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To whom it may concern

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Notice of Partial Revision of “Company Initiatives Related to the Corporate Governance Code”

The company hereby announces that it has partially revised the state of its initiatives and policies with respect to each principle of the Corporate Governance Code as follows.

	Details
1 . Basic way of thinking on corporate governance	<p>(1) The company thinks that shareholders, customers, business partners, employees and other stakeholders are equally important and that we must enhance corporate value from each of their perspectives by strengthening corporate governance.</p> <p>(2) The company positions its managers (directors) as “people who have a relationship of trust with the company.” We design the organization so that managers can clarify the whereabouts of responsibility and make judgment with a sense of speed, but conversely, we impose a heavy “duty of loyalty” to the company.</p> <p>In particular, we handle matters similar to the “self-dealing” of managers (selection and evaluation of officers, compensation, related party transactions, etc.) with caution.</p> <p>(3) The company has adopted a company with an Audit and Supervisory Board system. This is because we aim for simple and highly efficient management by clarifying the whereabouts of responsibilities based on the above way of thinking.</p> <p>(4) The company has adopted a holding company framework and aims for the sustainable growth of the group as a whole and the improvement of corporate value over the medium to long-term with the company, the holding company, managing and supervising the business execution of each operating company, and working on the formulation of medium to long-term corporate strategies for the group as a whole, the improvement of safety and quality, and the strengthening of compliance, while each operating company concentrates on business execution and further enhances its diversity and expertise.</p> <p>The directors of the company are in charge of operations from the perspective of the overall optimization of the group, and the president oversees this and manages and supervises each operating company. In addition, outside directors confirm the appropriateness of business execution based on expert knowledge and experience from an independent and objective standpoint.</p> <p>The company’s auditors audit the directors’ execution of duties, accounting, etc., and in particular, the outside auditors confirm the legality of the execution of duties based on expert knowledge and experience from an independent and objective standpoint.</p> <p>(5) The company discloses important management policies and guidelines in its business report and securities report.</p>

2. The company's initiatives concerning the Corporate Governance Code

General Principle 1

Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.

In addition, companies should secure effective equal treatment of shareholders.

Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

Principle 1.1 Securing the Rights of Shareholders

Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.

Supplementary Principle 1.1.1

When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

The Company confirms the results of the exercise of voting rights on matters resolved upon at general shareholder meetings at meetings of the board and works to reflect those results in future actions.

Supplementary Principle 1.1.2

When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

In particular, we handle with caution any proposal to delegate to the board any matter analogous to “self-dealing” by managers. We provide careful explanations to outside directors in advance, and keep records of the results.

Supplementary Principle 1.1.3

Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tends to be prone to issues and concerns.

The Company has established procedures in its Share Handling Rules for the exercise of the rights of minority shareholders recognized under the Companies Act, and gives consideration to ensure the exercise of rights by minority shareholders.

Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings

Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

Supplementary Principle 1.2.1

Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings.

The Company provides information appropriately in notices of convocation, business reports, financial statements, and the consolidated financial statements.

Supplementary Principle 1.2.2

While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company's website.

The Company strives to send out the notice of convocation in advance of the statutory deadline, and discloses it on the websites of the Company and the Tokyo Stock Exchange at least three weeks prior to general shareholder meetings.

Supplementary Principle 1.2.3

The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

The Company sets the date of the meeting avoiding days expected to see a concentration of general shareholder meetings each year.

Supplementary Principle 1.2.4

Bearing in mind the number of institutional and foreign shareholders, companies should take steps for the creation of an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and the provision of English translations of the convening notices of general shareholder meeting.

In particular, companies listed on the Prime Market should make the Electronic Voting Platform available, at least to institutional investors.

The Company has adopted the voting platform for institutional investors. In addition, we are working to create an environment that facilitates the exercise of voting rights by institutional investors and overseas investors such as preparing an English version of the notice of convocation for overseas investors and posting it on the Company's website along with the Japanese version.

Supplementary Principle 1.2.5

In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in exercising the voting rights themselves, companies should work with the trust banks (shintaku ginko) and/or custodial institutions to consider such possibility.

In principle, the Company does not currently allow beneficial shareholders such as institutional investors to attend general shareholder meetings, exercise voting rights or ask questions. We will continue to consider this matter while keeping a close eye on the requests of beneficial shareholders and the trends of trust banks, etc.

Principle 1.3 Basic Strategy for Capital Policy

Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

The Company will promote capital investment and M&A that lead to EBITDA expansion positively. In fund procurement, if we consider capital policy, we give consideration so that ROE will not be impaired over the medium to long-term while also engaging in sufficient dialogue with experts, shareholders and investors.

In addition, we also disclose our target capital adequacy ratio and use the dividend payout ratio based on consolidated net income as an indicator of shareholder returns. The Company will consider the acquisition of treasury stock if it is more advantageous than other investments, while also giving consideration to the safety of management.

Principle 1.4 Cross-Shareholdings

When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed.

Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards.

(1) Disclosure of holding policy

The Company holds cross-shareholdings if it is recognized to be necessary for the medium to long-term development of the Company.

(2) Establishment and disclosure of standards on the exercise of voting rights

The Company has established standards on the exercise of voting rights related to cross-shareholdings as follows.

- Will the resolution contribute to the stability and expansion of that company's business?
- Will the result of the resolution lead to economic benefits for the Company?
- Will the result of the resolution reduce the value of the Company's shareholding?

(3) Disclosure of the details of the board's assessment of the significance and rationality of cross-shareholdings, including risks and returns

We examine the benefits and risks associated with cross-shareholdings, assess the significance and rationality of holdings from the perspective of whether they will contribute to the improvement of ROE, etc., and disclose the results in "Disclosure based on the principles of the Corporate Governance Code" in the corporate governance report.

Supplementary Principle 1.4.1

When cross-shareholders (i.e., shareholders who hold a company's shares for the purpose of cross-shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross-held shares by, for instance, implying a possible reduction of business transactions.

In principle, if the Company learns from a cross-shareholder that it intends to sell our shares, we hold discussions with the cross-shareholder and accept their intention as long as it will not harm the interests of our shareholders.

Supplementary Principle 1.4.2

Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

The Company's board examines the significance of holding cross-shareholdings each year, including the economic rationality of transactions with cross-shareholders, and strives to avoid transactions that would damage the common interests of the Company and shareholders.

Principle 1.5 Anti-Takeover Measures

Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and kansayaku should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

Supplementary Principle 1.5.1

In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

The Company currently has no plans to introduce anti-takeover measures.

Principle 1.6 Capital Policy that May Harm Shareholder Interests

With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and kansayaku should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

In the implementation of large-scale capital policy, the Company strives to listen to the opinions of shareholders through IR activities and other means on a daily basis. In addition, the Board of Directors engages in careful deliberation, incorporating the opinions of external experts. If a decision is made, we strive for prompt disclosure and sufficient explanation to shareholders.

Principle 1.7 Related Party Transactions

When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the Company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.

The Company handles with caution competing transactions with its directors as matters similar to the "self-dealing" of managers.

We provide careful explanations to outside directors in advance, and keep records of the results when these transactions are to occur. They are then executed after receiving a resolution of the Board of Directors.

In addition, the Company discloses the conditions of these transactions and the policy for determining them in its business reports and annual securities reports.

General Principle 2

Companies should fully recognize that their sustainable growth and the creation of mid- to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.

The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

Principle 2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term

Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid- to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

The Company has disclosed its management philosophy and medium-term management plan on its website.

Principle 2.2 Code of Conduct

Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.

Supplementary Principle 2.2.1

The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

The Company has established a "Code of Ethics" to present our values as a company based on our management philosophy and company creed. We have established a simplified version as a "Code of Conduct" as action standards that employees should follow, and provide guidance at various training sessions and promote the penetration of internal rules through the intranet to implement the "Code of Conduct" thoroughly.

We carry out internal audits to confirm the state of implementation, and report the results at meetings of the Board of Directors.

Principle 2.3 Sustainability Issues, Including Social and Environmental Matters

Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

Supplementary Principle 2.3.1

The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid- to long-term.

The Group perceives climate change and other sustainability-related issues as one of its management challenges, and has established a system to deliberate on policies and important matters, report on the status of initiatives, and study and formulate countermeasures.

Rental business is a service that leads to the "sustainability" of society and the environment in terms of consideration for the environment and resource conservation through the repeated use of limited resources, etc. From the perspective of increasing corporate value over the medium to long-term, we recognize that this is a business that contributes to the resolution of social issues surrounding sustainability and will advance initiatives to promote the transition to decarbonization through the further evolution of the rental business.

Principle 2.4 Ensuring Diversity, Including Active Participation of Women

Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

The Group is promoting the following initiatives to create an environment in which women can play active roles.

- [1] Expansion of job areas and education
- [2] Promotion of participation in promotion examinations
- [3] Further understanding within the Company regarding childcare, nursing care, etc.
- [4] Diversification of employment status

Supplementary Principle 2.4.1

Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status.

In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present their policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

The Group recruits human resources and appoints employees to managerial positions, regardless of gender, nationality and the timing of joining its payroll.

We think that the promotion of women to management positions is an issue, and will promote workstyle reforms by diversifying employment formats, establishing an environment for remote work, correcting long work hours, and providing support for career development. We aim to increase the percentage of female workers in management positions to 15% or more by 2035.

Overseas subsidiaries are prioritizing a shift from Japanese-led operations to local staff-led operations. In addition, for midcareer hires, we will promote the further improvement of a flexible treatment system that enables the hiring of highly skilled, expert human resources. We aim to increase the percentage of midcareer hires in management positions to 35% or more by 2035 to ensure diversity.

The Company discloses indicators regarding women, foreign nationals, and midcareer hires in “Disclosure Based on the Principles of the Corporate Governance Code” in the corporate governance report.

Principle 2.5 Whistleblowing

Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.

The Group has established an internal reporting system for officers and employees to communicate information and suspicions regarding illegal or inappropriate activities, etc.

Supplementary Principle 2.5.1

As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, a panel consisting of outside directors and outside kansayaku). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

In principle, a whistleblowing desk is set up at each operating company for internal and external whistleblowing to the Group, and information is consolidated with the president of each operating company. Reports on the conduct of officers of the Company and the Group (directors and Audit and Supervisory Board

members) are handled by outside contractors as the contact of whistleblowing and are consolidated with the President and Representative Director through directors of the Company including outside directors.

In addition, the Company has established a system to protect whistleblowers under the Whistleblowing Regulations.

In order for the whistleblowing system to function effectively, it is necessary for both whistleblowers and the contact point of whistleblowing to understand the system correctly and to operate it appropriately. From this point of view, the Company focuses on education for officers and employees of the Company and the Group.

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

Some companies have adopted defined contribution pension plans, but we do not work as an asset owner in defined benefit pension plans, etc.

General Principle 3

Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance.

The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.

Principle 3.1 Full Disclosure

In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:

- i) Company objectives (e.g., business principles), business strategies and business plans;
- ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;
- iii) Board policies and procedures in determining the remuneration of the senior management and directors;
- iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and kansayaku candidates; and
- v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).

Supplementary Principle 3.1.1

These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that information is not boiler-plate or lacking in detail.

- i) Company objectives (e.g., business principles), business strategies and business plans

The Company has disclosed its management philosophy and medium-term management plan on its website.

- ii) Basic views and guidelines on corporate governance based on each of the principles of the Code (draft)

The basic policy of corporate governance has been disclosed on the Company's website.

iii) Board policies and procedures in determining the remuneration of the senior management and directors

Policies and procedures for determining directors' remuneration are disclosed in its business reports and annual securities reports. In addition, because decisions on compensation and other items constitute "self-dealing" by management, the Company explains decisions concerning remuneration carefully to outside directors in advance and keeps records of the results. Such matters are then discussed by the Board of Directors.

The state of implementation of prior explanations, etc., to outside directors, etc., is disclosed in "Disclosure Based on the Principles of the Corporate Governance Code" in the corporate governance report.

iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and kansayaku candidates

v) Explanations with respect to the individual appointments/dismissals and nominations based on the above

The Company does not disclose its policies and procedures for nomination of candidates for directors and Audit and Supervisory Board members and appointment/dismissal of directors and Audit and Supervisory Board members.

However, the Company handles with caution the nomination of candidates for directors and Audit and Supervisory Board members and appointment/dismissal of directors and Audit and Supervisory Board members as matters similar to the "self-dealing" of managers.

The Company provides elaborate explanations of drafts of candidates to outside directors in advance, and keeps records of the results.

Then, the Company will make the proposal to a General Meeting of Shareholders after resolutions at the Board of Directors and the Audit and Supervisory Board.

The state of implementation of prior explanations, etc., to outside directors regarding proposals of candidates for director and Audit and Supervisory Board member is disclosed in "Disclosure Based on the Principles of the Corporate Governance Code" in the corporate governance report.

Supplemental Principle 3.1.2

Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures.

In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.

Based on the composition of the shareholders of the Company, we prepare English versions of our notices of convocation, financial summaries, timely disclosure materials, financial results briefing materials, annual reports, etc., and disclose them on our website to provide information to overseas investors.

Supplemental Principle 3.1.3

Companies should appropriately disclose their initiatives on sustainability when disclosing their business strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own business strategies and issues.

In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

The Company is emphasizing sustainability management in "Next Stage 2026," its medium-term management plan.

We have disclosed the impact of climate change-related risks and earning opportunities on the Company's business activities, profits, etc., in the securities report since the fiscal year ended September 2024 based on the TCFD recommendations.

Principle 3.2 External Auditors

External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

The Company works with an external accounting auditor to implement matters such as the following prior to the settlement of accounts:

- Advance meeting for the settlement of accounts
- Agreement on the audit schedule

The Company has also established a system that enables it to ensure proper audits.

Supplementary Principle 3.2.1

The kansayaku board should, at minimum, ensure the following:

- i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and
- ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.

- i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors

The Company grasps the state of implementation of the duties of the external accounting auditors through the state of implementation of audits, audit reports, interviews, etc., and in light of these, evaluates the auditors based on the “Policy on dismissal or non-reappointment of the accounting auditors” established by the Audit and Supervisory Board, and considers or confirms any other necessary matters separately.

- ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities
Ernst & Young ShinNihon LLC, the external accounting auditor, is one of the leading audit firms in Japan, and we recognize no problems with its independence and expertise.

Supplementary Principle 3.2.2

The board and the kansayaku board should, at minimum, ensure the following:

- i) Give adequate time to ensure high quality audits;
- ii) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO;
- iii) Ensure adequate coordination between external auditors and each of the kansayaku (including attendance at the kansayaku board meetings), the internal audit department and outside directors; and
- iv) Ensure that the company is constituted in a way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

- i) Give adequate time to ensure high quality audits

After prior consultation with the external accounting auditor, the Company formulates an annual audit plan and secures sufficient audit time.

- ii) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO

Based on the requests of the external accounting auditor, the Company secures time as required for interviews with the management team including the President and Representative Director.

- iii) Ensure adequate coordination between external auditors and each of the kansayaku (including attendance at the kansayaku board meetings), the internal audit department and outside directors

The Company ensures collaboration between the external accounting auditors and the corporate auditors, outside directors, and Internal Audit Department if there are requests through reports on the results of audits, etc.

- iv) Ensure that the company is constituted in a way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors

If fraud, etc., is pointed out by the external accounting auditors, a system is in place to investigate, correct, and report centered on the director in charge of administrative departments based on the instructions of the

President and Representative Director, while the Audit and Supervisory Board, centered on the full-time auditors, investigates and corrects the situation in cooperation with Internal Audit Department, etc.

General Principle 4

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid- to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:

- (1) Setting the broad direction of corporate strategy;
- (2) Establishing an environment where appropriate risk-taking by the senior management is supported; and
- (3) Carrying out effective oversight of directors and the management (including shikkoyaku and so-called shikkoyakuin) from an independent and objective standpoint.

Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization – i.e., Company with Kansayaku Board (where a part of these roles and responsibilities are performed by kansayaku and the kansayaku board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.

Principle 4.1 Roles and Responsibilities of the Board (1)

The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

Supplementary Principle 4.1.1

The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

In order to realize expeditious corporate management, the Board of Directors, in principle, delegates decisions on business execution, other than matters legally regarded as exclusive to decisions by the Board of Directors, to the President and Representative Director.

The President and Representative Director directs the business execution of each director and the managers of operating companies and decides on measures based on business plans determined by the Board of Directors.

Supplementary Principle 4.1.2

Recognizing that a mid-term business plan is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

Supplementary Principle 4.1.3

Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

Management makes every effort for achievement of the medium-term management plan and confirms progress on a monthly and annual basis. If a change occurs, it will be disclosed and explained fully to stakeholders.

In preparation for emergency situations, the Company has established an order for acting on behalf of the President and Representative Director at meetings of the Board of Directors.

As its “succession plan,” the Company focuses on the development of the managers and general managers of operating companies. The Company entrusts the management of profit units to them to accumulate experience as department managers, and also implements training by outside instructors, meetings of department general managers, and business plan lectures by the President and Representative Director, etc. In addition, while doing so, the Company promotes the development of management candidates by making them understand that “the company and management are in a relationship of trust,” the basic concept of the Company’s corporate governance.

Evaluations of the managers of operating companies are reported to the Board of Directors to ensure that the state of development is shared among management.

Principle 4.2 Roles and Responsibilities of the Board (2)

The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented.

Also, the remuneration of the management should include incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

Supplementary Principle 4.2.1

The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long term results and the balance of cash and stock should be set appropriately.

In respect of specific remuneration, etc. for individual directors, the Company delegates the formulation of a proposal to the President, based on the approval of the Board of Directors. The President and Representative Director first elaborately explains the formulated proposal to all outside directors, and after receiving appropriate involvement and advice from them, the Board of Directors makes the final decision.

The proportions of remuneration by type are differentiated depending on whether directors are responsible for business execution or are outside directors, and are reviewed as appropriate in light of social conditions, trends at other companies, etc.

Supplementary Principle 4.2.2

The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid- to long- term.

In addition, in light of the importance of investments in human capital and intellectual properties, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company.

The Company is emphasizing sustainability management in “Next Stage 2026,” its medium-term management plan. The Board of Directors regularly discusses and supervises the allocation of management resources and the execution of strategies related to the business portfolio.

Principle 4.3 Roles and Responsibilities of the Board (3)

The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management.

In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems.

Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.

Supplementary Principle 4.3.1

The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company's business results.

Individual evaluations of the Company's managers are reflected not only in remuneration, etc., but also in personnel matters.

Individual evaluations are not limited to the evaluation of short-term results, but also emphasize contributions to medium to long-term results (e.g. human resource development and challenges in new fields).

The Company gives feedback on individual evaluations and the reasons for them to the individuals concerned to ensure transparency with regard to evaluations.

Supplementary Principle 4.3.2

Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.

The appointment and dismissal of the President and Representative Director are discussed carefully by the Board of Directors.

The principles of discussions at such times are:

- [1] that the process of appointment and dismissal is fair; and
- [2] that regardless of the outcome of appointment or dismissal, all directors cooperate with each other based on the fact that each director is in a "fiduciary" relationship with the Company.

Supplementary Principle 4.3.3

The board should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

If it is recognized that the President and Representative Director is not fulfilling their functions adequately, or if any doubt arises concerning their "fiduciary relationship" with the Company or their "duty of loyalty" in management, the Board of Directors will discuss the dismissal of the President and Representative Director and decide whether or not to do so.

Supplementary Principle 4.3.4

The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.

The Company has established a Compliance Management Department, a Risk Management Department, and a J-SOX Management Department to supervise and monitor the Group as a whole. The results of such activities are reported to the President and Representative Director and the auditors as necessary, and any problems are also explained at meetings of the Board of Directors and the Audit and Supervisory Board. The Board of Directors and the Audit and Supervisory Board do not simply address events, but discuss the organizational problems behind them and take necessary measures.

Principle 4.4 Roles and Responsibilities of Kansayaku and the Kansayaku Board

Kansayaku and the kansayaku board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of kansayaku and external auditors, and the determination of auditor remuneration.

Although so-called "defensive functions," such as business and accounting audits, are part of the roles and responsibilities expected of kansayaku and the kansayaku board, in order to fully perform their duties, it would not be appropriate for kansayaku and the kansayaku board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.

Two of the Company's three auditors are outside auditors, giving the Audit and Supervisory Board a relatively high degree of independence.

The Company ensures the environment in which each Audit and Supervisory Board member attends meetings of the Board of Directors each month, and outside directors in particular can ask directors for explanations and express their opinions.

The Company's two outside auditors are experts in legal affairs and accounting, and they mainly express their opinions from the perspective of their respective fields of expertise.

Supplementary Principle 4.4.1

Given that not less than half of the kansayaku board must be composed of outside kansayaku and that at least one full-time kansayaku must be appointed in accordance with the Companies Act, the kansayaku board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, kansayaku or the kansayaku board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.

The Company appoints outside auditors as independent officers to ensure their independence, and the full-time auditors audit the decision-making process and the execution of business by inspecting important approval documents and exchanging opinions with the President and Representative Director regularly, thereby ensuring an effective Audit and Supervisory Board. The outside directors and outside auditors cooperate with internal audits, audits by the auditors, and the accounting auditors through exchanges of opinions at meetings of the Board of Directors and Audit and Supervisory Board to ensure the appropriateness of the execution of business and the legality of the execution of duties.

Principle 4.5 Fiduciary Responsibilities of Directors and Kansayaku

With due attention to their fiduciary responsibilities to shareholders, the directors, kansayaku and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

The Company positions directors as "individuals in fiduciary relationships with the company." Directors perform their duties with awareness of their heavy "duty of loyalty" to the Company. In addition, the auditors also perform their duties with awareness of their fiduciary responsibility to the Company.

Shareholders, customers, business partners, employees and other stakeholders are equally important, and the Company strives to collaborate and improve corporate value from each of their perspectives.

Principle 4.6 Business Execution and Oversight of the Management

In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

The Company has built an effective and highly transparent management supervision system by appointing two outside directors and having them express their opinions freely from an independent and objective standpoint at meetings of the Board of Directors.

Principle 4.7 Roles and Responsibilities of Independent Directors

Companies should make effective use of independent directors, taking into consideration the expectations listed below with respect to their roles and responsibilities:

- i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term;
- ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management;
- iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and
- iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

Independent outside directors attend meetings of the Board of Directors to supervise management, provide opinions on management policies and plans, appoint senior management, participate in important decision-making, and oversee conflict-of-interest transactions with directors and major shareholders based on their professional knowledge and extensive experience.

Principle 4.8 Effective Use of Independent Directors

Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.

Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

The Company has appointed two independent outside directors out of six directors, enabling discussions at meetings of the Board of Directors based on their independent and neutral opinions.

Supplementary Principle 4.8.1

In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.

The Company does not hold meetings consisting solely of independent outside directors currently, but will consider holding such meetings in the future as necessary.

Supplementary Principle 4.8.2

Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with kansayaku or the kansayaku board by, for example, appointing the lead independent director from among themselves.

Since the number of independent outside directors is small, they can communicate with management on an individual basis; therefore, the Company does not currently appoint a lead independent director.

Supplementary Principle 4.8.3

Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.

The Company does not have a controlling shareholder.

Principle 4.9 Independence Standards and Qualification for Independent Directors

Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.

In the appointment of candidates to be the Company's independent outside directors, the Company complies with the standards established by the Companies Act and the Tokyo Stock Exchange.

The Company selects as independent outside directors people who can be expected to contribute to frank, active and constructive discussions at meetings of the Board of Directors. In addition, we give consideration so that they can express their candid opinions at meetings of the Board of Directors.

Principle 4.10 Use of Optional Approach

In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

Supplementary Principle 4.10.1

If the organizational structure of a company is either Company with Kansayaku Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.

In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

Although the Company does not have a nomination committee or a remuneration committee, it provides outside directors with detailed explanations in advance, from the perspectives of diversity (including gender) and skills, in order to obtain appropriate involvement and advice on matters that may involve managerial "self-dealing," such as the appointment and remuneration of directors.

Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness

The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender and, international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as kansayaku. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as kansayaku.

The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

The Company's Board of Directors has been comprised taking diversity into consideration, including gender, internationality, professional experience and age, by appointing directors with diverse experience in various business, technical, and administrative divisions, and outside directors with extensive knowledge and experience in corporate management and specialized fields.

In addition, the Company has appointed auditors who are experts in law and accounting, one of whom has sufficient knowledge of finance and accounting.

The effectiveness of the Board of Directors overall is subject to self-evaluation by the Board of Directors once each year.

Supplementary Principle 4.11.1

The board should identify the skills, etc. that it should have in light of its business strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix." When doing so, independent director(s) with management experience in other companies should be included.

The Company thinks that a maximum of 15 directors is appropriate for them to engage actively in substantive discussions at meetings of the Board of Directors.

The Company selects candidates for director with outstanding personalities and knowledge from both inside and outside the Company. In particular, the Company selects as outside directors people who have extensive knowledge and experience in corporate management and specialized fields.

The Company discloses the skills matrix for the Company's directors in "Other Matters Regarding the Corporate Governance System, etc." in the report on corporate governance.

Supplementary Principle 4.11.2

Outside directors, outside kansayaku, and other directors and kansayaku should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and kansayaku also serve as directors, kansayaku or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.

The concurrent holding of officer positions at other listed companies is limited to the extent that it does not affect duties at the Company, and the state of such concurrent positions is disclosed each year in its business reports and annual securities reports.

Supplementary Principle 4.11.3

Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

The Company discloses the results in "Disclosure Based on the Principles of the Corporate Governance Code" in the corporate governance report.

Principle 4.12 Active Board Deliberations

The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.

Free and constructive discussions are held at meetings of the Company's Board of Directors, including problems raised by the outside directors.

Supplementary Principle 4.12.1

The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active:

- i) Materials for board meetings are distributed sufficiently in advance of the meeting date;
- ii) In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding);
- iii) The schedule of board meetings for the current year and anticipated agenda items are determined in advance;
- iv) The number of agenda items and the frequency of board meetings are set appropriately; and
- v) Sufficient time for deliberations.

Regular reports by the Company's Board of Directors are posted on the internal intranet one week prior to the day on which a meeting of the Board of Directors is to be held.

In addition, the Company sends out the agenda with the notice of convocation at least one week in advance.

The schedule for the holding of meetings in the following fiscal year is established in June each year to facilitate the scheduling of attendance.

Through the above measures, each director and auditor summarizes their thoughts by the time of the meeting of the Board of Directors and discusses them at the meeting.

Principle 4.13 Information Gathering and Support Structure

In order to fulfill their roles and responsibilities, directors and kansayaku should proactively collect information, and as necessary, request the company to provide them with additional information.

Also, companies should establish a support structure for directors and kansayaku, including providing sufficient staff.

The board and the kansayaku board should verify whether information requested by directors and kansayaku is provided smoothly.

Supplementary Principle 4.13.1

Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, kansayaku, including outside kansayaku, should collect information appropriately, including the use of their statutory investigation power.

Directors and auditors request the information and materials necessary for the execution of their duties from related departments, and the related departments provide such information and materials as appropriate. In addition, the Company provides support for directors centered on the Office of the President, and for auditors centered on the Audit Office.

Supplementary Principle 4.13.2

Directors and kansayaku should consider consulting with external specialists at company expense, where they deem it necessary.

Directors and auditors seek advice from external experts as necessary and take it into consideration when implementing management, supervision and auditing.

The Company bears the costs generated in association with receiving that advice.

Supplementary Principle 4.13.3

Companies should ensure coordination between the internal audit department, directors and kansayaku by establishing a system in which the internal audit department appropriately reports directly to the board and the kansayaku board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to outside directors and outside kansayaku. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside kansayaku are appropriately processed.

The Company has established a system whereby problems identified as a result of audits by Internal Audit Department are reported to the President and Representative Director as appropriate, and are also reported to the Board of Directors and the Audit and Supervisory Board.

Principle 4.14 Director and Kansayaku Training

New and incumbent directors and kansayaku should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each director and kansayaku along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.

Supplementary Principle 4.14.1

Directors and kansayaku, including outside directors and outside kansayaku, should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

When newly appointed outside directors and outside auditors are appointed, the Company provides a tour of its sales offices as well as training as required for their acquisition of necessary information on the Company's industry, history, business overview, financial information, strategies, organization, etc.

Supplementary Principle 4.14.2

Companies should disclose their training policy for directors and kansayaku.

The Company does not disclose its policies for training for directors and Audit and Supervisory Board members.

This is because the Company believes, as a general principle, that directors and Audit and Supervisory Board members should be proactive in recognizing their roles and responsibilities and should acquire the knowledge required of managers. When directors or Audit and Supervisory Board members voluntarily request opportunities for knowledge acquisition, the Company will cooperate.

General Principle 5

In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting.

During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

Principle 5.1 Policy for Constructive Dialogue with Shareholders

Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid- to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

The Office of the President serves as the disclosure window, and discloses information in a timely and appropriate manner.

The state of implementation of individual information gathering by institutional investors, briefings for individual investors, etc., is disclosed in “Disclosure Based on the Principles of the Corporate Governance Code” in the corporate governance report.

Supplementary Principle 5.1.1

Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management and, directors, including outside directors, and kansayaku, should have a basic position to engage in dialogue (management meetings) with shareholders.

The Company has designated the Office of the President as the contact point for IR inquiries, and its IR personnel hold regular individual meetings with domestic and foreign investors. The President and Representative Director provides explanations at financial results briefings, briefings for individual investors, etc., but depending on the shareholder's wishes and the main concerns of the meeting, directors or auditors, including outside directors, may also attend the meeting to a reasonable extent.

Supplementary Principle 5.1.2

At minimum, policies for promoting constructive dialogue with shareholders should include the following:

- i) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;
- ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;
- iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);
- iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and
- v) Measures to control insider information when engaging in dialogue.

The results of responses to investors' information gathering are reported to the President and Representative Director by the Office of the President, and to the Board of Directors as required. With regard to the management of insider information, the Company manages material facts based on the Insider Trading Management Regulations, and refrains from answering or commenting on questions related to financial results during the period of voluntary restraint on disclosure from the end of the quarter to the announcement of the financial results to prevent leaks and ensure fairness.

Supplementary Principle 5.1.3

Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

General Affairs and Personnel Department analyzes the composition of shareholders on a semi-annual basis and reports to the Board of Directors.

Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.

The Company has disclosed "Next Stage 2026," its medium-term management plan, which explains its basic way of thinking on profit planning and capital policy.

The company emphasizes EBITDA as an indicator of profitability and growth potential, and has set a target figure.

In addition, we also focus on cost of capital as an indicator of efficiency when reviewing our business portfolio. However, we do not only consider the cost of capital, but also the long-term ripple effects, etc., of that business from a wide range of perspectives.

This follows the Company's basic way of thinking on corporate governance, namely that "the Company thinks that shareholders, customers, business partners, employees and other stakeholders are equally important and that we must enhance corporate value from each of their perspectives."

Supplementary Principle 5.2.1

In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.

The Company does not formulate basic policies regarding business portfolios. However, the Company reviews and revises its portfolio based on market growth potential and ROI (return on investment—the ratio of profits to investments in rental assets) with respect to its rental asset portfolio, which forms the core of its business.

End