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Corporate Governance Report

CORPORATE GOVERNANCE

AIDA ENGINEERING, LTD.

Last Update: July 9, 2026

AIDA ENGINEERING, LTD.

Toshihiko Suzuki,

Representative Director and President (CEO)

Contact: General Administration Headquarters

TEL: +81-42-772-5231

Securities code: 6118

<https://www.aida.co.jp/en>

The corporate governance of AIDA ENGINEERING, LTD. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Guided by our Group-wide corporate philosophy and management vision, the Company places top priority on having each Group company achieve sustainable and stable growth and improving corporate value. To this end, the Group has a global business management system led by Japan that organically connects our five global production facilities and our sales and service operations around the world to make maximum use of their respective functions, and we are constantly enhancing our corporate governance framework to support this system.

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

[Supplemental Principle 4-10 (1): Use of Optional Approach]

Regarding remuneration for directors, based on a resolution passed in a Board of Directors meeting convened on April 26, 2024, a voluntary Remuneration Advisory Committee was established in order to improve transparency and objectivity in determining the remuneration of internal directors. The committee will deliberate on matters such as individual remuneration for internal directors and the policy for calculating such, and will present its viewpoints and proposals to the Board of Directors and the final decision maker. The Remuneration Advisory Committee is composed of four or more directors, including the Representative Director. More than half of the members are outside directors, and an outside director has been selected as the committee chair.

Regarding the Nomination Committee, independence and objectivity is ensured because nominations for director candidates are decided through deliberations in Board of Directors meetings where more than half of the members are outside directors, and thus the Company believes that the current system is functioning appropriately and there is no need for a voluntary committee, etc.

Disclosure Based on the Principles of the Corporate Governance Code [Updated]

Details of disclosure items based on each principle of the Corporate Governance Code are as follows:

[Principle 1-4: Cross-Shareholdings]

(1) Policy on cross-shareholdings

The Company holds cross-shareholdings as necessary taking business relationships and business partnership into comprehensive consideration from the perspective of the Company's improvement of its mid-and long-term corporate value.

Generally, the Company gradually reduces shares which are regarded as less significant to hold, taking any impact on the Company's share price into consideration.

(2) Verification of appropriateness to hold cross-shareholdings

Appropriateness to hold cross-shareholdings is verified by the Board of Directors every year from the viewpoint of business relationships and economic rationality.

(3) Standard to exercise voting rights for cross-shareholdings

Voting rights are appropriately exercised according to criteria such as impact on the Company's corporate value and business relationships with Company's business partners.

[Principle 1-7: Related Party Transactions]

Trading with officers is put on the agenda of the Board of Directors and resolved by the board according to the Rules for the Board of Directors. Also, when a transaction approved by the Board of Directors is performed, the details are reported to the Board of Directors, and important facts are appropriately disclosed as required by law.

Performing highly important transactions with major shareholders is brought to and resolved by the Board of Directors based on the approval authority rules.

Other items such as terms of transactions are resolved in the same manner as transactions with third parties.

[Supplemental Principle 2-4 (1): Ensuring the Company's Diversity, Including Active Participation of Women]

Our Group has long regarded human capital as its most important management resource and has been committed to developing talent with a high level of expertise. In accordance with the AIDA Group Action Guidelines, we respect each employee as an individual and have established

a corporate culture that welcomes talented professionals who can thrive not only across diverse countries and regions but also in the global marketplace, regardless of nationality, gender, age, employment status, disability, or other individual attributes.

We are also proactively pursuing wage increases as part of our investment in human capital. Through our Management by Objectives (MBO) system, which is aligned with our corporate strategy and Medium-Term Management Plan, we appropriately evaluate individual performance and professional growth and reflect these achievements in employee compensation. This strengthens the linkage between performance and salary increases. By doing so, we seek to enhance employee engagement and foster a mindset shift toward “Work-in-Life,” where the joy and fulfillment derived from work become an integral part of everyday life. We refer to this as “Materiality,” which is one of the Company’s “4 Important Considerations in AIDA’s Decision-Making.” At the same time, these initiatives contribute to improving productivity across the organization.

In the current fiscal year, we implemented salary increases averaging in the mid-5% range for unionized employees in Japan and plan to maintain a similarly high level of wage increases in the following fiscal year.

With respect to talent development and the enhancement of professional expertise, we have positioned resource reallocation toward growth areas and the development of digital talent as key management priorities. Accordingly, we are promoting internal reskilling initiatives, including training programs designed to strengthen digital skills and support business transformation efforts.

In addition, we actively recruit, appoint, and promote a diverse workforce, including mid-career hires, women, foreign nationals, and senior professionals. We will continue to advance workplace flexibility and diverse working styles in order to maximize the potential of our diverse talent and create an environment in which every employee can succeed and contribute.

The Company's specific initiatives and goals regarding manpower development policies that include ensuring workforce diversity and internal work environment improvement policies that include ensuring workforce diversity, are as follow:

• Manpower Development Policies That Include Ensuring Workforce Diversity

Title		Target	Result
New Female Hires	Non-consolidated	20% or above	FY2025 21.1%

• Internal Work Environment Improvement Policies That Include Ensuring Workforce Diversity

Title		Target	Result
Percentage of paid leave taken	Non-consolidated	50%or above	FY2025 62.5%

Regarding the above indicators, currently only the targets and results of the submitting company are being disclosed. In addition to the fact that the confirmation of the labor laws and actual situations (e.g., some countries allow monetary compensation in exchange for unused paid leave) in the countries where consolidated subsidiaries are located has not been completed, the systems and business processes needed to obtain information about overseas personnel have not yet been established. Moreover, laws in some countries make it difficult to obtain sensitive information, and in some regions it is not permitted to distinguish between male and female employees.

As reference indicators relating to human capital, the percentage of female employees in management positions at the Company (non-consolidated basis)* was 3.3%, the rate of childcare leave taken by male employees was 87.0%, and the gender pay ratio (all employees) was 68.9%.

At our consolidated subsidiary, REJ Co., Ltd., the percentage of female employees in management positions* was 4.6%, the rate of childcare leave taken by male employees was 100%, and the gender pay ratio (all employees) was 73.4%.

*Calculation based on terms as defined in The Act on Promotion of Women's Participation and Advancement in the Workplace (Act 64, 2015)

*In accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act 76, 1991), the uptake of childcare-related leave is calculated as defined in Article 71 Section 6.2 of the associated enforcement ordinance (MHLW Ordinance 25, 1991)

The Company has established production facilities in five regions of the world (Japan, China, Malaysia, the United States, and Italy) as well as sales and service offices in 19 countries, and the employees for the Company's group are typically recruited locally with an overseas employees ratio of 51.6% (as of March 31, 2026). In addition, since the Company has been actively recruiting mid-career workers for regular employment, the percentage of personnel hired at overseas locations and mid-career hires in management positions is at a reasonable level at the moment, and we recognize that the diversity of the Group is secured, thus no specific target has been set.

Additionally, the Company has established the following "Declaration of KENKO Investment for Health" which is linked to its corporate philosophy and its approach to human capital.

(Declaration of KENKO Investment for Health)

"AIDA ENGINEERING, LTD. believes that in order to achieve its corporate philosophy of "growing as a forming systems builder and contributing to people and community" that it is important to provide a rewarding, safe, and secure environment where employees can work to their fullest potential. AIDA ENGINEERING, LTD. also believes it is essential to further improve the mental and physical health of its employees, its greatest management resource, and declares its commitment to health and productivity management."

In order to achieve health management, in addition to existing measures such as regular health checkups, stress checks, mental health care, and employee education and training, the Company is increasing the implementation ratios of specific medical exams and specific health guidance that contribute to the reduction and prevention of lifestyle risks and it will continue to strengthen measures relating to lifestyle (exercise and diet) and smoking cessation. As a result, the Company was recognized for three years in a row as one of the 2026 KENKO Investment for Health Stock Selection (Large Enterprise Category), a list that is jointly selected by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. Going forward, the Company plan to continue to implement various measures to realize a society where people can work in a healthy manner.

[Principle 2-6: Roles of Corporate Pension Funds as Asset Owners]

The Company entrusts the corporate pension to an asset management agency which has expressed acceptance of the Stewardship Code.

The Finance and Accounting Departments regularly monitor whether operation targets are achieved and conflicts of interest are appropriately managed, and report the monitoring results to the Management Council once every six months. Also, they give proposals and advice to the asset management agency as necessary.

Furthermore, corporate pension staff from the Finance and Accounting Departments with appropriate knowledge are assigned and participate in external training to improve their expertise.

[Principle 3-1: Full Disclosure]

(1) Corporate philosophy and Medium-Term Management Plan

Under the Company's corporate philosophy of “AIDA will grow as a forming systems builder and continue its contribution to people and community,” in fiscal year 2026 we disclosed our new “AIDA Growth 30” (FY2026-FY2030) Medium-Term Management Plan.

Further information regarding our corporate philosophy and Medium-Term Management Plan is available on our corporate website.

Corporate Philosophy

<https://www.aida.co.jp/en/company/policy.html>

Medium-Term Management Plan

<https://www.aida.co.jp/en/ir/management/plan.html>

(2) For details of the Company's basic stance and policy with regard to corporate governance, please refer to I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information, 1. Basic Views in this report.

(3) For details about Board of Directors policies and procedures for determining remuneration for directors, please refer to ‘II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight Management, “Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof” in the Remuneration for Directors’ in this report. Based on a resolution passed in a Board of Directors meeting convened on April 26, 2024, a voluntary Remuneration Advisory Committee was established in order to improve transparency and objectivity in determining the remuneration of internal directors. The committee will deliberate on matters such as individual remuneration for internal directors and the policy for calculating such, and will present its viewpoints and proposals to the Board of Directors and the final decision maker. The Remuneration Advisory Committee is composed of four or more directors, including the Representative Director. More than half of the members are outside directors, and an outside director has been selected as the committee chair.

(4) Policy and procedures for the Board of Directors to appoint/dismiss top management and nominate candidates for directors and statutory auditors

Top management are appointed through multilateral evaluation and deliberation of their careers, performance, and qualifications by the Board of Directors including outside directors and the statutory auditors, ensuring transparency and objectivity. On the other hand, top management are dismissed as a result of evaluation of corporate performances and deliberation by the Board of Directors to confirm whether they are not executing their duties or if there is any fraudulent act in the execution of business operations or serious violation of laws and regulations.

When nominating candidates for directors, the Company considers the balance of knowledge, experience, and ability in the Board of Directors as a whole, and selects individuals who will help improve the Company's mid-to long-term corporate value following deliberation by the Board of Directors including three or more outside directors and resolution and submission of the bill of the General Meeting of Shareholders.

When nominating candidates for statutory auditors, the Company selects individuals who have a variety of expertise in finance, accounting, and legal affairs and a variety of viewpoints on management following agreement by the Board of Auditors, resolution as a bill by the Board of Directors, and submission of the bill of the General Meeting of Shareholders.

(5) Appointment/dismissal and nomination of top management and candidates for directors

Reasons for appointment of candidates for directors are described in the Notice of the Ordinary General Meeting of Shareholders.

Also, reasons for dismissal will be appropriately disclosed when it occurs in accordance with laws and regulations.

[Supplemental Principle 3-1 (3): Full Disclosure]

[The Company's Sustainability Initiatives]

To promote environmental conservation management activities, the Company has established AIDA's Environmental Policy. In addition, we are committed to addressing SDG-related challenges and enhancing corporate value while striving to achieve carbon neutrality by 2050.

Our approach is to realize sustainable growth through the development of products that reduce environmental impact. Specifically, we are committed to providing highly energy-efficient press machines, proposing environmentally conscious forming solutions, and implementing decarbonization initiatives in our factory operations.

The Company's initiatives to address global environmental issues including disclosure based on the Task Force on Climate-related Financial Disclosures (TCFD) are described in the Medium-Term Management Plan, the Annual Securities Report, and the Annual Integrated Report.

Respect for human rights, consideration for employees' health and working environment, fair and appropriate treatment, and fair and appropriate transactions with business partners are described in the AIDA Group Action Guidelines, the Sustainability Basic Policy, the AIDA Group Human Rights Policy, and the Compliance Management Regulations.

For managing crises such as natural disasters, we have established the Business Continuity Management Manual and the Business Continuity Plan.

Investment in human capital and intellectual property is described in the AIDA Group Action Guidelines in terms of provision of high-quality goods and services and creation and utilization of confidential information and intellectual property. The Company regularly holds Patent Committee meetings consisting of members appointed from the Research & Development and Engineering (Design) Departments and staffs from the Intellectual Property Office to repeatedly deliberate and make proposals on the Company's inventions and developments. Also, a reward and award system is utilized to continue human investment and intellectual property activities at a high level.

Environmental and Social Report (CSR)

<https://www.aida.co.jp/en/company/csr/index.html>

Medium-Term Management Plan

<https://www.aida.co.jp/en/ir/management/plan.html>

Annual Securities Reports

<https://www.aida.co.jp/en/ir/data/sr.html>

AIDA Group Action Guidelines

https://www.aida.co.jp/en/ir/management/images/AIDA_Group_Ethics_Policy_English.pdf

Sustainability Basic Policy and AIDA Group Human Rights Policy

<https://www.aida.co.jp/en/company/guidelines.html>

Annual Integrated Report

<https://www.aida.co.jp/en/ir/data/annual.html>

* The Compliance Manual, the Business Continuity Management Manual, and the Business Continuity Plan are not disclosed.

[Supplemental Principle 4-1 (1): Overview of Scope of Delegation from the Board of Directors to Top Management]

The Rules of the Board of Directors stipulates that matters stipulated by laws and regulations and matters regarded as necessary by the Board of Directors are to be resolved by the Board of Directors. Important management matters are resolved by the Board of Directors.

Business execution related to resolution by the Board of Directors is delegated to top management depending on the items stipulated in the Approval Authority Regulations.

[Supplemental Principle 4-9: Independence Standards and Qualification for Independent Directors]

The Company appoints candidates for outside officers who meet the independence requirements stipulated by the Financial Instruments Exchange that the Company has been listed, the following Independence Criteria for Outside Officers, and the Company's officer appointment policy.

■Independence Criteria for Outside Officers

In principle, a person who does not fall under any of the following items at present or within the past three years

- (1) A party whose major business partner is the Company, or an executor of business thereof if the party is a corporation, etc.
- (2) A major business partner of the Company, or an executor of business thereof if the party is a corporation, etc.
- (3) A consultant, accounting specialist or legal specialist who receives a significant amount of money or

- other property from the Company other than the compensation from the Company as an Outside Officer.
- (4) An employee, etc. of the consulting firm, accounting office or law firm, etc. whose major business partner is the Company
 - (5) A party who receives a significant amount of donation, etc. from the Company, or an executor of business thereof if the party is a corporation, etc.
 - (6) A major shareholder (a party who holds more than 10% of the total voting rights) of the Company, or an executor of business thereof if the party is a corporation, etc.
 - (7) A close relative of the following (excluding insignificant person)
 - A. A person who falls under (1) to (6) described above
 - B. A Director, Statutory Auditor, Operating Officer or important employee of the Company or its subsidiary

[Supplemental Principle 4-11 (1): Overall Stances of the Board of Directors]

-Stances Regarding Overall Balance, Diversity, and Scale

To ensure there is adequate discussion while enabling prompt and rational decision-making, the Company has set the appropriate number of directors at no more than eleven. Furthermore, in line with the basic policy of having a diverse mix of experience, knowledge and expertise on the Board, multiple outside directors are appointed to support proper decision-making and strengthen the Board's supervisory functions. In its current composition, the Board includes several outside directors with business experience from other companies. We have also appointed non-Japanese or other directors with international experience, as well as statutory auditors with specialist knowledge from a financial/legal background gained in financial institutions or legal firms. To ensure a range of perspectives from a gender viewpoint, we also appointed our first female outside director in June 2023. We remain committed to maintaining and strengthening Board diversity going forward.

For a skill matrix of the Company directors, please refer to the Notice of the Ordinary General Meeting of Shareholders.

Notice of the Ordinary General Meeting of Shareholders

<https://www.aida.co.jp/en/ir/event/index.html#anc03>

- Policy and procedures of appointing directors

Please refer to Principle 3-1 (4).

[Supplemental Principle 4-11 (2): Status of Concurrently Serving Directors and Statutory Auditors]

For the status of the directors and statutory auditors concurrently serving as officers of other listed companies, please refer to the Notice of the Ordinary General Meeting of Shareholders and the Securities Reports.

Notice of the Ordinary General Meeting of Shareholders

<https://www.aida.co.jp/en/ir/event/index.html#anc03>

Securities Reports

<https://www.aida.co.jp/en/ir/data/sr.html>

[Supplemental Principle 4-11 (3): Overview of the Analysis and Evaluation of the Effectiveness of the Board of Directors]

The Board of Directors conducts a self-evaluation questionnaire-based survey (a combination of a three-point evaluation scale and comments) once a year for all directors and all statutory auditors, including those from outside the Company. Based on the results of this survey, we analyze the current situation, identify issues, and utilize the results to improve the operation of the Board of Directors and thereby increase the effectiveness of the Board as a whole.

Regarding the results for FY 2025, it was confirmed that the overall effectiveness of the Board of Directors has been generally ensured, with no significant issues identified. On the other hand, some directors expressed a desire for the earlier distribution of meeting materials and for increased opportunities for discussions and free exchanges of opinions on topics such as growth strategies and medium- to long-term management challenges. We recognize these matters as ongoing issues and will continue our efforts to improve them.

The Company will actively continue to improve the effectiveness of the Board of Directors by utilizing the recommendations in the questionnaires.

[Supplemental Principle 4-14 (2): Training Policy for Directors and Statutory Auditors]

The Company holds training sessions by outside experts to the directors and statutory auditors considering current social situations to give knowledge necessary for them and improve understanding of director's roles

and responsibilities.

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]

In order to achieve sustainable growth and improvement of mid- to long-term corporate value, the Company is working on the following structures and initiatives to promote constructive dialogue with shareholders:

- (1) The Company expands the contents and opportunities in dialogue with shareholders through various activities such as financial results briefing sessions led by management officers.
- (2) The IR Department that supports dialogue with shareholders collaborates with the Finance, Accounting, Sales, Technology, and Production Departments to actively work on IR activities for further dialogue with them.
- (3) In order to facilitate understanding of the Company's business and strategies, the Company holds not only financial results briefing sessions but also factory tours for institutional investors and analysts, etc.
- (4) Opinions and concerns from shareholders and investors obtained through IR activities are reported by General Administration Headquarters to top management and the Board of Directors.
- (5) Insider information is strictly managed in accordance with the Insider Trading Management Rules.

[Principle 5-2: Establishing and Disclosing Business Strategies and Business Plans]

The Company has formulated “AIDA Growth 30,” its Medium-Term Management Plan covering the period from fiscal year 2026 through fiscal year 2030, with the objective of achieving sustainable growth and enhancing corporate value over

the medium to long term. Under the plan, the Company has established management targets for fiscal year 2030 for net sales of ¥90.0 billion and operating income of ¥8.1 billion.

The Company's growth strategy is built on the key pillars of (1) Strengthening the Core Competencies of Our Press Business, (2) Expanding Our FA Business, and (3) Expanding Our Service Business. In addition, the Company will promote (4) Human Capital Management, (5) The Leveraging of Intellectual Property, and (6) Value Creation, while strengthening its management foundation in response to changes in the business environment.

To monitor progress during the plan period, following the introduction of a business unit-based management structure, the status of achievement against both qualitative and quantitative targets for each business portfolio is being reported to and discussed by the Board of Directors on a monthly basis.

The Company endeavors to provide shareholders and investors with clear and understandable explanations about the progress of the Medium-Term Management Plan and its specific initiatives through earnings presentations, the Integrated Report, the Company's website, and other communication channels, thereby promoting constructive dialogue with stakeholders.

Medium-Term Management Plan

<https://www.aida.co.jp/en/ir/management/plan.html>

Annual Integrated Report

<https://www.aida.co.jp/en/ir/data/annual.html>

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update [Updated]	May 15, 2026

Explanation of Actions

Under its “AIDA Growth 30” Medium-Term Management Plan, the Company will pursue a financial strategy designed to support sustainable growth and enhance corporate value. While actively investing in portfolio transformation initiatives aimed at responding to changes in global markets, the Company will implement a well-balanced capital allocation policy that emphasizes investment discipline and capital

efficiency while ensuring appropriate returns to shareholders.

Profits generated through these investments will be proactively reinvested in growth initiatives, while maintaining stable dividends with a target Dividend on Equity (DOE) ratio of 3% or higher. In addition, as the Company pursues sustainable growth with a near-term target of ROE of 8% or higher, it will manage its balance sheet toward an optimal level of shareholders' equity based on its target ROE as part of its efforts to improve capital efficiency.

The Company has established an appropriate level of net cash and cash equivalents of ¥20 billion and intends to allocate any excess capital to growth investments and shareholder returns. The effectiveness of the Company's capital policy initiatives will be assessed using indicators such as cost of equity, capital profitability (ROE, ROIC, and EBITDA margin), and market valuation measures (PBR, PER, and share price).

For further details regarding this capital policy, please refer to the Medium-Term Management Plan (FY2026–FY2030) available at the URL below.

Medium-Term Management Plan

<https://www.aida.co.jp/en/ir/management/plan.html>

2. Capital Structure

Foreign Shareholding Ratio **[Updated]**

20% or more and less than 30%

Status of Major Shareholders **[Updated]**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,787,700	8.16
Custody Bank of Japan, Ltd. (Trust Account E)	4,302,862	7.34
The Dai-ichi Life Insurance Company, Limited	2,610,065	4.45
Nippon Life Insurance Company	2,587,343	4.41
Meiji Yasuda Life Insurance Company	2,516,000	4.29
Mizuho Bank, Ltd.	2,179,173	3.72
AIDA ENGINEERING Trading-Partner Shareholding Association	1,653,200	2.82
Kimikazu Aida	1,433,169	2.44
MSIP CLIENT SECURITIES	1,351,469	2.30
Custody Bank of Japan, Ltd. (Trust Account)	1,133,200	1.93

Name of Controlling Shareholder, if applicable
(excluding Parent Company)

—

Name of Parent Company, if applicable

None

Supplementary Explanation **[Updated]**

1. The shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan Ltd. are related to trust service.
2. The Company has treasury stock of 1,017 thousand shares other than those listed above.
3. Custody Bank of Japan Ltd. (Trust Account E) is a re-trustee, entrusted with the Company's shares in Japanese-style Employee Stock Ownership Plan (J-ESOP) and Board Benefit Trust (BBT).

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

Directors

Number of Directors Stipulated in Articles of Incorporation	11
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors [Updated]	6
Election of Outside Directors	Elected
Number of Outside Directors [Updated]	3
Number of Independent Directors [Updated]	3

Outside Directors' Relationship with the Company (1) **[Updated]**

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hirofumi Gomi	Other											
Isao Iguchi	From another company								△			
Kiyoe Kado	Lawyer											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2) **[Updated]**

Name	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hirofumi Gomi	○	—	Mr. Gomi has abundant experience and advanced expertise as a former commissioner of Japan's Financial Services Agency, where he was involved in the financial administration of the nation, and provides valuable advice and suggestions about the Company's management. He also has abundant experience outside of the Company, including involvement with the corporate management of multiple companies as the chairman of the board of directors at private financial institutions and as an outside officer, and reflects these attributes in the Company's management and supervises management from an independent and objective standpoint. Mr. Gomi does not conflict with any of independence standards defined by the Tokyo Stock Exchange, and the Company judges that there is no risk of a conflict of interest with ordinary shareholders and no impact on independence, and thus he has accordingly been appointed as an Independent Director.
Isao Iguchi	○	Mr. Iguchi had served until March 2019 as Senior Vice President of Mitsubishi Electric Corporation, one of the Company's business partners, but for the fiscal year ended	Mr. Iguchi has acquired abundant experience and broad knowledge in the automatic machines and factory automation businesses, on which the Company focuses, through his career at Mitsubishi Electric Corporation as Corporate Executive and General Manager of Industrial Products Marketing Division of Factory Automation

		March 31, 2026, the transaction amount between the Company and Mitsubishi Electric Corporation is immaterial, as the Company's sales to Mitsubishi Electric Corporation and purchases from Mitsubishi Electric Corporation each comprised less than 1% of the Company's consolidated net sales.	Systems Group, Executive Officer and Vice President of Corporate Marketing Group, and Senior Vice President and Group President of Automotive Equipment Group, and he has been providing advice and suggestions useful for management of the Company. In addition, he has insights into corporate management, and has been utilizing these for the Company's management and supervising management from an independent and objective point of view. Mr. Iguchi does not conflict with any of independence standards defined by the Tokyo Stock Exchange, and the Company judges that there is no risk of a conflict of interest with ordinary shareholders and no impact on independence, and thus he has accordingly been appointed as an Independent Director.
Kiyoe Kado	○	—	In addition to participating in research studies in the field of civil law, Ms. Kado has acquired advanced expertise in general business legal practices as a legal specialist, and has been providing advice and suggestions useful for the management of the Company. In addition, she has experience in human resources development as the dean of a university's law department, as well as experience in corporate management as a full-time director of an incorporated educational institution and as an outside director of a business corporation. She has been utilizing these for the management of the Company and supervising management from an independent and objective point of view. Ms. Kado does not conflict with any of independence standards defined by the Tokyo Stock Exchange, and the Company judges that there is no risk of a conflict of interest with ordinary shareholders and no impact on independence, and thus she has accordingly been appointed as an Independent Director.

Voluntary Establishment of Committee(s) equivalent to
Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	-	-	-	-	-	-	-	-
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Advisory Committee	4	0	2	2	0	0	Outside Director

Supplementary Explanation

Regarding remuneration for directors, based on a resolution passed in a Board of Directors meeting convened on April 26, 2024, a voluntary Remuneration Advisory Committee was established in order to improve transparency and objectivity in determining the remuneration of internal directors. The committee will deliberate on matters such as individual remuneration for internal directors and the policy for calculating such, and will present its viewpoints and proposals to the Board of Directors and the final decision maker. The Remuneration Advisory Committee is composed of four or more directors, including the Representative Director. More than half of the members are outside directors, and an outside director has been selected as the committee chair.

Regarding the Nomination Committee, independence and objectivity is ensured because nominations for director candidates are decided through deliberations in Board of Directors meetings where more than half of the members are outside directors, and thus the Company believes that the current system is functioning appropriately and there is no need for a voluntary committee, etc.

Audit and Supervisory Board Member*

*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments [Updated]

The statutory auditors build rapport with the Internal Control Audit Office through regular meetings. The statutory auditors and the Internal Control Audit Office receive reports from the accounting auditor on a regular basis and exchange opinions as necessary to build rapport.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members[Updated]	2
Number of Independent Audit and Supervisory Board Members[Updated]	2

Outside Audit and Supervisory Board Members' Relationship with the Company (1) [Updated]

Name	Attributes			Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k	l	m
Fusakazu Kondo	From another company													
Kiyotaka Sasaki	Other													

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business or a non-executive director of a parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business of a fellow subsidiary

- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2) **[Updated]**

Name	Independent Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Fusakazu Kondo	○	—	Mr. Kondo has worked at a life insurance company, where he mainly engaged in finance-related work and also performed audit work as a member of that company's Senior Audit and Supervisory Board (full-time) and an Audit and Supervisory Committee (full-time), and has abundant experience and extensive knowledge in these fields. He reflects these attributes in the Company's management and supervises management from an independent and objective standpoint and play an instrumental role in supervising the execution of duties by directors and executive officers. Mr. Kondo does not conflict with any of independence standards defined by the Tokyo Stock Exchange, and the Company judges that there is no risk of a conflict of interest with ordinary shareholders and no impact on independence, and thus he has accordingly been appointed as an Independent Director.
Kiyotaka Sasaki	○	—	Mr. Sasaki has many years of experience in the regulation and supervision of financial industry and markets, including senior positions as Secretary-General, Executive Bureau, Securities and Exchange Surveillance Commission and Director-General, Strategy Development and Management Bureau in the Financial Services Agency. He has subsequently served as a Visiting Professor at Hitotsubashi University Business School, and has gained abundant experience and advanced expertise throughout his career in a wide range of fields including capital market surveillance, audit firm inspections, internal and external audits, corporate governance, DX, and sustainability. We expect him to utilize these skills in the audits of the Company, and to oversee and supervise the execution of duties by Directors and executors of business from an independent and objective point of view. Mr. Sasaki does not conflict with any of independence standards defined by the Tokyo Stock Exchange, and the Company judges that there is no risk of a conflict of interest with ordinary shareholders and no impact on independence, and thus he has accordingly been appointed as an Independent Director.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members [Updated]	5
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

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Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Stock Options Scheme / Other
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Supplementary Explanation for Applicable Items

In the 82nd General Meeting of Shareholders held on June 19, 2017, the Company resolved to introduce the new share-based compensation plan, BBT (hereinafter called “the system”) for the directors excluding outside directors. The share-based payment stock option has been applied to remuneration for directors since 2007; however, the system was introduced for the purpose of improvement of incentive effects and reduction of clerical burden.

Persons Eligible for Stock Options	Inside Directors
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Supplementary Explanation for Applicable Items

The share-based payment stock option compensation plan was abolished due to the introduction of BBT, resolved in the 82nd General Meeting of Shareholders held on June 19, 2017. Unused share options given to the directors excluding outside directors based on the stock option system are only retained.

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The total remuneration for directors and outside directors are disclosed. Remuneration for directors is disclosed in the Securities Reports and the attachment to the Notice of Ordinary General Meeting of Shareholders on the Company's website for public inspection.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established
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Directors' compensation consists of (a) fixed compensation in the form of base compensation, (b) performance-linked bonuses tied to the Company's performance for a single fiscal year, and (c) non-monetary compensation linked to the Company's share price (stock-based compensation). Compensation for Outside Directors is limited to (a) fixed compensation in the form of base compensation. This aligns with their responsibilities to maintain independence and to supervise overall management from an objective perspective.

In relation to monetary compensation for Directors, specifically (a) base compensation and (b) performance-linked bonuses, the maximum annual aggregate amount was set at ¥300 million (excluding the portion equivalent to compensation for Directors who concurrently serve as employees) at the 66th Ordinary General Meeting of Shareholders held on June 28, 2001. The individual compensation amounts for internal Directors for the current fiscal year are determined by the Representative Director and President, taking into consideration the recommendations of the Remuneration Advisory Committee.

With respect to (c) non-monetary compensation (stock-based compensation), the Company has adopted a Board Benefit Trust (BBT). In addition to the above monetary compensation limit, the 90th Ordinary General Meeting of Shareholders held on June 25, 2025 approved a stock compensation framework under which Company shares may be granted to Directors up to an aggregate of 300,000 points (one point being equivalent to one share) over three fiscal years, with a maximum of 100,000 points per fiscal year.

Since performance-linked bonuses automatically fluctuate according to the level of consolidated operating profit, with zero as the minimum amount regardless of the level of base compensation, the proportion of base compensation, performance-linked bonuses, and non-monetary compensation (stock-based compensation) is determined by the level of consolidated operating profit. Accordingly, no predetermined allocation ratio exists among these compensation components, nor are the amounts of each type of compensation determined based on any fixed compensation mix.

(a) Base Compensation

Base compensation is determined based on a grade corresponding to a Director's position and experience, with a standard monthly compensation amount assigned to each grade. This standard compensation amount is paid as monthly compensation. The standard compensation levels are established at appropriate amounts, taking into consideration the business environment and prevailing market standards.

(b) Performance-Linked Bonuses

Performance-linked bonuses are intended to incentivize the achievement of annual performance targets. The total amount of bonuses is calculated by adding (i) a base component derived from a portion of the standard monthly compensation amount (which is not paid if consolidated operating profit for the fiscal year falls below a specified level) and (ii) a consolidated operating profit-linked component calculated by multiplying consolidated operating profit for the fiscal year by a predetermined coefficient. The amount allocated to each Director is determined according to position, and bonuses are paid twice annually, in summer and winter.

Performance-linked bonuses are calculated based on actual consolidated operating profit, which is an important management indicator shared with shareholders. No target value is established for the payment of such bonuses. The Company's consolidated operating profit for the current fiscal year was ¥5.69 billion.

(c) Non-Monetary Compensation (Stock-Based Compensation)

Non-monetary compensation (stock-based compensation) is intended to incentivize the enhancement of corporate value over the medium to long term and is provided through a Board Benefit Trust (BBT). Pursuant to the Officer Stock Grant Regulations, points (one point being equivalent to one share) are granted annually according to position within the limits approved by the General Meeting of Shareholders. Company shares and cash equivalent to the market value of such shares, corresponding to the cumulative points awarded, are delivered through the trust. In principle, Directors receive such shares and cash upon retirement from office.

With respect to the determination of Directors' compensation for the current fiscal year, including individual compensation amounts, (a) base compensation and (b) performance-linked bonuses are determined by Representative Director and President Toshihiko Suzuki under authority delegated by the Board of Directors and taking into consideration the recommendations of the Remuneration Advisory Committee, while (c) non-monetary compensation (stock-based compensation) is determined in accordance with the Officer Stock Grant Regulations. In each case, compensation is determined within the limits approved by the General Meeting of Shareholders and in accordance with pre-established internal standards, and the Board of Directors has determined that the content of such compensation is appropriate and consistent with the above policy.

Support System for Outside Directors and/or Outside Audit and Supervisory Board Members [Updated]

Standing statutory auditors are committed to share information related to the Company and management with outside directors and outside statutory auditors. In addition, opportunities are provided for outside directors and outside statutory auditors to visit the Company's operating sites, including the Sagami Plant, Tsukui Plant, and Shimokuzawa Plant, in order to deepen their understanding of the Company's business operations.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]

[Directors, the Board of Directors, Operating Officers, and the Management Council]

The Company has adopted an operating officer system since April 2001 to separate management supervisory functions and business execution functions, and strives to expedite management decision-making and clarify lines of authority and responsibility. The current management structure comprises operating officers who concurrently serve as directors, along with three outside directors (all of whom are independent directors). As a general rule, the Board of Directors convenes monthly ordinary board meetings with the President serving as the chair, and convenes extraordinary board meetings as needed, thereby performing a decision-making function for important matters mandated by law and a supervisory function for the execution of business operations. In addition, the Management Council, which as a general rule is convened twice a month, is chaired by a person approved by the Board of Directors and is composed of operating officers and others. The Management Council deliberates and resolves important matters related to business execution based on management policies decided by the Board Directors, and strives to achieve a consensus among management and the swift execution of business operations. Outside directors attend important meetings of the Board of Directors, Management Council, and other bodies to develop a clear understanding of the current status of business execution by the Company and Group companies. They also provide valuable advice and suggestions on the Company's management from an objective perspective.

[Statutory Auditors and the Board of Auditors]

The Company has adopted a statutory auditor system. The Board of Auditors is composed of three statutory auditors, including two outside auditors. The activities of the statutory auditors include attending important meetings of the Board of Directors, the Management Council, and other bodies in accordance with the audit plan to oversee the performance of duties by directors, as well as asking questions and expressing opinions to ensure the legality and validity of the decision-making by the Board of Directors and other bodies. In addition, statutory auditors receive reports from the accounting auditor, listen to ask questions about business reports, examine important documents, and conduct on-site inspections of the operations and assets of each division at the Company, main offices, and consolidated subsidiaries in order to monitor and gain a clear understanding of the status of management operations.

The Company has built a structure to support audits performed by the statutory auditors by assigning staff from the Internal Control Audit Office, the Finance & Accounting Department, and other administrative divisions.

[Accounting Audit]

The Company has contracted with Ernst & Young ShinNihon LLC to conduct accounting audits in accordance with the requirements of the Companies Act and the Financial Instruments and Exchange Act. The audit firm receives compensation in return for conducting such activities. There are no conflicts of interest between the auditing firm and the employees of that firm who perform the audits and the Company. Furthermore, there are self-imposed safeguards in place to ensure that the auditing firm and the auditing accountants of that firm are only involved in the accounting auditing of the Company for set periods of time.

[Overview of Contract for Limitation of Liability]

The Company has entered into agreements with each outside directors and each statutory auditors, pursuant to the Articles of Incorporation, limiting their liability for damages under Article 423, paragraph 1 of the Companies Act to the minimum liability amount provided for in Article 425, paragraph 1 of the Companies Act.

[Overview of the Contents of the Directors and Officers Liability Insurance Policy]

The Company has purchased a directors and officers liability insurance, and this insurance covers damages which may arise should an insured person incur liability in relation to the execution of his or her duties or

otherwise becomes subject to a claim pertaining to the pursuit of such duties. The Company pays all insurance premiums.

3. Reasons for Adoption of Current Corporate Governance System **[Updated]**

The Company has a Board of Directors consisting of six members (including three outside directors, all of whom are independent officers) to ensure swift decision-making. It also has a Board of Auditors with three members (all of whom are outside statutory auditors and independent officers) to strengthen management oversight. In addition, the voluntary Remuneration Advisory Committee was established in order to improve transparency and objectivity in determining the remuneration of internal directors since April 2024.

The Company has adopted an operating officer system to separate management supervisory functions and business execution functions, and strives to expedite management decision-making and clarify lines of authority and responsibility. The Company has also established a Compliance Committee to enhance internal control and, as part of our risk management system, we have set up various other committees, including a Health & Safety Committee, Product Liability Committee, Export Regulatory Control Committee, and Risk Assessment Promotion Committee.

The Company selected its current governance system in order to strengthen the functions of a fair and sound management system, expedite decision-making by management and ensure its transparency. This is achieved through the appointment of multiple highly independent outside directors and outside statutory auditors, as well as our operating officer system and the initiatives of various committees to improve governance.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting [Updated]	The Company strives for the early disclosure of the convocation notice of its Annual General Meeting of Shareholders every year so that our shareholders can fully examine agenda items of Annual General Meeting. The Company dispatched the printed Notice of the 91st Ordinary General Meeting of Shareholders on June 8, 2026 (17 days beforehand.) The Company uploaded and disclosed it on the TDnet and on the Company's website in May 29, 2026, prior to the dispatching of the printing.
Electronic Exercise of Voting Rights	The Company has started online voting rights since the Ordinary General Meeting of Shareholders held in June 2015. Further, the Company has started a voting service, Smart Voting, using smart phones since the Ordinary General Meeting of Shareholders held in June 2020.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has joined the electronic voting platform for institutional investors, operated by ICJ, Inc., since the Ordinary General Meeting of Shareholders held in June 2015 so that domestic and foreign institutional investors can exercise their voting rights smoothly.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Notice of the Ordinary General Meeting of Shareholders in English (summary) is posted on the websites of the Company and the Tokyo Stock Exchange.
Others [Updated]	The Company's annual securities report was issued and disclosed on June 23, 2026 before the General Meeting of Shareholders.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Disclosure Policy of the Company is given on the Company's website. The URL is as follows: (Japanese) https://www.aida.co.jp/ir/management/irpolicy.html (English) https://www.aida.co.jp/en/ir/management/irpolicy.html	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefing sessions after the announcement of financial results in the 2nd and 4th quarters.	Held
Regular Investor Briefings held for Overseas Investors	The Company participates in conferences for foreign investors hosted by a securities company.	Held
Online Disclosure of IR Information	The Company occasionally posts documents on financial results, disclosures, and Integrated Reports on the Company's website. The URL is as follows: (Japanese) https://www.aida.co.jp/ir/index.html (English) https://www.aida.co.jp/en/ir/index.html	
Establishment of Department and/or Placement of a Manager in Charge of IR	IR Department is in the Company's General Administration Headquarters.	
Other	The Company conducts individual interviews with analysts and institutional investors.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The AIDA Group Action Guidelines stipulates that the Company respects all stakeholders including customers, shareholders, clients, and local communities for executing the Company's corporate activities. It is stipulated in the AIDA Group Action Guidelines that we respect those involved.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company actively conducts environmentally friendly corporate activities and environmental conservation activities, and gained ISO14001 certification. One of the Company's main products, the press machine, is an energy-saving production method; therefore, promoting the Company's products and business leads to environmental conservation activities, contributing to communities.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The AIDA Group Action Guidelines stipulates that the Company shall appropriately disclose information such as the management policy and performance required by stakeholders including shareholders and investors.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

Basic Policy Concerning Improvements to the Internal Control System

The Company has already improved the systems detailed in items 1 through 10 below, and it shall continue to maintain these systems and make efforts to further strengthen and improve them.

1. System to Ensure the Legality of the Duties Executed by Directors and Employees

The Company shall establish AIDA Group Action Guidelines and ensure full compliance by appointing Officers in charge of compliance in order to promote such guidelines and by organizing a Compliance Committee under the supervision of such Officers, and the Company shall also establish an independent

Internal Control Audit Office to verify the implementation status of such guidelines and other related matters on a regular and on an as-needed basis.

In the event that an Officer or employee of the Company discovers any conduct that is suspected of being a breach of the laws and regulations, etc., such conduct shall be reported to the Compliance Committee via a member of the Compliance Committee, and based on the gravity of the conduct, the Board of Directors shall develop measures to prevent the reoccurrence of such conduct.

Moreover, in accordance with the AIDA Group Compliance Hotline System regulations, we shall strive to further bolster our internal reporting systems to attain proactive prevention and early detection of compliance violations.

2. System Concerning the Storage and Management of Information Related to the Execution of Duties of Directors

The information related to the execution of duties of Directors shall be properly stored and managed in accordance with the laws and regulations and the internal regulations of the Company, and the Directors and Auditors may, at any time, inspect these documents in accordance with the internal regulations of the Company.

3. Other Systems and Provisions Relating to the Management of Risks of Damage to the Company

With respect to any risks related to safety, the environment, disaster prevention, quality, compliance, export management, etc., the Company shall manage such risks by causing each division in charge of the relevant operations to establish applicable regulations and guidelines, monitor the management of such risks and perform other similar tasks and, with respect to risks related to the promotion of the company-wide business of the Company, the Company shall make an effort to manage such risks by determining the critical issues relating to such risks by deliberating such critical issues from various standpoints at Board of Directors meetings, management meetings, etc., and then take action based on final decisions.

4. System to Ensure the Efficient Execution of the Duties of Directors

The Company shall establish annual policies as company-wide objectives, and each Director shall develop division-level objectives based on these annual policies. The Director is in charge of and shall report the status of the achievement thereof at Board of Directors meetings or at management meetings.

Directors shall make efforts to efficiently execute critical initiatives by obtaining consensus at the relevant divisions through thorough deliberation of such critical initiatives at Board of Directors meetings, management meetings, etc., in accordance with the rules governing the segregation of duties and decision-making as given in the various regulations.

5. System to Ensure the Appropriate Business Performance of the Consolidated Group Which Consists of the Company and Its Subsidiaries

(1) Systems Relating to the Efficiency of the Execution of Duties of Directors, etc., at Company Subsidiaries and Relating to Reporting Requirements to the Company

At the Business Plan Meetings which are convened on a regular basis each year, all Group Companies shall report on the achievement status of their respective targets set in accordance with yearly Company policies, and, in addition, they shall also report their operational and financial status to the Company on a regular basis. In accordance with the Global Management Regulations, when Group Companies make important operational-related decisions they shall obtain prior approval from the Company by submitting a sanction acquisition.

(2) Other Systems and Provisions Relating to the Management of Risks of Damage to Company Subsidiaries

Whenever a Group Company discovers violations of laws or internal rules, or uncovers facts that could possibly result in significant damage to the Group Company or to the Company, such items shall be reported to the Company.

(3) System to Ensure the Legality of the Duties Executed by Directors and Employees of Company Subsidiaries

Together with establishing The AIDA Group Action Guidelines and the Global Management Regulations in order to define items that Group Companies should adhere to, the Company has also instituted the AIDA Group Compliance Hotline System to assure that Group Companies are complying with the law in the execution of their duties. Moreover, the Company's Administration Department is also monitoring compliance, etc., at each Group Company.

However, the operation of the Company point-of-contact for Group Company reporting and whistle-blowing shall be performed so as not to conflict with local laws.

6. Provisions Relating to the Independence of Company Employees Assigned to Assist Auditors and the Command Authority of Auditors

If requested by Auditors, the Company shall select an employee that assists in the duties of Auditors. The consent of Auditors shall be required for any reassignments and for any performance reviews of the employee referred to above.

Moreover, in order to assure independence from Directors, Auditors shall possess all rights of command authority over such employees.

7. System Relating to Reports to Company Auditors

Auditors shall attend management meetings, etc., as well as meetings of the Board of Directors, and receive reports about critical issues.

In addition to issues covered by laws, if a Director has knowledge of and/or discovers any other issues related to compliance, such as issues that have been decided in a management meeting, any issues that threaten to cause substantial damage to the Company, any critical issues regarding monthly business conditions, any critical issues concerning internal audit conditions and risk management, any material breaches of laws, regulations, or the Articles of Incorporation or any other critical issues, the Director shall report such facts to the Board of Auditors.

In addition, in accordance with the Auditing Standards for Auditors, Company and Group Company Directors and employees shall submit any necessary reports when requested by an Auditor.

The Company and Group Companies shall implement appropriate measures to prevent persons making such reports from being subjected to retaliatory actions.

8. System for Ensuring Effective Audits by Company Auditors

Auditors shall meet periodically with the Representative Director and shall be able to consult with or request reports from Directors and employees as necessary.

In accordance with the Auditing Standards for Auditors, costs that are incurred during the execution of the duties of Auditors shall be budgeted, and, when deemed necessary by an Auditor, the Auditor can utilize attorneys or outside experts within reasonable limits, and can bill the Company for such costs before or after the fact.

9. System for Ensuring Financial Reporting Reliability

In order to ensure the reliability of financial reporting, the Company establishes and manages internal controls within the entire AIDA Group and seeks to achieve the effectiveness of its internal controls related to financial reporting. In order to ensure sound and appropriate internal controls, the Internal Control Audit Office evaluates the operational status of internal controls both periodically and continuously and recommends any necessary corrective actions or improvements.

10. The Company's Basic Stance Regarding the Elimination of Anti-Social Forces

The Company takes a firm and unyielding stance against anti-social forces that threaten the order and safety of civilian life and wholly refuses to have any dealings with such entities.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

In accordance with the AIDA Group Action Guidelines and the Basic Policy Concerning Improvements to the Internal Control System, the Company takes a firm and unyielding stance against anti-social forces that threaten the order and safety of civilian life and wholly refuses to have any dealings with such entities. The Company takes the following measures to eliminate such anti-social forces:

(1) Department in charge

The General Administration Headquarters oversees the elimination of anti-social forces.

(2) Cooperation with external expert organizations

The Company communicates with external expert organizations such as the police, the Kanagawa Prefecture Corporate Defense Measures Council, and corporation lawyers on a regular basis to build close cooperation. If any unfair request is made by anti-social forces, the Company will consult with these organizations to get appropriate instructions and measures.

(3) Information gathering

The Company closely communicates with the local police and neighboring companies to gather information on anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

1. Basic Policy Concerning Timely Disclosure

The Company's corporate philosophy is "AIDA will grow as a forming systems builder and continue its contribution to people and the community". Furthermore, the Company has a Compliance Manual in which we fully understand the purpose of Insider Trading Restrictions, and stipulate our strict compliance with rules as for handling important information. The company conducts timely disclosure under the basic policy which requests us to observe laws, and conduct fair and transparent corporate activities in the context of social norms and corporate ethics.

Specifically, we implement disclosure in compliance with "Timely disclosure rules and other regulations for issuers of listed negotiable securities or valuable instruments" (hereinafter called "Timely disclosure rules") of the Tokyo Stock Exchange. We will also try to actively and promptly disclose corporate information for which we consider disclosure is effective and valuable for shareholders and investors, even if there is no obligation to disclose in accordance with the Timely Disclosure Rules.

2. Corporate structure for gathering and managing timely disclosure information and disclosing it properly and timely

(1) Information of decided matters

The Company promptly conducts timely disclosure of decisions to be disclosed in accordance with the Timely Disclosure Rules after resolution of the Board of Directors or the Management Council.

(2) Information of matters occurring

The information handling department conducts timely disclosure in compliance with the Timely Disclosure Rule after receiving a report from a department which recognizes the occurrence of an incident to the Board of Directors or the Management Council.

In case of emergency, the department reports to the information handling department, and the information handling department promptly conducts timely disclosure after consulting with the related department.

(3) Financial result information

Financial result information is prepared by the General Administration Headquarters and audited by accounting auditors, and then disclosed by the General Administration Headquarters after approval from the Board of Directors.

In case of an emergency such as revising the earnings forecast, the information handling department conducts timely disclosure after consulting with the director in charge.

(4) Information of subsidiaries

As for information of the Company's subsidiaries, it is collected at the information handling department through the subsidiaries' departments. Timely disclosure of the information is conducted after the information handling department discusses with the relevant department and resolution is made by the Board of Directors or the Management Council if needed. The flow up to timely disclosure of the corporate information is as shown in the attached timely disclosure flowchart.

3. Monitoring of Timely Disclosure

Statutory auditors conduct monitoring and verification about the operation systems for proper and timely disclosure of corporate information according to the regulations of the Audit of Corporate Structure for Corporate Information Disclosure stipulated in the Internal Auditing Standards.

4. Efforts on the Prevention of Insider Trading

While managing to disclose the corporate information properly in a proper and timely manner according to the Timely Disclosure Rules, the Company makes all possible efforts to properly manage the corporate information and prevent insider trading.

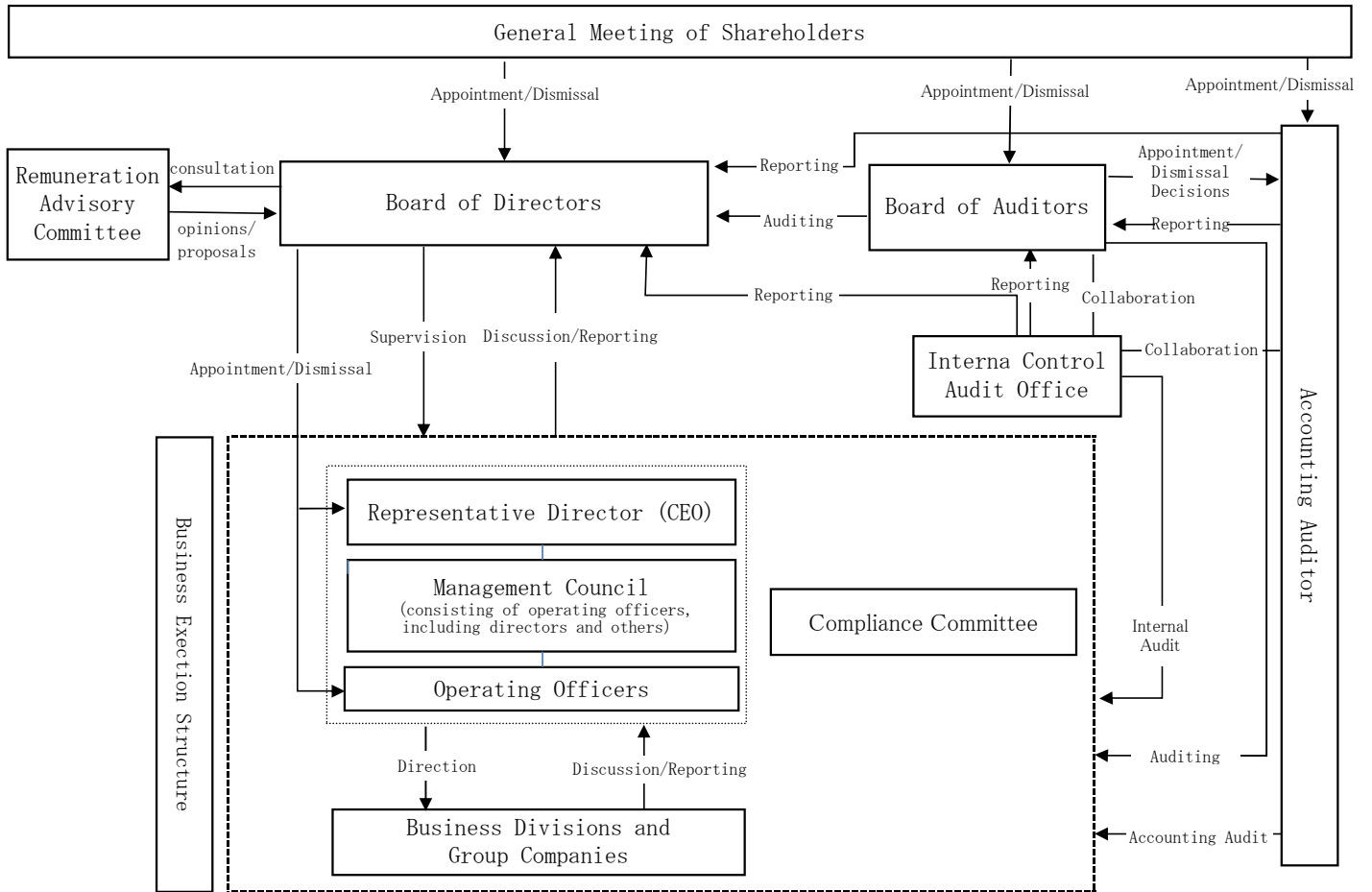
The Company has internal rules which stipulate even if any director or employee receives information regarding an important incident of the company or any other company, they must not disclose it until the facts become public.

When any director or employee tries to buy or sell the Company's shares, the in-house stock administrator makes sure whether it is insider trading or not in advance.

(If it is applicable to insider trading, trading is restricted until the measurable facts become public.)

END

Corporate Governance Structure



Structure of Information Disclosure Flow

