and Supervisory Committee members exchange information and opinions on any other matter as and when needed to ensure mutual cooperation.

The Company established an Audit Office as an internal audit organization. The Audit Office conducts internal audits in cooperation with Audit and Supervisory Committee members. Specifically, the Audit and Supervisory Committee members and the Audit Office conduct prior consultations regarding audit plans, and the Audit Office provides periodic reports on the audit results to the Audit and Supervisory Committee members. The Supervisory Board requests reports from the Audit Office and engages in other collaboration as necessary.

Voluntary Committees

| | |
|--|-----|
| Existence of a discretionary committee corresponding to a nominating or remuneration committee | Yes |
|--|-----|

Status of establishment of discretionary committees, composition of committee members, and attributes of the committee chairman (chairperson)

| | Name of the committee | All committee members (persons) | Full-time committee members (persons) | Internal directors (persons) | outside director (persons) | External experts (persons) | Others (persons) | Committee chairman (chairperson) |
|--|---------------------------------------|---------------------------------|---------------------------------------|------------------------------|----------------------------|----------------------------|------------------|----------------------------------|
| Discretionary committee equivalent to the Nomination Committee | Nomination and Compensation Committee | 5 | 2 | 2 | 3 | 0 | 0 | outside director |
| Discretionary committee equivalent to the Compensation Committee | Nomination and Compensation Committee | 5 | 2 | 2 | 3 | 0 | 0 | outside director |

Supplementary Explanation

Overview of the Nomination and Compensation Committee

•Purpose of establishment

The voluntary-based Nomination and Compensation Committee has been established for the purpose of strengthening the supervisory function of the Board of Directors and enhancing corporate governance systems by ensuring transparency and objectivity of evaluation and decision-making processes relating to nomination and compensation, etc., of directors, Audit and Supervisory Committee members, and delegation-based executive officers.

•Roles and Activities of the Nomination and Compensation Committee

In response to inquiries from the Board of Directors, the Committee deliberates and reports to the Board of Directors on matters related to the appointment and dismissal of directors, the Audit and Supervisory Committee members, and delegation based executive officers, appointment and dismissal of directors with titles, compensation of directors, the Audit and Supervisory Committee members, and delegation-based executive officers, and other important management issues that the Board of Directors deems to be necessary. In fiscal 2025, the Nomination and Compensation Committee met six times. The deliberations mainly focused on the "optimal body design," "appointment of directors, executive officers, and Audit and Supervisory Committee members," and "the amount of performance-linked remuneration."

Additionally, in order to enhance the corporate value of Group companies, we examine future reorganizations concerning officer structure, body design, performance-linked remuneration, and other matters.

•Structure of the Nomination and Compensation Committee

The Committee shall comprise 3 or more directors appointed by the Board of Directors, a majority of whom shall be independent outside directors. The Committee's chairperson shall be appointed from among the Committee members who are independent outside directors.

The current composition of the Nomination and Compensation Committee and attendance in fiscal 2025 are as follows.

Noritomo Hashimoto, Outside Director (Chair) 6/6 (100%)

Isao Tsukamoto, Representative Director, Founder & CEO 6/6(83%)

Ryoichi Kado, Representative Director, President & COO 6/6(100%)

Susumu Miyoshi, Outside Director 6/6(100%)

Mamoru Yoshida, Outside Director 6/6 (100%) *

The reason why the proportion of independent outside directors on the Nomination and Compensation Committee is less than half as of the date of submission of this report is as described in the section “Reasons for Non-compliance with the Principles of the Corporate Governance Code.”

Independent Officers

| | |
|--------------------------------|---|
| Number of independent officers | 6 |
|--------------------------------|---|

Other matters relating to independent officers

All outside officers that meet the qualifications for independent officer have been designated as independent officers.

Incentives

| | |
|---|---|
| Implementation status of policies relating to granting directors incentives | Introduction of performance-linked remuneration program and other matters |
|---|---|

Supplementary explanation of this matter

Remuneration of the directors of the Company (excepting directors who are Audit and Supervisory Committee members and outside directors) comprises fixed remuneration, which is paid at a fixed amount, performance-linked remuneration and stock-based remuneration. For details, please refer to “II. Management Decision-Making, Management Organizations for Execution and Supervision, and Status of other Corporate Governance Systems, Director Remuneration, Policy on determining remuneration amounts or the method of calculating those amounts.”

| | |
|-----------------------------|--|
| Recipients of stock options | |
|-----------------------------|--|

Supplementary explanation of this matter

Director Remuneration

| | |
|--|---------------------------------------|
| Disclosure of the remuneration of individual directors | Some items are disclosed individually |
|--|---------------------------------------|

Supplementary explanation of this matter

The Annual Securities Report for the Year Ended March 31, 2025 indicates the following amounts of remuneration paid to directors. In accordance with laws and regulations, amounts are disclosed for some directors individually in the report.

Total amounts of remuneration, etc.

3 directors : Amount paid 679 million yen
 (210 million yen as fixed remuneration, 447 million yen as performance-linked remuneration,
 21 million yen as restricted stock compensation)
 3 outside directors : Amount paid 28 million yen

Total remuneration, etc. paid to persons who received 100 million yen or more in remuneration, etc.

Isao Tsukamoto: 319 million yen paid
 Ryoichi Kado: 228 million yen paid
 Shintaro Kakei: 131 million yen paid

| | |
|--|--------------------------------|
| Existence of a policy on determining remuneration amounts or the method of calculating those amounts | The Company has such as policy |
|--|--------------------------------|

Details of the disclosure of the policy on determining remuneration amounts or the method of calculating those amounts

•Basic policy

The Company's basic policy is to set the remuneration of directors at an appropriate level based on their respective responsibilities in determining the remuneration of individual directors as a remuneration system that is linked to shareholders' profits so that it can fully function as an incentive to secure and retain excellent human resources who will implement the realization of the Company's management philosophy and continuously improve corporate value. Specifically, remuneration for executive directors consists of fixed remuneration, which is paid at a fixed amount, performance-linked remuneration and stock-based remuneration, while remuneration for outside directors and director who are Audit and Supervisory Committee members, who are responsible for supervisory functions, consists of fixed remuneration only in consideration of their responsibilities.

Furthermore, the content of remuneration for directors is designed to be reasonable, objective and transparent in terms of both the content of remuneration and decision-making procedures.

•Policy regarding the determination of the amount of remuneration, etc. for each individual in fixed remuneration

The fixed remuneration for directors of the Company shall be fixed monthly remuneration in cash, which shall be determined in accordance with the position and responsibilities, etc., while taking into consideration the levels of other companies, the business performance of the Company, and the level of employee salaries, and reviewing the remuneration as appropriate in a comprehensive manner.

•Policy for determining the details of performance-linked remuneration, etc. and non-monetary remuneration, etc. and the method for calculating the amount or number of such remuneration

Performance-linked remuneration, etc. is monetary remuneration reflecting performance indicators in order to raise awareness of the need to improve performance for each fiscal year, and an amount calculated in accordance with the degree of achievement of the target values for operating income, ordinary income and net income attributable to owners of parent for each fiscal year is paid as a bonus at a specified time. The target performance indicators and their values are based on the profit-oriented management set forth in the Medium Term Management Plan, and will be reviewed in accordance with changes in the business environment, respecting the report of the Nomination and Compensation Committee. The amount of performance-linked remuneration is based on the consolidated business results.

Non-monetary remuneration, etc. is granted at a set time after the end of the fiscal year as restricted stock compensation with a transfer restriction period of up to 20 years, which is designed to provide incentives for the sustainable enhancement of the Company's corporate value and to promote further value-sharing with shareholders through the holding of the Company's shares. The number of shares to be granted is determined in consideration of the position, responsibilities, stock price, etc., and with respect to the report of the Nomination and Compensation Committee.

•Policy on determination of the ratio of the amount of monetary remuneration, the amount of performance-linked remuneration, etc., or the amount of non-monetary remuneration, etc., to the amount of individual remuneration, etc., of directors

The ratio of type of remuneration for directors (excluding outside directors and director who are Audit and Supervisory Committee members) is determined based on the report of the Nomination and Compensation Committee, taking into consideration the position, responsibilities, and trends in the remuneration levels of other companies with similar business scale as the Company.

•Matters related to the decision policy concerning the details of remuneration, etc. for individual directors

Based on the delegated resolution of the Board of Directors, Representative Director, Founder & CEO and Representative Director, President & COO are delegated the authority to determine the amount of fixed remuneration for each director, the allocation of performance-linked remuneration (bonuses, etc.) based on

the performance of the business for which each director is in charge, and the number of shares to be allotted to each individual in the form of restricted stock compensation.

The Board of Directors consults the Nomination and Compensation Committee on the draft and obtains its report to ensure that such authority is properly exercised by the Founder & CEO and President & COO, and the Founder & CEO and President & COO, who have received the above delegation, make decisions with respect to the content of this report.

•Matters concerning the method of decision when the decision on the details of remuneration, etc. is delegated to a director or other third party

The Representative Director, Founder & CEO and Representative Director, President & COO determine the specific details of the amount of remuneration, etc. and the number of shares to be allotted to each individual based on the delegated resolution of the Board of Directors. The Board of Directors shall take measures to make decisions after consultation and reporting by the Nomination and Compensation Committee to ensure that such authority is properly exercised by the Founder & CEO and President & COO.

The Founder & CEO and President & COO determine the details of individual remuneration for each director by fully respecting the advice and report of the Nomination and Compensation Committee, while taking into consideration the Company's overall performance, stock price, the role of each director, the impact of each director on the Company's performance and other circumstances.

•Matters related to the resolution of the General Meeting of Shareholders regarding the remuneration of directors and Audit and Supervisory Committee members

The maximum amount of remuneration for directors was resolved at the 57th General Meeting of Shareholders held on June 26, 2025, to be less than 1,200 million yen per year (of this amount, up to 200 million yen is for outside directors; salaries for services as employees are not included). As of the close of this General Meeting of Shareholders, the number of directors, not including the Audit and Supervisory Committee members, was 8 (including 3 outside directors).

In addition, it was resolved that the annual amount of monetary remuneration claims to be paid to directors, not including the Audit and Supervisory Committee members (excluding outside directors), for the granting of restricted shares shall be 300 million yen or less, separately from the above maximum amount of remuneration. As of the close of this General Meeting of Shareholders, the number of directors, not including the Audit and Supervisory Committee members (excluding outside directors) was 3.

It was resolved that the maximum amount of remuneration to be paid to the Audit and Supervisory Committee members shall be 100 million yen or less per year. The number of Audit and Supervisory Committee members as of the close of this General Meeting of Shareholders was 4. Furthermore, the remuneration of Audit and Supervisory Committee members is determined through consultation among said committee members.

Support system for outside Directors

The Company established the Board of Directors Secretariat to appropriately convey information by distributing materials relating to Board meeting agenda items to all directors, including outside directors prior to Board meetings, and providing supplementary explanations to outside directors as necessary. The Office also prepares a schedule for ordinary meetings of the Board of Directors for the following fiscal year by the end of each fiscal year and informs all directors including outside directors.

Status of Resignation by President & COO and Other Positions

Names and Other Information of Consultants and Advisors who were Formerly President & COO or in other Positions

| Name | Title or Rank | Details of Duties | Work Format and Conditions (Full-time, part-time, for compensation or gratis, etc.) | Date of Resignation by President and Other Positions | Term in Office |
|--------------------|---------------|---|--|--|----------------|
| Tomohisa Tsukamoto | Advisor | Operational support for the overall business of the Group | Part-time With compensation | 2014/4/1 | 1 year |

| | |
|---|---|
| Total Number of Consultants and Advisors who were Formerly President & COO or in other Positions: | 1 |
|---|---|

Other matters

2. Matters relating to functions such as business execution, audits and supervision, nomination, and remuneration decisions (overview of current corporate governance systems)

(1) Board of Directors

The Board of Directors comprises 12 directors in total including 6 outside directors. In principle, the Board meets once each month and holds extraordinary meetings when necessary.

Board makes deliberates and decisions on matters specified in laws and regulations, the Articles of Incorporation, and other internal rules, reports on the status of the execution of business and other necessary information, and supervises the execution of duties by directors.

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee comprises 4 members including 3 outside Audit and Supervisory Committee members. In principle, the Audit and Supervisory Committee meets once each month and holds extraordinary meetings when necessary.

(3) The Group Management Headquarters Meeting

The Company has established the Group Management Headquarters Meeting, which is convened by the Representative Director, President & COO as a body to deliberate and decide on important executive policies related to Group management. In principle, the Conference meets once each week. Also, advice is requested from the Representative Director, Founder & CEO, as necessary.

(4) Management Meeting

The Company established a Management Meeting, which is convened by the Representative Director, President & COO to coordinate Group management, confirm policies, and so on. In principle, the Council meets once each month.

(5) Nomination and Compensation Committee

Please refer to Section II: Management Decision-Making, Management Organizations for Execution and Supervision, and Status of other Corporate Governance Systems, Directors, Existence of a discretionary committee corresponding to a nominating or remuneration committee, and the Supplementary Explanation in this report.

(6) Sustainability Committee

The Sustainability Committee, chaired by the Representative Director, President & COO. Under the committee, we have set up specialized subcommittees for Compliance, Risk Management, Information Disclosure, Environmental Management Promotion, Diversity Promotion, and Governance. This management structure promotes CSR and sustainability across the Group.

(7) Audit Office

The Audit Office is under the direct authority of the Representative Director, President & COO. It works in collaboration with the Administration Headquarters, etc. to audit the validity and use of management resources, as well as the status of compliance with laws, regulations, and internal rules, in relation to all business activities, including those at Group companies. The Company is also conducting evaluations of our internal control systems in response to the enforcement of the Financial Instruments and Exchange Act.

(8) Execution of business

The allocation of duties to directors and executive officers are determined by decisions of the Board of Directors, and each carries out their duties.

(9) Audit and supervision of Director who are Audit and Supervisory Committee Members

The Company established and implements Audit Standards for Audit and Supervisory Committee members.

(10) Status of audits

Audits in the Company are planned and carried out by the 4 Audit and Supervisory Committee members. The Company also undergoes audits by PricewaterhouseCoopers Japan LLC.

(11) Nomination and Compensation Decisions

Concerning nomination, please refer to Section I: Basic approach to corporate governance, capital structure, corporate attributes, and other basic Information, Disclosure Pursuant to the Principles of the Corporate Governance Code, Principle 3-1: Enhancement of Information Disclosures of this report.

Concerning compensation decisions, please refer to Section II: Management Decision-Making, Management Organizations for Execution and Supervision, and Status of other Corporate Governance Systems, Director Remuneration of this report.

(12) Limited Liability Agreements

The Company has entered into contracts with directors (excluding executive directors, etc.) based on the provisions of the Companies Act, Article 427, Paragraph 1 to limit their liability for damages under Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages based on this agreement shall be the amount stipulated in laws and regulations. Furthermore, this limitation of liability shall only be recognized when the execution of duties that was the cause of the liability of the director was performed in good faith and without gross negligence.

3. Reasons for the selection of the current corporate governance system

The Company believes that the Board of Director functions are reinforced by reflecting the opinions of the 6 outside directors (including 3 outside directors who are Audit and Supervisory Committee members) presented from an independent perspective in the Company's management. In addition, the Audit and Supervisory Committee members regularly meet with the accounting auditors and management, and engage in other activities, and a system of supervision, auditing, and curbs relating to management is established by the 4 Audit and Supervisory Committee members. Management supervisory functions are performed from a third-party perspective through the appointment of 3 outside directors who are Audit and Supervisory Committee members, and the Company believes that the governance systems are functioning properly.

III. Implementation Status of Policies Relating to Shareholders and Other Stakeholders

1. Status of initiatives to make general shareholders meetings more active and facilitate the exercise of voting rights

| | Supplementary Explanation |
|---|---|
| Electronic exercising of voting rights | The Company introduced electronic exercising of voting rights to create an environment that facilitates the exercise of voting rights by shareholders in order to reflect the intentions of a greater number of shareholders. |
| Participation in an electronic voting platform and other measures to enhance the voting environment for institutional investors | The Company participates in an electronic voting platform to create an environment that facilitates the exercise of voting rights by domestic and overseas institutional shareholders in order to reflect the intentions of a greater number of shareholders. |
| Provision of notifications of convocation (summaries) in English | The Company prepares notifications of convocation in English and posts them on the Company's website. |
| Other | The Company strives to create convocation notices that are easy for shareholders to read and understand by using graphs and photographs, colorization, UD fonts, and some convocation notices that are compatible with PCs and smartphones. |

2. Status of investor relations activities

| | Supplementary Explanation | Existence of explanations by a representative |
|--|---|---|
| Preparation and publication of disclosure policy | The Company's disclosure policy is posted on its website. Disclosure policy: The Company conducts investor relations activities to provide timely and appropriate information to shareholders and investors. When disclosing information, the Company releases material facts in compliance with the timely disclosure rules of the Tokyo Stock Exchange and promptly posts the relevant information on its website (IR site). In addition, the Company, at its discretion, also distributes materials and posts information that it believes to be valid on its IR site in a timely manner to increase understanding of Kaga Electronics. | - |
| Periodic briefings for individual shareholders | The Company holds "briefing meetings for individual investors" which are conducted by the executive officer in charge of investor relations. In the fiscal year ended March 2025, the following sessions are organized. 1) September 14, 2024 (held in Fukuoka) (hosted by Daiwa Investor Relations Co., Ltd.) * The proceedings of the meeting may be viewed from the site below (Daiwa Investor Relations Co., Ltd.) with a link posted on the Company's IR site (Japanese only). https://www1.daiwair.jp/qlviewer/e-cast/2409148154dKo6cnEXXf/index.html | None |

| | | |
|---|--|------------|
| | <p>2) December 8, 2024 (held in Tokyo) (hosted by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</p> <p>3) February 15, 2025 (held in Osaka) (hosted by Daiwa Investor Relations Co., Ltd.) * The proceedings of the meeting may be viewed from the site below (Daiwa Investor Relations Co., Ltd.) with a link posted on the Company's IR site (Japanese only). https://www1.daiwair.jp/qlviewer/e-cast/2502158154eEx1r5MCPW/index.html</p> <p>More details, including materials from the day of the event, are posted on the Company's website. ● "Briefing meetings for individual investors" on the Company's IR site (Japanese only): https://www.taxan.co.jp/jp/ir/event/event_02.html</p> | |
| <p>Regular briefings for analysts and institutional investors</p> | <p>The Company holds "analyst and institutional investor financial briefings", which are organized subsequent to the announcement of interim and year-end financial results, where financial results and management strategy are presented by Representative Director, President & COO and by the executive officer in charge of investor relations. Additionally, IR briefing sessions are also organized as appropriate for individual business projects. The presenter is, in principle, President & COO.</p> <p>In the fiscal year ended March 2025, the following sessions are organized.</p> <p><Earning Presentations> May 22, 2025: Earnings presentation for the fiscal year ended March 2024 November 28, 2024: Earnings presentation for the first half of the fiscal year ending March 2025</p> <p>* In addition, presentation materials for past business briefings are posted on the Company's IR website.</p> <p>Earnings presentations: https://www.taxan.co.jp/en/ir/event/event_01.html Business strategy presentations: https://www.taxan.co.jp/en/ir/event/event_04.html</p> | <p>Yes</p> |

| | | |
|--|---|------------|
| <p>Periodic briefings to overseas investors</p> | <p>For investors in Europe and North America, the Representative Director, President & COO visit shareholders and investors to engage in constructive dialogue to enhance corporate value. For Asia, the head of Investor Relations & Public Relations Department engages in dialogues with the diverse range of institutional investors on such subjects as the Company's management policy, financial results and growth strategy.</p> <p>In the fiscal year ended March 2025, the Company conducted visits to investors in England in February, and in Taiwan in March. Most recently, we visited investors in Hong Kong in April.</p> <p>In addition, the Company meets with overseas investors on an as-needed basis through individual meetings via the Internet and teleconferences, in addition to visits to the Company.</p> | <p>Yes</p> |
| <p>Posting of investor relation materials on the Company website</p> | <p>Aside from annual financial reporting, the Company started publishing Integrated Report from the fiscal year ended March 2019, with the aim of communicating not only financial but also non-financial information of value to the investors.</p> <p>Through integrated reporting, the Company seeks to provide extensive IR resources and information by including messages from the top management on corporate philosophy, business strategy aimed at sustainable growth, overseas expansion as a global firm, as well as ESG information relating to corporate governance and sustainability initiatives, etc.</p> <p>* Integrated Report: https://www.taxan.co.jp/en/ir/ir_library/library_05.html</p> <p>In addition to integrated reports, various other materials are posted on the Company's IR site including earnings releases, earnings presentation materials, annual reports and Group reports (business reports).</p> <p>* IR Library: https://www.taxan.co.jp/en/ir/ir_library/</p> <p>In addition to above, the Medium- to Long-Term Sustainability Management Plan, ESG initiatives, and other information are posted on our sustainability site.</p> <p>* sustainability site: https://www.taxan.co.jp/jp/csr/index.html</p> <p>We strive to facilitate a deeper understanding of the Company on the part of all its stakeholders, including shareholders, by enhancing the content available on our IR website and providing timely and appropriate disclosure of information.</p> | |

| | | |
|---|--|--|
| | <p>Such initiatives have been rated highly by external organizations, and led amongst other things to the Company being awarded the Excellence Award in the 2024 Internet IR Awards.</p> | |
| <p>Establishment of a department (or appointment of a manager) for investor relations</p> | <p>This was established in April 2018 as a specialist organization reporting directly to the President & COO, with the mission of strengthening strategic IR communications, and takes a proactive approach to IR activities targeting both domestic and overseas shareholders and investors.</p> <p>Department in charge: Investor Relations & Public Relations Department(4 people) Responsible person: Ichiro Shirai, General Manager, Investor Relations & Public Relations Department</p> | |

3. Status of initiatives for respecting the perspectives of stakeholders

| | Supplementary Explanation |
|---|---|
| Provisions relating to respecting the position of stakeholders pursuant to internal regulations, etc. | The Company respects the perspectives of stakeholders and, in order to build good relationships, has adopted the following as a fundamental policy: "Become a company that pleases shareholders, business partners, employees, and other stakeholders and contribute to society." |
| Implementation of environmental conservation activities and CSR activities, etc. | <p>(1) Environmental preservation activities</p> <p>The Company recognizes that initiatives to address environment problems are an important aspect of corporate activities, and based on the following policy regarding environmental initiatives, has established a company-wide environment management system and undertakes measures to protect the global environment, prevent pollution, and so on in all its business activities. The Company has also established an Environmental Management Promotion Committee to carry out environmental programs and engages in company-wide measures such as visualization of CO2 emissions, green procurement, and the sorting of waste materials.</p> <p>In fiscal 2024, we began calculating Scope 1, 2, and 3 GHG emissions, and have set our reduction targets based on fiscal 2023 figures: "42% reduction for Scopes 1 and 2" and "25% reduction for Scope 3" by fiscal 2030. The Group is committed to understanding the current situation and working toward achieving its goals.</p> <p>Environmental policy: Under our corporate philosophy of "Everything we do is for our customers," the Kaga Electronics Group seeks to meet our customers' needs while striving for the realization of a sustainable society. To achieve this goal, we are committed to conserving and enhancing the natural environment in order to protect our irreplaceable earth.</p> <p>Environmental policy: https://www.taxan.co.jp/jp/csr/conservation/index.html</p> <p>(2) CSR measures etc.</p> <p>In light of the recent importance of corporate social responsibility, the Company has established the Sustainability Committee and is creating a risk management system. Additionally, considering the importance of corporate governance, the Company established an SDGs Committee (now the Sustainability Committee) on April 1, 2021, and a Nomination and Compensation Committee on June 29, 2021, to strengthen its system. Furthermore, on April 1, 2022, the Company established an SDGs Promotion Office (now the Sustainability Promotion Department) under the direct authority of the Representative Director, President & COO to enhance group-wide collaboration on SDGs initiatives and promote sustainability management. The Compliance Committee, Risk Management Committee, Information Disclosure Committee, Environmental Management Promotion Committee, Diversity Promotion Committee, and Governance Committee, which are subordinate organizations of the Sustainability Committee, are actively engaged in their respective activities.</p> |
| Formulation of policies, etc., relating to the provision of information to stakeholders | With timely disclosure as its fundamental policy on the provision of information to stakeholders and others, the Company provides timely information to the Tokyo Stock Exchange, holds press conferences, and issues news releases. Information Disclosure Committee, a subordinate organization of the Sustainability Committee, serves as the administrative body for the release of information and confirms information disclosure matters on a continuous basis. |

IV. Matters relating to Internal Control Systems, etc.

1. Basic approach to internal control systems and status of establishment

1. With regard to the establishment of system to ensure the execution of duties by directors of the Company and Group Companies in accordance with laws and regulations and the Articles of Incorporation
The Company and its Group are aware that enhancing corporate governance is an important management issue and our fundamental policy is ensuring compliance with corporate ethics and laws and regulations and reinforcing internal control systems while maintaining the soundness, efficiency, and transparency of management and raising corporate value. To achieve such compliance, the Company has established Rules on Officers applicable to directors and the Board of Directors Rules applicable to the Board of Directors. To ensure appropriate management, the directors monitor each other's status of execution of duties at regularly-held Board of Directors meetings and at extraordinary meetings held on a dynamic basis as necessary. The Company has also established Organization Rules, Rules on the Allocation of Work Duties, Rules on Work Authority, and Rules on Internal Approval, clarifying the scope of authority of each director and ensuring that mutual supervision by directors is effective. In addition, the Company established an Audit Office under the direct authority of the Representative Director, President & COO. The Audit Office works in collaboration with the Administration Headquarters, etc., to monitor the status of compliance with laws and regulations, the Articles of Incorporation, and other internal rules. The Company also has an Audit and Supervisory Committee. The Audit and Supervisory Committee members including outside directors who are Audit and Supervisory Committee members conduct detailed audits regarding the execution of duties by the directors. The Company has also established the Sustainability Committee, chaired by the Representative Director, President & COO. Under the committee, we have set up specialized subcommittees for Compliance, Risk Management, Information Disclosure, Environmental Management Promotion, Diversity Promotion, and Governance. This management structure promotes CSR and sustainability across the Group.
2. The systems for the preservation and control of information relating to the execution of duties by directors
Information relating to the execution of duties by directors is appropriately and accurately controlled and preserved according to the qualities of the recording media in accordance with the Document Control Rules, which set forth the standards on the preparation and retention of documents, and the Document Control in Handling Manual, which sets forth detailed provisions on document retention procedures and periods.
3. Rules and other systems relating to control of the risk of loss
Potential risks that the Group faces include matters relating to economic conditions, exchange rates, country risks, purchases, risks associated with in-house products, legal regulation, stock market risks, major litigation, personal information, M&A, trade compliance, indemnification risks, human resources and labor affairs, group governance, and cybersecurity. Responding divisions have been set for each risk and necessary and appropriate systems have been established to control risks under the authority of risk control officers and managers in each division. If any of the risks mentioned above should occur, the corresponding responding divisions will immediately take necessary and appropriate responsive measures to minimize the occurrence of damage under the direction of the risk control officers and managers. In addition, with the establishment of the Risk Management Committee as a subordinate organization to the Sustainability Committee, the Company established a system to respond promptly and appropriately to risks foreseen by the Group.
4. Systems for ensuring the efficient execution of duties by the directors of the Company and Group companies
The foundations of systems for ensuring the efficient execution of duties by the directors of the Company and Group companies are periodic meetings of the Board of Directors and extraordinary meetings of the Board held when necessary. Meetings of the Management Meeting are held prior to meetings of the Board of Directors with regard to important matters that are within the scope of duties of the directors to conduct prior deliberations so that the Board can engage in enhanced deliberations and make prompt decisions. The Company also introduced delegation-based and employment-based executive officer systems to

separate management decision-making and supervisory functions from business execution functions and to clarify each role, and has established structures that enable timely responses while enhancing the functions of Board of Directors and business execution functions. In addition, having an appropriate number of directors allows for adequate deliberation and appropriate and timely decision-making. With regard to specific execution of duties, the Board of Directors sets company-wide targets, formulates medium-term management plans to achieve those targets, and establishes necessary and appropriate systems for the execution of duties so that each executive officer responsible for business divisions can carry out those plans. In addition, The Company has also established Organization Rules, Rules on the Allocation of Work Duties, Rules on Work Authority, and Rules on Management of Affiliated Companies regarding the allocation of work duties, authority, and so on to the directors of the Company and Group companies. These rules provide for the efficient execution of work duties.

5. Systems for ensuring compliance by Company and Group Company employees with laws and regulations and the Articles of Incorporation in the performance of their duties

The Basic Compliance Rules were established as a code of conduct to ensure compliance with laws and regulations and the Articles of Incorporation by employees of the Company and Group companies when executing their duties. To ensure the effectiveness of these rules, the Company also established the Compliance Committee as a subordinate organization of the Sustainability Committee, establishing a system that can make appropriate group-wide responses. In addition, the Company established an Audit Office under the direct authority of the Representative Director, President & COO. The Audit Office works in collaboration with the Administration Headquarters, etc., to monitor the status of compliance with laws and regulations, the Articles of Incorporation, and other internal rules. The Company has also established an internal reporting (whistleblowing) system that allows employees to directly and anonymously report conduct by the Company or Group companies in violation of laws and regulations or the Articles of Incorporation to the Representative Director, Founder & CEO, Representative Director, President & COO, Audit and Supervisory Committee members, the Sustainability Committee, or the Sexual Harassment Investigation and Countermeasures Committee.

6. System to ensure the appropriateness of business operations by the corporate group comprising the Company and its affiliated companies

The Company established the Rules on Management of Affiliated Companies to ensure appropriate business operations by affiliated companies and conducts control in accordance with those rules. Also, coordination among Group companies and key decisions require deliberation and decisions by the Company's The Group Management Headquarters Meeting and Board of Directors. In addition, the Company's Audit Office works in collaboration with the Administration Headquarters, etc., to achieve overall uniformity in Group business activities, conducts audits regarding the appropriateness of those business activities and compliance with laws and regulations and the Articles of Incorporation and so on, and indicates improvements to be made in business activities. Furthermore, Group companies submit all minutes of their Board of Directors meeting to the Company and make monthly reports on business activities, status of budget implementation, and important matters relating to ensuring the appropriateness of business activities.

7. Matters relating to employees supporting the work of Audit and Supervisory Committee Members

The Company's Rules on the Allocation of Work Duties include provisions relating to employees who assist Audit and Supervisory Committee members in the performance of their duties. Audit and Supervisory Committee members cause employees, to support them in the performance of audit operations, focusing on work in the Audit Office, as necessary.

8. Matters relating to the independence from the directors of employees supporting the work of Audit and Supervisory Committee members and matters relating to ensuring the effectiveness of indications by Audit and Supervisory Committee members to employees
The Company's Rules on the Allocation of Work Duties provide that in cases where an employee is affiliated with the Audit Office and other departments that assist Audit and Supervisory Committee members in the performance of their duties, only Audit and Supervisory Committee members have the authority to issue instructions and orders relating to that work. In cases of transfer, evaluation, and disciplinary disposition of such employees, the consent of the Supervisory Board is required.
9. Systems for directors and employees of the Company and Group companies to report to Audit and Supervisory Committee members and other systems for reporting to Audit and Supervisory Committee members
If a Company director discovers facts that present a risk of causing substantial damage to the Company, such a director must immediately report those facts to the Audit and Supervisory Committee pursuant to the Rules on Corporate Officers, and the Company has established systems for timely and accurate reporting to the Audit and Supervisory Committee. If an employee of the Company, director or employee of a Group company discovers facts in violation of laws and regulations or the Articles of Incorporation or discovers facts that present a risk of causing substantial damage to the Company or the respective Group company, such director or employee must immediately report to Audit and Supervisory Committee members in accordance with the Rules on Work Authority, and the Company has established systems that enable employees to make reports directly to Audit and Supervisory Committee members.
10. Systems for ensuring that the persons who make reports to Audit and Supervisory Committee members are not subject to disadvantageous treatment as a result of making such reports
Reports made via the internal whistleblowing system can be made anonymously. Since reporting individuals cannot be identified, there is a system in place to prevent disadvantageous treatment of persons making reports.
11. Matters relating to procedures for advance payment or reimbursement of expenses arising in the course of Audit and Supervisory Committee members performing their duties and policies regarding handling of expenses or obligations arising in the course of Audit and Supervisory Committee members performing their duties
When requests are made by Audit and Supervisory Committee members for advance payment of expenses or for reimbursement of expenses paid or obligations incurred, except in cases where it can be established that those expenses and so on did not arise in the course of Audit and Supervisory Committee members performing their duties, the Company shall comply with such requests.
12. Other systems for ensuring effective implementation of audits by Audit and Supervisory Committee members
The Company's Audit and Supervisory Committee members are required to attend Board of Directors meetings and other important internal meetings and must express their opinions as necessary. Also, the Company established an Audit and Supervisory Committee and operates that board appropriately in accordance with the Audit and Supervisory Committee Rules. The Company also established Audit Standards for Audit and Supervisory Committee Members setting forth the optimal audit structure for each board member, audit standards, and conduct policies for Audit and Supervisory Committee members, ensuring the effectiveness of audits conducted by Audit and Supervisory Committee members.

2. Basic approach to the elimination of antisocial forces and status of development

Responses for the elimination of antisocial forces

The Company's basic approach is not to maintain any relationships whatsoever with antisocial forces that threaten social order and safety and to maintain a resolute attitude regarding the refusal of all improper demands from antisocial forces as set forth in its Fundamental Compliance Rules and Employment Rules. In cases where the Company receives improper demands from antisocial forces, the General Affairs Department and Sustainability Committee collaborate and cooperate with crisis management advisors and attorneys to make an organizational response as necessary. The Company also holds regular discussions with attorneys, meets with police departments and other external specialized organizations, and participates in training and other activities in an effort to gather information.

V. Other

1. Existence of takeover response policies

| | |
|---|------|
| Existence of takeover response policies | None |
|---|------|

Supplementary explanation relating to this matter

2. Other matters relating to corporate governance systems, etc.

1. Corporate governance systems

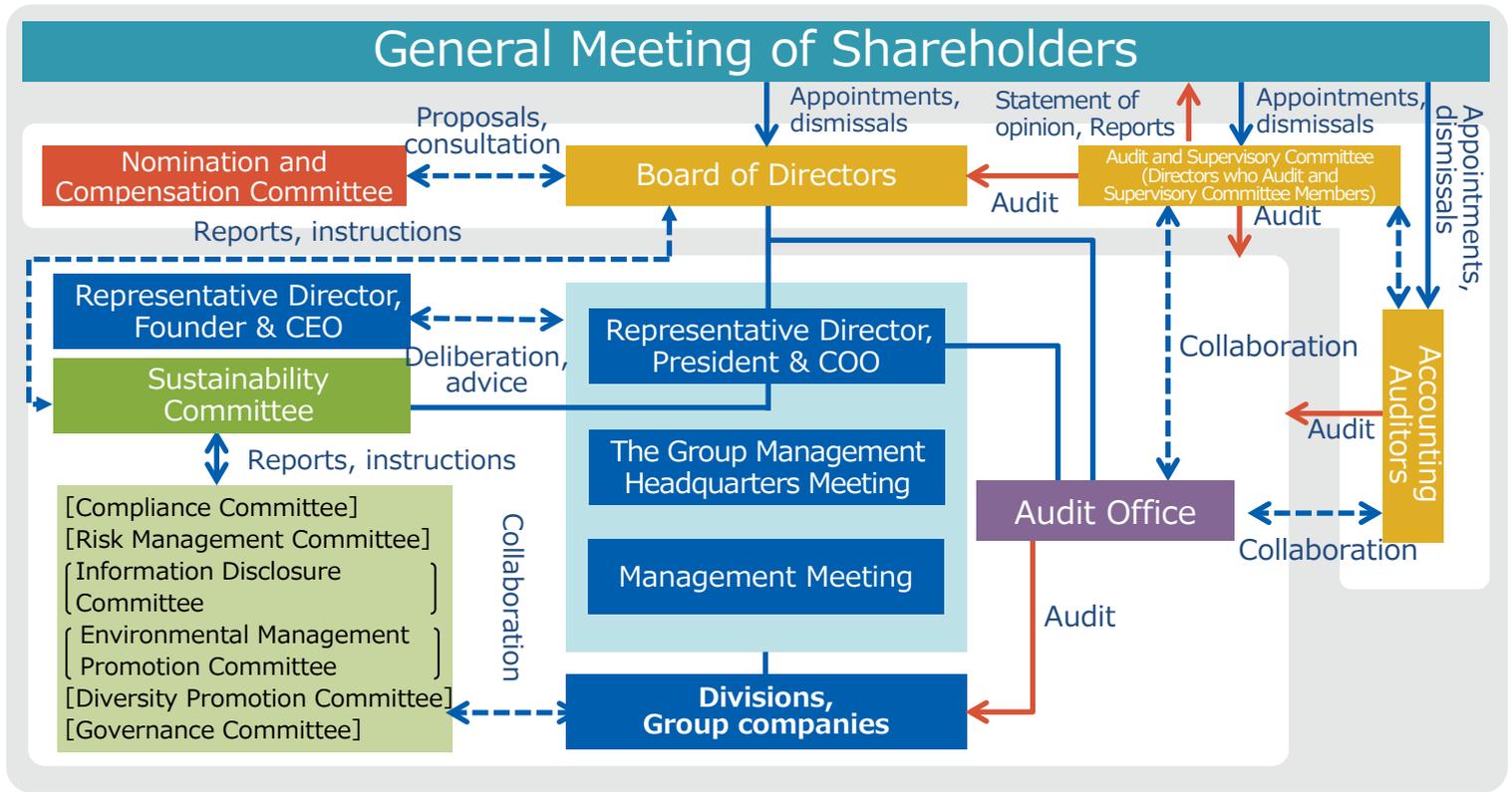
To enhance its corporate governance, the Company strives to create more appropriate systems including responses to amendments of applicable laws and regulations.

In addition, the Company comprehensively operates internal control systems in accordance with enforcement of the Financial Instruments and Exchange Act.

2. Internal system check functions relating to information disclosures and the status of internal systems

In light of the importance of corporate social responsibility (CSR), the Company has established a Sustainability Committee and established a Compliance Committee, Risk Management Committee, Information Disclosure Committee, Environmental Management Promotion Committee, Diversity Promotion Committee, and Governance Committee as its subordinate organizations to enhance internal systems. The Company also established a Management Planning Office under the direct authority of the Representative Director, President & COO & COO to gather and manage information from group subsidiaries and affiliated companies and strives to make appropriate and timely disclosures of information through the system set forth in the attached figure.

Corporate Governance Organizational Diagram



Information Disclosure System Organizational Diagram

