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Corporate Governance Report

Last Update: September 26, 2025
ASAHI INTECC CO., LTD.

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Administration

Securities code: 7747

<https://www.asahi-intecc.co.jp/en/>

The corporate governance of ASAHI INTECC CO., LTD. (the “Company”) is described below.

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

1. Basic Views

In order to achieve continuous stable growth and expand corporate value, the Company believes that it is necessary to speed up decision-making and increase the transparency of its management. As such, management has placed the enhancement of corporate governance as a priority issue, and is working to improve corporate governance by focusing on the development of internal control systems, complying with laws, regulations, and the Articles of Incorporation, strengthening risk management, ensuring the timely and fair disclosure of information, and enhancing the executive officer system.

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

The Company implements each principle of the Corporate Governance Code.

[Disclosure Based on each Principle of the Corporate Governance Code] Updated

[Principle 1-1: Securing the rights of shareholders]

(Supplementary Principle 1-1-1: Response to proposals with high ratio of opposing votes)

For proposals made by the Company at General Meetings of Shareholders, if the percentage of votes in approval relative to the number of voting rights (the “Approval Ratio”) is less than 80%, the Company will analyze the reasons and consider future responses. Additionally, there were no proposals at the 49th Annual General Meeting of Shareholders that had an Approval Ratio of less than 80%.

[Principle 1-2: Rights exercise at General Meetings of Shareholders]

(Supplementary Principle 1-2-2: Early dispatch of convocation notices and pre-dispatch disclosure via electronic methods)

The Company dispatches and provides electronically convocation notices and information contained in the convocation notice via the Company’s website and the Listed Company Search via TDnet (Timely Disclosure network) four weeks before the General Meeting of Shareholders, earlier than the statutory deadline.

Additionally, information contained in the convocation notices is provided in English as well as Japanese on the same day. Moving forward, the Company will secure time to enable shareholders to adequately consider proposals at General Meetings.

[Notice of Convocation of the Annual General Meeting of Shareholders]

(Japanese) <https://ir.asahi-intecc.co.jp/ja/ir/stock/meeting.html>

(English) <https://ir.asahi-intecc.co.jp/en/ir/stock/meeting.htm>

(Supplementary Principle 1-2-4: Creating environment for electronic execution of voting rights at General Meetings of Shareholders and English translations of convocation notices)

To enable institutional investors to exercise voting rights with ease, the Company uses the voting rights exercise platform and allows for exercise of voting rights via an alternative voting rights exercise website, and will continue with these measures.

Additionally, to enable overseas investors to exercise voting rights with ease, the Company has implemented English translations of the convocation notice and business report and provides the translations on the Company’s website and on the Listed Company Search on the Tokyo Stock Exchange website.

[Principle 1-3: Basic Policy on Capital Management]

In order to increase shareholder value over the medium to long term, the Company believes that it is necessary to achieve

sustainable growth that exceeds the cost of capital, and the Company believes that it is necessary to strengthen the management base and invest in growth in preparation for future business development.

For details of the Company's capital policy, please refer to "Capital Allocation" in the Medium-Term Management Plan (latest) and "Financial Strategy" in the Integrated Report (as of 2024).

[Medium-Term Management Plan]

<https://ir.asahi-intecc.co.jp/ja/ir/irlibrary/plan.html>

<https://ir.asahi-intecc.co.jp/en/ir/irlibrary/plan.html>

[Integrated Report]

https://www.asahi-intecc.co.jp/esg#integrated_report

https://www.asahi-intecc.co.jp/en/esg#integrated_report

With regard to profit distribution, the Company will implement continuous and stable dividends while maintaining financial soundness and considering the balance of shareholder returns, while securing internal reserves necessary for strategic growth investments. For details of the latest dividend policy, please refer to the Company's website.

[Shareholder Returns and Dividends]

<https://ir.asahi-intecc.co.jp/ja/ir/stock/dividend.html>

<https://ir.asahi-intecc.co.jp/en/ir/stock/dividend.html>

[Principle 1-4: Cross-shareholding]

(1) Policy on cross-shareholding

Sustainable business growth requires cooperative partnerships with various companies. From the viewpoint of improving corporate value over the medium to long term, the Company has a policy that it evaluates not only the characteristics and scale of the transactions for cross-shareholdings, but whether or not related revenue such as dividends and revenue from related transactions exceeds the Company's target capital costs relative to the acquisition cost, and then comprehensively considers the significance for business strategy and substantial relationship with the counterparty and other factors, thereby holding the shares required for strategic reasons.

As a result of assessing and evaluating the rationality of shareholdings based on the above policy, the Company classifies those with poor rationale for holding as subject to reduction, and sells them in consideration of funding demand, the market environment, etc. The Company also conducted another assessment and evaluation in the fiscal year ended June 30, 2025.

(2) Standards for exercise of voting rights for cross-shareholdings

The Company examines the content of proposals, comprehensively determines whether or not the content will contribute to the improvement of corporate value over the medium to long term for the Group and the investee and whether or not it will contribute to the maintenance and development of a favorable relationship between the Group and the counterparty, and appropriately executes voting rights for listed shares that are held by the Group.

[Principle 1-7: Transactions between related parties]

1. Transactions with the Company's directors and officers and other transactions involving conflicts of interest

In accordance with the Board of Directors rules, after a proposal is made at a meeting of the Management Executive Committee, for transactions between related parties, the Board of Directors of the Company makes resolutions by excluding the officer in question from the quorum required for resolution on said transaction as a party possessing a conflict of interest. Additionally, the Company confirms the existence of conflict-of-interest transactions for its officers via a "Confirmation Note for Related-party Transactions," creating a structure for managing transactions between related parties.

Furthermore, if related-party transactions occur, the Company will provide disclosure in accordance with related laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act in addition to regulations stipulated by securities exchanges.

2. Transactions with major shareholders that do not fall under the above

The terms and conditions of individual transactions are decided through negotiations, giving due consideration to market value in the same way as other general transactions, and internal approval procedures are carried out in accordance with the "Board of Directors Rules" and the "Regulations on administrative authority."

[Principle 2-4: Securing internal diversity including promotion of female employees' success]

(Supplementary Principle 2-4-1: Securing diversity in appointment of core human resources, etc.)

1. Securing diversity in appointment of core human resources, etc.

(1) Views and targets

With the aim of enhancing corporate value through the diversification of human resources, the Company is striving to create an environment in which capable employees can fully realize their potential regardless of nationality, race, gender, age, or disability. Moreover, with development on a global scale, the Company will proactively employ foreign nationals globally, which will lead to increased corporate value through the diversification of human resources.

In addition, the Company is working to increase the ratio of women, foreign nationals, and mid-career hires in managerial positions in order to ensure diversity in the appointment of core human resources. The Company has a target of continuing to maintain a ratio of 30% or more across the entire Group, and to achieve a ratio of 13% or more for the non-consolidated entity for women in managerial positions. As the ratio of foreign nationals and mid-career hires in managerial positions is currently high at over 50% each, the Company has not set any targets as sufficient diversity has already been secured.

(2) Status

● As of June 30, 2025 (Consolidated (global) ratio)

Ratio of women in managerial positions: 33.5%

Ratio of foreign nationals in managerial positions: 64.9%

Ratio of mid-career hires in managerial position: 60.3%

● As of June 30, 2025 (Non-consolidated entity ratio)

Ratio of women in managerial positions: 14.3%

2. Policy and status toward securing diversity

(1) Policy

The Company formulated the AI (Asahi Intecc) Human Resources Vision, and has been promoting value penetration and human resource development through the basic principles of “Challenge,” “Practical Competence,” “Self-Support,” “Global Best,” and “Creative Manufacturing Group,” which are the Company’s DNA. Based on the basic principles, the Company has set KPIs (strategies and indicators) from the perspectives of “human resource management” and “cultivating a fulfilling workplace,” with the aim to build a system that is suitable for a global company. In order to pursue further growth in the future, the Company will continue to develop human resources that understand diversity and that are capable of viewing things from a wide range of perspectives, thereby enhancing an organizational capacity that is suitable for a global company, through methods such as setting a target of maintaining a male childcare leave take-up rate of 50% or more.

(2) Status

Please see the Integrated Report disclosed on the Company’s website for key content from among the Company’s initiatives.

[Integrated Report]

https://www.asahi-intecc.co.jp/esg#integrated_report

https://www.asahi-intecc.co.jp/en/esg#integrated_report

[Principle 2-6: Demonstrating functions as a corporate pension fund asset owner]

Although the Company does not have a corporate pension fund system, the Company has introduced a defined contribution pension plan system for the stable asset creation for employees.

For employee training regarding asset management, the Company conducts defined contribution pension plan training when employees join the Company to disseminate basic knowledge regarding the system, precautions regarding management, etc. Additionally, the Company provides a dedicated website for displaying the actual performance of investment products, broadcasting videos on basic knowledge for the defined contribution pension plan system, and providing information on various life plan simulations. Furthermore, by sharing monitoring reports with the administrative management institution and attending seminars, the Company also works toward development of personnel responsible for the defined contribution pension plan.

[Principle 3-1: Enriching information disclosure]

(1) Management philosophy, Management strategy, and Management plans

The Company has defined a corporate philosophy and discloses it on its website.

[Japanese]

<https://www.asahi-intecc.co.jp/about/philosophy.html>

[English]

<https://www.asahi-intecc.co.jp/en/about/philosophy.html>

Furthermore, the Company formulates and announces a Medium-Term Management Plan based on the above philosophy to clarify its management strategy while actively conducting IR activities toward institutional investors and individual investors both within Japan and abroad in an effort to achieve widespread understanding. The state of progress is disclosed on the Company’s website and in its Securities Reports, Notices of Convocation of Annual General Meetings of Shareholders, Consolidated Financial Results, Financial Results Presentation Materials, Integrated Reports, etc.

[Japanese]

<https://ir.asahi-intecc.co.jp/ja/ir/irlibrary/plan.html>

<https://ir.asahi-intecc.co.jp/ja/ir/irlibrary.html>

[English]

<https://ir.asahi-intecc.co.jp/en/ir/irlibrary/plan.html>

<https://ir.asahi-intecc.co.jp/en/ir/irlibrary.html>

(2) Basic views and basic policy

In order to achieve continuous stable growth and expand corporate value, the Company believes that it is necessary to speed up decision-making and increase the transparency of its management. As such, management has placed the enhancement of corporate governance as a priority issue, and is working to improve corporate governance by focusing on the development of internal control systems, complying with laws, regulations, and the Articles of Incorporation, strengthening risk management, ensuring the timely and fair disclosure of information, and enhancing the executive officer system.

(3) Policies and procedures for determining remuneration

At the 40th Annual General Meeting of Shareholders held on September 28, 2016, the total annual amount of Director remuneration was determined to be a maximum of ¥1,000 million (including not more than ¥100 million for Outside Directors) for Directors (excluding Directors who are Audit and Supervisory Committee Members), and a maximum of ¥40 million for Directors who are Audit and Supervisory Committee Members, and each Director’s remuneration is determined pursuant to the following

policy within the limits of this total amount. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) elected at the 40th Annual General Meeting of Shareholders was nine (including two Outside Directors) and the number of Directors who are Audit and Supervisory Committee Members was three. The Board of Directors of the Company has passed a resolution on the following policy.

1) Policy for determining the overall remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

The Board of Directors determines the total amount of each type of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) within the limits of total amount of remuneration determined by a resolution of the General Meeting of Shareholders, upon receiving reports from the Nomination and Compensation Advisory Committee. The Nomination and Compensation Advisory Committee consists of three or more members who are Directors selected by a resolution of the Board of Directors. A majority of the members are selected from among Independent Outside Directors, and at least one of those Independent Outside Directors must be a Director who is an Audit and Supervisory Committee Member. The types of remuneration are base remuneration, performance-linked remuneration (Director bonuses commensurate with short-term results), and remuneration for share purchase (linked to improvements in long-term performance). As of September 2025, the chair of the Nomination and Compensation Advisory Committee is an Outside Director.

2) Policy on determining the amounts of base remuneration and remuneration for share purchase (linked to improvements in long-term performance), which are components of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

Amounts to be paid as the base remuneration component and the remuneration for share purchase component (linked to improvements in long-term performance) are determined in consideration of each Director's position, duties, and tenure, as well as the state of the Group.

3) Policy on determining the amount of performance-linked remuneration (Director bonuses commensurate with short-term results), which is a component of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

The performance-linked remuneration component (Director bonuses commensurate with short-term results) is paid in consideration of each Director's position, duties, and tenure, only when the consolidated performance of the Company is expected to exceed the sales and profit plan disclosed to the public by a considerable margin, using a portion of the excess as the source of remuneration.

4) Policy on determining the timing of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

The base remuneration component and the remuneration for share purchase component (linked to improvements in long-term performance) are paid monthly. If the performance-linked remuneration component (Director bonuses commensurate with short-term results) is to be paid, the payment is made once a year within three months from the end of a fiscal year.

5) Policy on determining the ratio of base remuneration, remuneration for share purchase (linked to improvements in long-term performance), and performance-linked remuneration (Director bonuses commensurate with short-term results), which are components of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), in individual remuneration of Directors

The ratio of remuneration is determined by the Board of Directors (President & CEO who has been delegated the authority as per 6) below) upon receiving reports from the Nomination and Compensation Advisory Committee.

6) Policy on determining the contents of individual remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members)

President & CEO, who has been delegated the authority by the Board of Directors, determines the amounts of the base remuneration component, the remuneration for share purchase component (linked to improvements in long-term performance), and the performance-linked remuneration component (Director bonuses commensurate with short-term results) paid to each individual, in compliance with the basic policy passed by a resolution of the Board of Directors upon receiving reports from the Nomination and Compensation Advisory Committee. The reason for the delegation to the President & CEO is because the President & CEO, who is in a position to oversee the business execution of the entire Company and maintain a complete picture of the Company's performance, is best suited to evaluate each Director.

7) Remuneration of Directors who are Audit and Supervisory Committee Members

Remuneration of Directors who are Audit and Supervisory Committee Members is determined by discussion among Directors who are Audit and Supervisory Committee Members, within the limits of total amount of remuneration determined by a resolution of the General Meeting of Shareholders.

(4) Policies and procedures of the Board of Directors for the selection and dismissal of management team executives and nomination of candidates for Director

In accordance with the Company's rules and regulations, the Nomination and Compensation Advisory Committee shall deliberate on the matters requested by the Board of Directors, and have a discussion based on the report to the Board of Directors, and then the Directors shall be determined at the General Meeting of Shareholders upon the nomination of candidates by the Board of Directors.

The nomination of Directors shall be based on their performance in their respective areas of responsibility, their expertise and insight into corporate management, and their specializations.

In accordance with the Company's rules and regulations, the election or dismissal of Representative Directors and Executive

Directors shall be decided by the Board of Directors. Of these, the election or dismissal of Representative Directors shall be examined and decided based on the report of the Nomination and Compensation Advisory Committee.

Furthermore, in the unlikely event that the dismissal of a Director is objectively deemed appropriate, such as due to violation of laws, regulations, and the Articles of Incorporation, etc., or due to significantly damaging of the Company's corporate value, the Nomination and Compensation Advisory Committee shall deliberate on the matters requested by the Board of Directors and make a proposal to the Board of Directors. Thereafter, based on the report, the matter shall be sufficiently deliberated by the Board of Directors, and will then be proposed to the General Meeting of Shareholders, where the matter shall be settled.

(5) Explanations for individual selection, dismissal, and nominations

Candidates for Director, their past experiences, and the reasons for selection are provided in the Notice of Convocation of the Annual General Meeting of Shareholders.

[Notice of Convocation of the Annual General Meeting of Shareholders]

<https://ir.asahi-intecc.co.jp/ja/ir/stock/meeting.html>

<https://ir.asahi-intecc.co.jp/en/ir/stock/meeting.html>

(Supplementary Principle 3-1-2: Disclosure and provision of English-language information to overseas investors, etc.)

The Company provides the majority of its website in the English language to provide information to overseas investors. Furthermore, for its quarterly disclosures, the Company creates English-language versions of its Consolidated Financial Results and Financial Results presentation materials and provides these on its website.

Additionally, to enable overseas investors to exercise voting rights with ease, the Company has implemented English translations of the convocation notice and business report and provides the translations on the Company's website and on the Listed Company Search on the Tokyo Stock Exchange website. The Company has also disclosed an English translation of this Governance Disclosure Report on its website. Depending on the state of future demand, etc., the Company may consider the gradual improvement, including extending the scope of translation to English.

[Notice of Convocation of the Annual General Meeting of Shareholders]

<https://ir.asahi-intecc.co.jp/ja/ir/stock/meeting.html>

<https://ir.asahi-intecc.co.jp/en/ir/stock/meeting.html>

(Supplementary Principle 3-1-3: Sustainability measures, etc.)

Measures toward realizing sustainability in society and in the Group, investment in human capital, intellectual property, etc., and the effects that climate change risks and revenue opportunities have on the Company's business activities and revenue, etc., are disclosed in the Integrated Report provided on the Company's website. Additionally, for the effects that climate change risks and revenue opportunities have on the Company's business activities and revenue, etc., the Company has expressed its agreement with the TCFD (Task Force on Climate-related Financial Disclosures) and provides disclosure based on the frameworks defined by the TCFD.

[Integrated Report]

https://www.asahi-intecc.co.jp/esg#integrated_report

https://www.asahi-intecc.co.jp/en/esg#integrated_report

[Principle 4-1: Duties and roles of the Board of Directors (1)]

(Supplementary Principle 4-1-1: Scope of delegation to management team)

The Company has established the Board of Directors as the decision-making body for administrative management and the Management Executive Committee as the business execution body based on said decision-making.

The Board of Directors deliberates on and determines statutory matters as the decision-making body for administrative management in compliance with laws and regulations, the Articles of Incorporation, Board of Directors rules, regulations on administrative authority, etc., while determining and approving basic management policies and significant matters in the execution of management operations.

Meanwhile, the Management Executive Committee, which consists of Inside Directors, Executive Officers, etc., conducts rapid deliberation on significant issues and projects concerning business execution, and not only provides reports to the Board of Directors for significant projects, but has frameworks in place to periodically report the status of business execution to Directors. Additionally, the General Manager of the Internal Audit Office, serving as support staff to the Audit and Supervisory Committee, is attending the Management Executive Committee to gather and share information required for duties such as audits by the Audit and Supervisory Committee, which is comprised entirely of Outside Directors.

(Supplementary Principle 4-1-3: Succession plan for the President & CEO)

Concerning matters related to the succession plan, the Nomination and Compensation Advisory Committee deliberates on the appropriateness of the plan and periodically reviews candidates, etc., and reports the deliberation results to the Board of Directors and submits opinions when necessary. In September 2024, a successor candidate who had been trained under the long-standing succession plan was appointed as the new President & CEO, the Company identified and has been developing a new successor candidate.

[Principle 4-2: Duties and roles of the Board of Directors (2)]

(Supplementary Principle 4-2-1: Ratio of remuneration linked to mid- to long-term performance and appropriate setting of ratio between cash remuneration and share remuneration)

Remuneration for share purchase is set for Directors' monthly remuneration, which is used for the purchase of the Company's shares via the officer shareholding association. As purchased shares are not allowed to be sold in principle until a Director leaves the Board, remuneration for share purchase for the relevant Director has the characteristic of linkage with improvements in long-term

business performance. The Company also provides Director bonuses with the characteristic of linkage with short-term performance. For specific amounts and ratios of remuneration, please see “IV [Status of submitting company] 4 [Status of corporate governance, etc.] (4) [Director remuneration, etc.] 2) Total amount of remuneration, etc., by type of Director, total amount of remuneration, etc., by type of remuneration, and number of eligible Directors” of the Securities Report.

[Principle 4-8: Effective use of Independent Outside Directors]

The Company’s Board of Directors consists of 12 Directors in total, including nine Directors excluding Directors who are Audit and Supervisory Committee Members (two of whom are Outside Directors) and three Directors who are Audit and Supervisory Committee Members (all are Outside Directors). All five Outside Directors are registered as Independent Directors.

Outside Directors comprise at least one-third (41.7%) of all Directors, actively providing opinions during the deliberation of particularly significant matters such as nomination and remuneration of the Board of Directors in light of their specialized knowledge and wealth of experience while also providing advice as required.

(Supplementary Principle 4-8-1: Holding meetings comprised only of independent outsiders for information exchange and awareness exchange)

Meetings, etc., comprised only of Independent Outside Directors are held as required. Outside of the Board of Directors as well, structures are in place for Independent Outside Directors to conduct opinion exchanges as required and to provide opinions to Representative Directors, Inside Directors, and other Independent Outside Directors as required.

(Supplementary Principle 4-8-2: Maintaining structures for communication and coordination between Independent Outside Directors and the management team)

At present, the Company has not specifically designated a lead Independent Outside Director, but regarding maintenance of structures for communication and coordination with the management team and cooperation with Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee, the Company has in place structures to enable individual Independent Outside Directors to communicate and coordinate with the management team. Additionally, the Company has structures for cooperation with Directors who are Audit and Supervisory Committee Members, etc., via measures such as meetings as required that include Independent Outside Directors. Moving forward, if it becomes apparent that the current structures will make it difficult for communication and coordination with the management team and coordination with Directors who are Audit and Supervisory Committee Members, etc., the Company plans to consider establishing structures that work toward coordination, such as the designation of a lead Independent Outside Director.

[Principle 4-9: Standards for determining independence and disposition of Independent Outside Directors]

In addition to the Companies Act and the criteria stipulated by the Tokyo Stock Exchange, the Company has established its own “Criteria for the Appointment of Independent Directors,” and appoints individuals who satisfy all of these criteria as Independent Outside Directors.

For the “Criteria for the Appointment of Independent Directors,” please refer to “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight / 1. Organizational Composition and Operation / [Matters Concerning Independent Directors] / Other Matters Concerning Independent Directors” of this Report.

[Principle 4-10: Use of voluntary frameworks]

(Supplementary Principle 4-10-1: Strengthening independence, objectivity, and accountability of the Board of Directors by establishing voluntary advisory bodies for matters related to the nomination and remuneration of Directors, etc.)

The Company has a Nomination and Compensation Advisory Committee that deliberates on the composition of the Board of Directors, policies, and standards for the selection and dismissal of Directors, and basic policies and compensation amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members) in response to the Board of Directors’ consultation, and reports the results of its deliberations to the Board of Directors.

The Nomination and Compensation Advisory Committee shall be composed of three or more Members who are Directors selected through resolution by the Board of Directors and the majority of the Members shall be selected from among Independent Outside Directors, and such Independent Outside Directors shall include at least one Director who is an Audit and Supervisory Committee Member.

The composition of the Nomination and Compensation Advisory Committee as of the conclusion of the 49th Annual General Meeting of Shareholders is announced on the Skill Matrix provided on the Notice of Convocation of the Annual General Meeting of Shareholders for said General Meeting of Shareholders. As of September 2025, the chair of the Nomination and Compensation Advisory Committee is an Outside Director.

[Principle 4-11: Prerequisites to secure effectiveness of the Board of Directors]

(Supplementary Principle 4-11-1: Views on the balance, diversity, and scale of the Board of Directors)

To prepare agile decision-making in response to changes in the management environment and an effective corporate governance framework, the Company ensures that the Board of Directors is on a scale appropriate for the Company’s business content and management issues and that the overall Board of Directors is of a member composition that considers the balance between experience, knowledge, and specialization alongside diversity. As a reference for shareholders to make decisions, the Company has provided a Skill Matrix for the Board of Directors in the Notices of Convocation of the Annual General Meeting of Shareholders and Integrated Reports.

[Notice of Convocation of the Annual General Meeting of Shareholders]

<https://ir.asahi-intecc.co.jp/ja/ir/stock/meeting.html>

<https://ir.asahi-intecc.co.jp/en/ir/stock/meeting.html>

[Integrated Report]

https://www.asahi-intecc.co.jp/esg#integrated_report

https://www.asahi-intecc.co.jp/en/esg#integrated_report

Additionally, with the expectation of providing advice and supervision of the Company's management from an objective and advanced viewpoint, the Company has in place five Outside Directors (all five are Independent Directors), including Directors who are Audit and Supervisory Committee Members, and three of the above Directors have management experience at other companies.

Depending on future changes in the environment surrounding the Company, it is possible that it may be required to increase the number of Outside Directors including Directors who are Audit and Supervisory Committee Members, and the Company will consider such changes as necessary.

(Supplementary Principle 4-11-2: Status of Directors with concurrent executive positions at other listed companies)

In determining candidates for Directors (excluding Audit and Supervisory Committee Members) and candidates for Directors who are Audit and Supervisory Committee Members, the Company confirms that candidates are in positions to appropriately fulfill the roles and responsibilities, such as by reviewing the status of concurrent executive positions at other listed companies. The status of significant concurrent positions for Directors is disclosed annually in the Notice of Convocation of the Annual General Meeting of Shareholders including Business Report, Securities Report and Integrated Report.

The Integrated Report 2025 is scheduled to be published by the end of 2025.

(Supplementary Principle 4-11-3: Disclosure of overview of evaluation results of the Board of Directors)

The Company believes that the Board of Directors as a whole has been effective because its Directors, who have diverse experience and knowledge, examine each proposal from a variety of perspectives, and because the structure ensures that matters pointed out by Outside Directors, including Audit and Supervisory Committee Members, are reflected upon resolutions. In terms of analyzing and evaluating the effectiveness of Board of Directors' meetings, from the perspective of enhancing the functions of Board of Directors, the operations and proceedings of the Board of Directors are discussed when necessary at Board of Directors' meetings and among Directors, and efforts are made to improve the operations, etc., of the Board of Directors and other matters as appropriate. As a result, the Company has confirmed that the Board of Directors is effective in its current form and operations.

[Principle 4-14: Director Training]

(Supplementary Principle 4-14-2: Director Training Policy)

The Company provides opportunities to attend seminars as appropriate that are required for Directors (excluding Directors who are Audit and Supervisory Committee Members) to execute their duties. In addition, if there are important legal amendments, systemic changes, etc., the relevant departments will provide them with appropriate information while opportunities to attend external seminars will also be provided at the expense of the Company. Directors who are Audit and Supervisory Committee Members endeavor to acquire knowledge continuously by becoming members of the Japan Audit & Supervisory Board Members Association, etc.

Furthermore, at meetings, etc., where all Directors are present, training and discussions take place on the Company's management, human resource system, compliance, ESG, insider trading policies and risk management, etc.

[Principle 5-1: Policies regarding constructive dialogue with shareholders]

The management team members such as President and the Director responsible for IR attend the Financial Results Briefings and IR meetings, etc., for institutional investors and analysts, and the Director responsible for IR, etc. also participates in other opportunities for shareholder dialogue held by the Company, wherever possible.

- (1) The Company selects a Director responsible for IR from among its Directors.
- (2) At the Company, the Director responsible for IR organically prepares responses in coordination with related departments.
- (3) Other than individual meetings, the Company implements measures such as those below as methods for dialogue.
 - Financial Results Briefings, IR meetings, and technology briefings for institutional investors and analysts
 - Holding company information sessions for individual investors
- (4) At the Company, the Director responsible for IR provides the Board of Directors with reports on the opinions of shareholders and investors gained through IR activities as required.
- (5) To prevent the leakage of earnings information and secure the fairness of information disclosure, the Company designates a "quiet period" from the beginning of the month following the closing date of the fiscal period until the day of the announcement of earnings results.

Regarding insider information, the Company implements thorough information management in accordance with its internal information management regulations.

Additionally, the Company has structures in place for centralized management of matters for external announcement by the Corporate Strategic Office.

[Principle 5-2: Formulation and announcement of management strategy and management plans]

Based on the business environment, industry trends, business performance, etc., the Group formulates and discloses a medium-term management plan that includes the Company's business content and business strategies and specific measures for achieving targets, such as the allocation of management resources including capital investment and R&D investment.

Specifically, under the current Medium-term Management Plan "Building the Future 2030," the Group has positioned the period from the fiscal year ending June 30, 2026 to the fiscal year ending June 30, 2030 as "5 years to accelerate growth strategy," with goals of consolidated net sales of 180.0 billion yen and operating profit margin of 28% to be achieved, and the following two priority themes are established as basic policies.

- 1) Build a business portfolio to re-accelerate growth in the global market

2) Build a strong management foundation and strengthen profitability for sustainable growth

The details are disclosed in the medium-term management plan material (<https://ir.asahi-intecc.co.jp/ja/ir/irlibrary/plan.html>, <https://ir.asahi-intecc.co.jp/en/ir/irlibrary/plan.html>), Integrated Report (https://www.asahi-intecc.co.jp/esg#integrated_report, https://www.asahi-intecc.co.jp/en/esg#integrated_report), etc.

Going forward, the Group will seek to increase its corporate value by steadily implementing growth strategies based on this Medium-term Management Plan.

[Action to Implement Management That Is Conscious of Cost of Capital and Share Price]

Content of Disclosure Updated	Disclosure of Initiatives (Update)
Availability of English Disclosure Updated	Available
Date of Disclosure Update Updated	September 26, 2025

Explanation of Actions **Updated**

The Group advances initiatives to implement management that is conscious of cost of capital and share prices, aiming for sustainable increase of its corporate value, focusing on continuous profit growth that exceeds the cost of capital.

Under the Medium-term Management Plan disclosed in August 2025, the Group uses net sales, operating profit, operating profit margin, ROE, and ROIC as its KPIs, and set and disclosed a goal of increasing corporate value across all KPIs toward the fiscal year ending June 30, 2030.

In addition, the Group reviews its cost of capital every fiscal period and discloses the results internally and externally. At the meetings of the Board of Directors and the Management Executive Committee, discussions are made considering the cost of capital. Furthermore, as an internal operation procedure, in evaluating a new project and an investment (stock investment and capital investment) in the course of regular business operations, the Group, in principle, set the cost of capital as a “hurdle rate” (minimum required rate of return) and applies the expected NPV (net present value) method and the IRR (internal rate of return) method to consider and judge whether the investment is expected to generate a return that exceeds the cost of return.

(NPV: an indicator to judge whether the invested amounts are recoverable by the cost of capital. IRR: an indicator calculating profit margin of a project to be compared with the cost of capital)

The Group will continue to analyze and monitor these KPIs and develop and implement improvement measures to strengthen its initiatives that are conscious of cost of capital.

The actions to implement management conscious of cost of capital and share prices, the progress of business operation based on the Medium-term Management Plan, and dialogues with the shareholders are disclosed in the Medium-term Management Plan materials and Integrated Report, and the Company provided explanation at the Financial Results Briefings, IR meetings, General Meetings of Shareholders, and other occasions.

[Medium-term Management Plan]

(Includes descriptions of the actions to implement management conscious of cost of capital and share prices)

<https://ir.asahi-intecc.co.jp/ja/ir/irlibrary/plan.html>

<https://ir.asahi-intecc.co.jp/en/ir/irlibrary/plan.html>

[Integrated Report]

(Includes descriptions of the actions to implement management conscious of cost of capital and share prices)

(Includes descriptions of the status of dialogue with shareholders)

https://www.asahi-intecc.co.jp/esg#integrated_report

https://www.asahi-intecc.co.jp/en/esg#integrated_report

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders] **Updated**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	37,821,100	14.02
Bo-en Holdings Co., Ltd.	23,084,032	8.56
Custody Bank of Japan, Ltd. (trust account)	20,099,300	7.45
THE CHASE MANHATTAN BANK, N. A. LONDON	7,774,829	2.88
JP MORGAN CHASE BANK 385632	7,633,190	2.83
Y.K. ICSP	7,200,000	2.66
JPMorgan Securities Japan Co., Ltd.	7,000,753	2.59
STATE STREET BANK AND TRUST COMPANY 505001	6,936,772	2.57
HI-LEX Corporation	5,878,600	2.17
Masahiko Miyata	5,820,900	2.15

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

—

Name of Parent Company, if applicable

None

Supplementary Explanation **Updated**

- (1) The above [Status of Major Shareholders] is as of June 30, 2025.
- (2) Percentages are calculated after deducting treasury shares (1,964,600 shares).
- (3) Number of shares owned by The Master Trust Bank of Japan, Ltd. And the Custody Bank of Japan, Ltd. are all related to trust operations.
- (4) In a Change Report made available for public inspection on May 8, 2025, there is a statement that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder Nikko Asset Management Co., Ltd. hold the following shares as of April 30, 2025, but the Company was unable to confirm the number of shares actually held as of June 30, 2025, thus these have not been included in the above Status of Major Shareholders.

The content of the Change Report is as follows.

Name or Company Name	Address	Number of Share Certificates, etc., Held	Percentage of Share Certificates, etc., Held
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shibakoen, Minato-ku, Tokyo, Japan	6,561,500 shares	2.42%
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo, Japan	6,579,700 shares	2.42%

- (5) In a Change Report made available for public inspection on June 6, 2025, there is a statement that Asset Management One Co., Ltd. and its joint holder Mizuho Securities Co., Ltd. hold the following shares as of May 30, 2025, but the Company was unable to confirm the number of shares actually held as of June 30, 2025, thus these have not been included in the above Status of Major Shareholders.

The content of the Change Report is as follows.

Name or Company Name	Address	Number of Share Certificates, etc., Held	Percentage of Share Certificates, etc., Held
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo, Japan	9,813,800 shares	3.61%
Mizuho Securities Co., Ltd.	1-5-1 Otemachi, Chiyoda-ku, Tokyo, Japan	302,092 shares	0.11%

- (6) In a Change Report made available for public inspection on July 7, 2025, there is a statement that Capital Research and Management Company and its joint holder Capital International, Inc, Capital International Sarl, Capital International K.K. hold

the following shares as of June 30, 2025, but the Company was unable to confirm the number of shares actually held as of June 30, 2025, thus these have not been included in the above Status of Major Shareholders.

The content of the Change Report is as follows.

Name or Company Name	Address	Number of Share Certificates, etc., Held	Percentage of Share Certificates, etc., Held
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A.	12,029,321 shares	4.43%
Capital International, Inc	333 South Hope Street, Los Angeles, California 90071, U.S.A.	1,793,200 shares	0.66%
Capital International Sarl	3 Place des Bergues, 1201 Geneva, Switzerland	464,385 shares	0.17%
Capital International K.K.	Marunouchi Nijubashi Building, 3-2-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	721,200 shares	0.27%

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Prime, Nagoya Premier
Fiscal Year-End	June
Business Sector	Precision Instruments
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year Updated	¥100.0 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but 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 a 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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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[Directors]

Number of Directors Stipulated in Articles of Incorporation	18
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors Updated	12
Election of Outside Directors	Elected
Number of Outside Directors Updated	5
Number of Independent Directors Updated	5

Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Takahiro Kusakari	From another company											
Akihiro Taguchi	From another company									△		
Ryuji Tomida	Lawyer											
Ryoko Fukaya	CPA											
Shigeki Moriguchi	From another company											

*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 for the Company or its subsidiary
- Person who executes business for, or a non-executive Director of, the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a Director
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for 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 Director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to Director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to Director him/herself only)
- Other

Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Takahiro Kusakari		X	No matters of note.	Mr. Takahiro Kusakari has served as Fund Manager and Chief Investment Officer of an investment trust management firm and has been offering suggestions for improving the Company's corporate value based on his experience in corporate analysis gained through dialogue with countless companies. He has been selected as an Outside Director in expectation of his contribution to strengthening the supervision of business execution through accurate advice based on his extensive experience in corporate analysis going forward. Additionally, as he satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that he possesses no conflicts of interest with general shareholders, and has selected him as an Independent Director.
Akihiro Taguchi		X	Transaction amounts between the Company and Olympus Corporation, for which he served as Executive Officer and CTO until March 31, 2022, are less than 1% of consolidated net sales in the consolidated financial statements of the Company. Accordingly, the Company has determined that it is not a "major business partner" within the meaning of the independence criteria stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange.	Mr. Akihiro Taguchi has been selected as an Outside Director with the expectation that he will supervise the management of the Company and offer suggestions for improving the Company's corporate value, based on his ample experience and broad insight in the medical industry including serving as President and Representative Director of Olympus Medical Systems Corp. Additionally, as he satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that he possesses no conflicts of interest with general shareholders, and has selected him as an Independent Director.
Ryuji Tomida	X	X	No matters of note.	Mr. Ryuji Tomida has expertise and ample experience as a lawyer and appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member by providing advice for and checking on the Company's business execution from the perspective of a legal expert. He has been selected as an Outside Director who is an Audit and Supervisory Committee Member in expectation of his further contribution going forward. Additionally, as he satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that he possesses no conflicts of interest with general shareholders, and has selected him as an Independent Director.

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Ryoko Fukaya	X	X	No matters of note.	Ms. Ryoko Fukaya appropriately fulfills the duties of Outside Director who is an Audit and Supervisory Committee Member such as monitoring the Company's overall management using her expertise and ample experience as a certified public accountant and by providing advice for and checking on the Company's business execution. She has been selected as an Outside Director who is an Audit and Supervisory Committee Member in expectation of her further contribution going forward. Additionally, as she satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that she possesses no conflicts of interest with general shareholders, and has selected her as an Independent Director.
Shigeki Moriguchi	X	X	No matters of note.	Mr. Shigeki Moriguchi is deemed appropriate to fulfill the duties of Outside Director who is an Audit and Supervisory Committee Member, such as by providing advice for and checking on the Company's business execution, using his wide-ranging knowledge of overall corporate management based on ample experience at financial institutions, think tanks, and consulting firms. He has been newly selected as an Outside Director who is an Audit and Supervisory Committee Member. Additionally, as he satisfies the requirements for Independent Director stipulated by the Tokyo Stock Exchange, the Company has determined that he possesses no conflicts of interest with general shareholders, and has selected him as an Independent Director. While he is a former employee of MUFG Bank, Ltd., one of the Company's creditors, he has been retired from the bank for over ten years. Therefore, the Company has determined that there are no conflicts with the independence standards set forth in the listing regulations established by the Tokyo Stock Exchange and that there is no risk of affecting his independence. Furthermore, the Company has confirmed that there was no business relationship between the Company and the sector he was in charge of at that time.

[Audit and Supervisory Committee]

Composition and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	3	0	0	3	Outside Director

Appointment of Directors and Staff to Support the Audit and Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and Staff from Executive Directors in Employment

The Company has defined the following items to ensure the independence of staff to support the Audit and Supervisory Committee from executive Directors in employment.

- Support staff to the Audit and Supervisory Committee shall, when performing the supporting tasks instructed or ordered by the Audit and Supervisory Committee, perform their duties under the command of the Audit and Supervisory Committee and Audit and Supervisory Committee Members as employees who are independent from other Directors.
- Evaluations, assignments, and transfers of support staff to the Audit and Supervisory Committee shall require the consent of the Audit and Supervisory Committee.

Additionally, the following matters are also defined regarding staff to support the Audit and Supervisory Committee.

- The Audit and Supervisory Committee may provide instructions and orders necessary for performing their duties to employees assigned to the Internal Audit Office, who function as support staff to the Audit and Supervisory Committee.
- Support staff to the Audit and Supervisory Committee shall be in charge of administrative work related to the duties, operation, etc., of the Audit and Supervisory Committee, in addition to the tasks described above.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors, and Internal Audit Division

The Company has established an Internal Audit Office, which reports directly to the President & CEO, and implements internal audits with five responsible persons.

Based on annual audit policies, the Internal Audit Office implements audits on the rationality and efficiency of overall business activities and status of compliance with laws and regulations and internal regulations for organizations subject to audit, requires organizations subject to audit to respond to the matters raised by the audit and to take corrective actions for the other issues, and confirms the status of rectification. Additionally, it also monitors the efficacy of the Group's internal control systems.

All three Directors who are Audit and Supervisory Committee Members are Outside Directors, and include Directors who possess a significant amount of knowledge regarding finance and accounting. Audit and Supervisory Committee meetings are held once a month, and the status of activities and the results of activities of Directors who are Audit and Supervisory Committee Members are shared, while there is also sharing and information exchange, etc., of matters related to agenda of meetings of the Board of Directors. Each Director who is an Audit and Supervisory Committee Member works to communicate with Directors and the Internal Audit Office and collect information. There are periodic meetings with the Accounting Auditor to have opinion exchanges and question and answer sessions, etc., and these meetings are held also for the purpose of confirming that the Accounting Auditor maintains an independent standpoint and implements appropriate audits. To strengthen cooperation with the Accounting Auditor, to the extent possible, all Directors who are Audit and Supervisory Committee Members directly receive explanations from the Accounting Auditor on audit plans, audit policies, and the results of period-end audit results, and exchange opinions.

[Voluntarily Established Committee(s)]

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	Nomination and Compensation Advisory Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Advisory Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

The Company has established a Nomination and Compensation Advisory Committee that undertakes the functions of both a Nomination Committee and a Remuneration Committee.

1. Objective of establishment

In relation to the nomination of the Company's Directors and the remuneration of the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members), the Company ensures fairness and objectivity with appropriate involvement and advice from Outside Directors and aims to further enhance the corporate governance system.

2. Composition

The structure of the Nomination and Compensation Advisory Committee shall be composed of three or more Members who are Directors selected through resolution by the Board of Directors and the majority of the Members shall be selected from among Independent Outside Directors, and such Independent Outside Directors shall include at least one Director who is an Audit and Supervisory Committee Member. As of September 2025, the chair of the Nomination and Compensation Advisory Committee is an Outside Director.

3. Role

The Nomination and Compensation Advisory Committee deliberates on the basic policies and compensation amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members), the composition of the Board of Directors, and policies and standards for the selection and dismissal of Directors in response to the Board of Directors' consultation, and reports the results of its deliberations to the Board of Directors.

[Matters Concerning Independent Directors]

Number of Independent Directors

5

Other Matters Concerning Independent Directors

All Outside Directors who satisfy the criteria for Independent Director are designated as Independent Directors. The Company's criteria for the selection of Independent Directors are as follows.

To designate a director as independent of the Company (hereinafter, "Independent Outside Director"), the director must fulfill the requirements for outside director specified in the Companies Act and for independent director by the Tokyo Stock Exchange and must not fall under any one of the following provisions. However, the Company may make an exception and deem a person independent in light of his or her character, knowledge, and other attributes, as long as the person meets the requirements of the Companies Act and Tokyo Stock Exchange and the Company provides an external explanation of why he or she is deemed independent.

- (1) a person for whom the Company and its subsidiaries (hereinafter, the “Company Group”) is a major business partner (see note 1) or an executive of that person.
- (2) a major business partner (see note 2) of the Company Group or an executive of that business partner.
- (3) a major lender (see note 3) of the Company Group or an executive of that lender.
- (4) a consultant, accounting professional, or legal professional who receives a large amount of money or other assets (see note 4) other than directors’ remuneration from the Company Group (including any person belonging to a corporation, partnership, or other such organization that receives such assets).
- (5) a person who receives a large donation (see note 5) from the Company Group (including any executive belonging to a corporation, partnership, or other such organization that receives such a large donation.)
- (6) a major shareholder (see note 6) of the Company (including any executive belonging to such organization of major shareholder.)
- (7) an executive of a company for which the Company Group is a major shareholder.
- (8) an executive of a company, in which an individual from the Company Group serves as its director (regardless of whether full or part time).
- (9) a person who has fallen under any of the above items (1) to (8) in the past three years.
- (10) a close relative (see note 7) of persons who fall under the above items (1) to (9) (limited to those in important positions)
- (11) in addition to the above items (1) to (10), a person who does not have any significant interests that casts doubt on his or her independence.

(Note 1) A person who is a major business partner of the Company Group refers to a business partner who provides products and services to the Company Group, and for whom the amount of transactions in the most recent fiscal year exceeds 2% of the annual consolidated sales of the business partner.

(Note 2) A major business partner of the Company Group refers to those business partners to whom the Company Group provides products and services, and for whom the amount of transactions in the most recent fiscal year exceeds 2% of the Company’s annual consolidated sales.

(Note 3) A major lender refers to a lender from whom the Company Group’s borrowings at the end of the most recent fiscal year exceed 2% of the Company Group’s consolidated total assets at the end of that fiscal year.

(Note 4) A large amount of money or other assets refers to monetary or other financial benefits in excess of 10 million yen per year other than directors’ remuneration in the most recent fiscal year (if the party receiving such assets is a corporation, partnership, or other organization, monetary or other financial benefits in excess of 2% of the total consolidated income of the party in the most recent fiscal year).

(Note 5) A large donation refers to a donation of more than 10 million yen per year in the most recent fiscal year from the Company Group (if the party receiving such donation is a corporation, partnership, or other organization, monetary or other financial benefits in excess of 2% of the total consolidated income of the party in the most recent fiscal year). However, even in cases where a donation is made, if there are grounds for a clear explanation of the lack of impact resulting from such donation on the judgement of the independence of a candidate for Independent Outside Director that can be provided to third parties, such as the donation being made to another professor or research lab at the same university or research institute, etc. with which the candidate for Independent Outside Director is affiliated, approval may be given after giving consideration to the opinions of Independent Outside Directors.

(Note 6) A major shareholder refers to a shareholder holding 10% or more of total voting rights at the end of the most recent fiscal year either in their own name or in the name of others.

(Note 7) A close relative refers to a spouse and a relative within the second degree of kinship.

[Incentives]

Implementation Status of Measures related to
Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme / Other

Supplementary Explanation for Applicable Items

Introduced with the objective of increasing motivation and morale toward increasing the Company’s performance.

Remuneration for share purchase is set for Directors’ monthly remuneration, which is used for the purchase of the Company’s shares via the officer shareholding association. As purchased shares are not allowed to be sold in principle until a Director leaves the Board, remuneration for share purchase for the relevant Director has the characteristic of linkage with improvements in long-term business performance. The Company also provides Director bonuses with the characteristic of linkage with short-term performance.

Information is provided in “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information / 1. Basic Views / [Disclosure Based on each Principle of the Corporate Governance Code] / [Principle 3-1: Enriching information disclosure] (3) Policies and procedures for determining remuneration” and “[Principle 4-2: Duties and roles of the Board of Directors (2)] (Supplementary Principle 4-2-1: Ratio of remuneration linked to mid- to long-term performance and appropriate setting of ratio between cash remuneration and share remuneration)” of this Report.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items
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[Director Remuneration]

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors
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Supplementary Explanation for Applicable Items	Updated
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Remuneration, etc., for Directors is provided for public viewing through methods such as providing the Securities Reports and Business Reports on the Company's website, etc.

[Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors): 8 persons] Total amount of ¥396 million (¥362 million in base remuneration, ¥34 million in remuneration for share purchase, — in performance-linked remuneration)

[Directors (Directors who are Audit and Supervisory Committee Members; excluding Outside Directors): 0 person] Total amount — (— in base remuneration, — in remuneration for share purchase, — in performance-linked remuneration)

[Outside Directors: 7 persons] Total amount of ¥48 million (¥43 million in base remuneration, ¥4 million in remuneration for share purchase, — in performance-linked remuneration)

(Notes) 1 The remuneration for share purchase component is remuneration linked to improvements in long-term performance.

2 The performance-linked remuneration component is Director bonuses commensurate with short-term results.

Additionally, the total amount of remuneration, etc., for President & CEO was ¥100 million or more for the 49th fiscal year, and it is provided in the Securities Report in conformity with the "Cabinet Office Order on Disclosure of Corporate Affairs."

[Individual remuneration] (The 49th)

President & CEO Kenji Miyata

Total amount of remuneration: ¥107 million (¥97 million in base remuneration, ¥9 million in remuneration for share purchase)

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
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Information is provided in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information / 1. Basic Views / [Disclosure Based on each Principle of the Corporate Governance Code] / [Principle 3-1: Enriching information disclosure] (3) Policies and procedures for determining remuneration" of this Report.

[Support System for Outside Directors]

The Company has not established dedicated staff for Outside Directors. Support structures for Outside Directors consist of assigning the General Affairs Group as the department responsible for support.

Additionally, the Company allows for the commissioning of audit operations by the Internal Audit Office, which is the internal audit division, and the employees affiliated with the Internal Audit Office implement internal audits on matters commissioned to them by Directors who are Audit and Supervisory Committee Members, reporting on the results to Directors who are Audit and Supervisory Committee Members. The employees of the Internal Audit Office who have received commissions from Directors who are Audit and Supervisory Committee Members are not allowed to receive instructions and orders from Directors (excluding Directors who are Audit and Supervisory Committee Members) regarding said matters. Furthermore, the Audit and Supervisory Committee shall have the General Manager of the Internal Audit Office attend the Management Executive Committee as support staff for the Audit and Supervisory Committee, and collect and share information required for duties in audits, etc., of the Audit and Supervisory Committee.

Additionally, the Internal Audit Office reports directly to the President, and provides audit reports directly to the President as a matter of course, but audit results regarding internal controls are also reported to Directors who are Audit and Supervisory Committee Members and the Board of Directors.

[Status of Persons who have Retired as President & CEO, etc.]

Information on Persons Holding Advisory Positions after Retiring as President & CEO, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as President & CEO ended	Term
Naohiko Miyata	Advisor	Instruction for development and production of medical devices and industrial devices; Technological instruction for employees	Part time (With remuneration)	September 28, 2016	Period: 1 year (With renewals)

Number of Persons Holding Advisory Positions After Retiring as President
& CEO, etc.

1

Other Related Matters

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

The Company has adopted a system of company with an audit and supervisory committee to further strengthen its corporate governance starting with the enhancement of the supervisory and monitoring functions of the Board of Directors and Members of the Board as well as to increase corporate value over the medium to long term through these efforts.

[Corporate bodies]

The Company has a General Meeting of Shareholders, a Board of Directors, an Audit and Supervisory Committee, a Nomination and Compensation Advisory Committee, and a Management Executive Committee, etc.

1. Board of Directors

The Company's Board of Directors consists of 12 Directors in total, including nine Directors excluding Directors who are Audit and Supervisory Committee Members (two of whom are Outside Directors) and three Directors who are Audit and Supervisory Committee Members (all of whom are Outside Directors). The Board of Directors has the function of deliberating and deciding on important matters such as management policies and supervising the execution of operations, with emphasis on speediness, efficiency, and transparency in management. The Board of Directors meetings are held once a month as a regular meeting and extraordinary meetings are held flexibly as necessary.

The status of activities in the Board of Directors are disclosed in Part 1, IV [Status of submitting company], 4 [Status of Corporate Governance, etc.] (1) [Overview of Corporate Governance] 4) Status of activities of the Board of Directors in the Securities Report.

[Securities Report]
<https://ir.asahi-intecc.co.jp/ja/ir/irlibrary/securities.html> (in Japanese)

2. Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Directors who are Audit and Supervisory Committee Members, all of whom are Outside Directors, and it audits the legality and appropriateness of decision-making by Directors regarding the execution of their duties, the establishment and operation of internal control systems, and the methods and results of audits by accounting auditors, and evaluates and decides whether or not to appoint or dismiss accounting auditors.

In preparation for the case that the number of Directors who are Audit and Supervisory Committee Members becomes less than the number required by law, one Director who is a substitute Audit and Supervisory Committee Member has been appointed in advance.

3. Nomination and Compensation Advisory Committee

Please see II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight / 1. Organizational Composition and Operation / [Voluntarily Established Committee(s)] of this Report.

4. Management Executive Committee

The Management Executive Committee, which consists of executive Directors and Executive Officers, etc. holds monthly

meetings in order to deliberate on important matters related to business operations, report on execution results, and share information across the company. In addition, the General Manager of the Internal Audit Office attends the Management Executive Committee as support staff to the Audit and Supervisory Committee, and collects information necessary for the Audit and Supervisory Committee to perform its duties, and shares it with the Audit and Supervisory Committee.

[Determining nomination and remuneration]

1. Nomination

Nomination of candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) and candidates for Directors who are Audit and Supervisory Committee Members is resolved by the Board of Directors upon receiving reports from the Nomination and Compensation Advisory Committee.

Additionally, the Company makes comprehensive decisions based on the nomination criteria for candidates for each position. For the nomination of candidates for Inside Directors excluding Directors who are Audit and Supervisory Committee Members, the criteria require a person who possesses a wide range of knowledge gained through his/her experience required for deliberation at the Board of Directors meetings, can conduct appropriate decision-making for overall corporate management, and has adequate social credibility. For the nomination of candidates for Outside Directors excluding Audit and Supervisory Committee Members, the criteria require a person who possesses a wealth of experience and wide range of knowledge regarding corporate management gained through his/her experience to be utilized for the management of the Company. For the nomination of candidates for Directors who are Audit and Supervisory Committee Members, the criteria require a person who has expertise required for audits, including knowledge and insight about finance, accounting, and laws, etc., and a wealth of knowledge in a wide range of areas.

2. Remuneration

Please see “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information / 1. Basic Views / [Disclosure Based on each Principle of the Corporate Governance Code] / [Principle 3-1: Enriching information disclosure] (3) Policies and procedures for determining remuneration” of this Report.

[Internal audits]

The Company has established an Internal Audit Office, which reports directly to the President & CEO, and implements internal audits with five responsible persons. Through the audit of the appropriateness of business execution and suitability and efficiency, etc., of management, the Internal Audit Office provides specific advice to improve operations, and works to establish internal controls. It also takes on the role of supporting the duties of the Audit and Supervisory Committee in accordance with its instructions.

[Accounting Auditor]

The Company's Accounting Auditor is Deloitte Touche Tohmatsu LLC, and its consecutive audit period is since 1999. The Executive Partners are Tatsuharu Ito, CPA, and Tetsuro Shigemitsu, CPA. Assistants to the accounting audit operations for the Company at Deloitte Touche Tohmatsu LLC are 17 CPAs and 25 other assistants.

[Status of measures to strengthen functions of Directors who are Audit and Supervisory Committee Members]

Please see II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight / 1. Organizational Composition and Operation / [Audit and Supervisory Committee] of this Report.

[Limited Liability Contract]

The Company has entered into an agreement with its Directors (excluding those who are executive Directors, etc.) to limit their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of the Company's Articles of Incorporation and Article 427, Paragraph 1 of the said Act. The maximum amount of liability for damages under the contract is the minimum amount of liability specified in Article 425, Paragraph 1 of the said Act. Furthermore, this limitation of liability is only recognized when the Director in question (excluding those who are executive Directors, etc.) has carried out his or her duties in good faith and without gross negligence.

[Directors and Officers Liability Insurance Agreement]

The Company has concluded a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The relevant insurance contract covers damages and legal expenses incurred by the insured due to claims for damages arising from acts (including omissions) committed by the insured in connection with his or her duties as a corporate officer. All insurance premiums are paid by the Company. The contract excludes certain cases from its coverage, including criminal acts such as bribery, as well as damages incurred by officers who intentionally performed unlawful acts, so that the properness of the execution of duties by directors and officers is not hindered.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted a system of company with an audit and supervisory committee to further strengthen its corporate governance starting with the enhancement of the supervisory and monitoring functions of the Board of Directors and Members of the Board as well as to increase corporate value over the medium to long term through these efforts. By appointing a number of Outside Directors and granting voting rights at the Board of Directors' meetings to Directors who are Audit and Supervisory Committee Members who are all Outside Directors and establishing a Nomination and Compensation Advisory Committee, we have determined that supervisory and monitoring functions have been strengthened, that this will further enhance and strengthen the corporate governance structure, and that it will contribute to the increase of our corporate value.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	Dispatched four weeks before the date of the General Meeting of Shareholders. Furthermore, the Company provides electronically convocation notices and information contained in the convocation notice via its website and the Listed Company Search via TDnet (Timely Disclosure network) before the dispatch.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The end of the Company's fiscal year is June 30, setting a date that avoids a concentration of shareholder meetings.
Electronic Exercise of Voting Rights	To work toward improving convenience for individual investors and institutional investors, the Company implements IT initiatives for the execution of voting rights.
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 uses the electronic voting rights execution platform operated by ICJ, Inc., in which the Tokyo Stock Exchange is an investor, as a method for the execution of voting rights.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	English translations of the Notice of Convocation and the Business Report are available, and these are made available simultaneously on the Company's website and the Listed Company Search on the Tokyo Stock Exchange website alongside the Japanese versions.
Other	The Notice of Convocation and the Business Report are disclosed on the Company's website and the Listed Company Search via TDnet on the Tokyo Stock Exchange website, and apart from the voting rights exercise platform, the exercise of voting rights is also available on the voting rights exercise website, implementing measures for the smooth exercise of voting rights. Additionally, the Company conducts its business report using video at the General Meeting of Shareholders, and implements measures to promote active discussion at General Meetings of Shareholders, and in an area adjacent to the venue, its sales representatives and others also give product presentations. Furthermore, after the conclusion of the General Meeting of Shareholders, the Company will provide video on demand, including questions and answers, for a certain period while taking care to preserve the privacy of shareholders in attendance, so that shareholders may see the proceedings of the General Meeting of Shareholders at a later date.

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 Company discloses its “IR Policy” on its website. [IR Policy] https://ir.asahi-intecc.co.jp/ja/ir/irpolicy.html https://ir.asahi-intecc.co.jp/en/ir/irpolicy.html	
Regular Investor Briefings held for Individual Investors	In 2024, the Company resumed its company information sessions for individual investors, after suspension affected by COVID-19, and intends to continue holding these sessions on a regular basis.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds Financial Results Briefings every quarter, and as appropriate, visits institutional investors and has meetings with securities analysts, etc.	Held
Regular Investor Briefings held for Overseas Investors	In addition to such regular briefings, the Company holds meetings, etc. several times.	Held
Online Disclosure of IR Information	Consolidated Financial Results (Japanese and English), Securities Reports, Quarterly Reports, Financial Results presentation materials (Japanese and English), Medium-term Management Plan materials (Japanese and English), Notices of Convocation and Business Reports (Japanese and English), Integrated Report (Japanese and English), Earnings Highlights Information, and timely disclosure information other than financial results information, etc., are provided on the Company’s website. [IR Information] https://ir.asahi-intecc.co.jp/ja/ir.html https://ir.asahi-intecc.co.jp/en/ir.html	
Establishment of Department and/or Placement of a Manager in Charge of IR	Corporate Strategic Office	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has formulated the “Asahi Intecc Group Human Rights Policy” and “Multi Stakeholder Policy” and provides them on the Company’s website. Additionally, the Company has defined a “Charter of Corporate Behavior” and provides a printed, portable version of it to all employees to ensure thorough compliance. [Human Rights Policy] https://www.asahi-intecc.co.jp/esg/humanrightspolicy https://www.asahi-intecc.co.jp/en/esg/humanrightspolicy [Multi Stakeholder Policy] (in Japanese) https://www.asahi-intecc.co.jp/assets/pdf/about/asahi-intecc_multistakeholderpolicy.pdf
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company provides its views on environmental preservation activities that include details on the content of activities to fulfill corporate social responsibility on its website and in the Integrated Report. [Environmental preservation and protection activities] https://www.asahi-intecc.co.jp/esg/csr https://www.asahi-intecc.co.jp/en/esg/csr Additionally, based on its corporate principles, the Company promotes solving issues in the medical field, social contribution including reducing patient burdens, and company-wide measures that contribute to environmental preservation. Key measures in this category are stated in the Integrated Report and provided on the Company’s website. [Integrated Report] https://www.asahi-intecc.co.jp/esg#integrated_report https://www.asahi-intecc.co.jp/en/esg#integrated_report
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company has formulated an “IR Policy” that stipulates appropriate information disclosure positions and provides it on the Company’s website. Additionally, with the objective of providing effective information to customers in a timely manner, the Company conducts operation of official social media accounts and disseminates information, and as a basic policy for such activities, defined a “Social Media Policy” and provides it on the Company’s website.
Other	With the objective of deepening the understanding by stakeholders of measures toward sustainable enhancement of corporate value of the Group, the Company issues an Integrated Report and provides it on the Company’s website. The Integrated Report 2025 is scheduled to be published by the end of 2025. [Integrated Report] https://www.asahi-intecc.co.jp/esg#integrated_report https://www.asahi-intecc.co.jp/en/esg#integrated_report Additionally, the Company conducts the following initiatives as measures to respect the standpoints of stakeholders. (1) Signed on to the UN Global Compact presented by the United Nations and registered as a participating company on May 15, 2023 and have been continuously registered since then. (2) Established a framework for human rights due diligence to evaluate and define latent and actual risks and implement countermeasures in an effort to prevent and reduce negative effects on human rights. (3) To advance cooperation, coexistence, and coprosperity with supply chain counterparties and businesses aiming to create value and create new partnerships, the Company participates in and has announced its “Partnership Creation Declaration.” [Partnership Creation Declaration] https://www.biz-partnership.jp/declaration/109644-05-24-aichi.pdf (in Japanese) (4) The Company has published the revised Group Procurement Policy and the Group Anti-Bribery Policy on its website, and requests its suppliers to comply with laws and regulations, respect human rights, prevent corruption, and consider quality and environmental issues. [Procurement Policy/ Anti-Bribery Policy/ Requests to our suppliers] https://www.asahi-intecc.co.jp/esg

IV. Matters Concerning the Internal Control System

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

The Group's basic views on internal control systems and status of development are as shown in the Company's policy below as resolved by the Board of Directors.

1. System to ensure the execution of duties by the Group's Directors and employees complies with the laws and regulations as well as the Articles of Incorporation
 - (1) Directors of the Company shall strive to establish a management structure that is highly transparent for all stakeholders, including its shareholders. Directors shall also ensure the execution of duties by Directors and employees complies with the laws and regulations, the Articles of Incorporation, and internal rules, and ensure such duties are executed efficiently.
 - (2) The Company shall establish a Charter of Corporate Behavior to foster a corporate culture in which the Group's Directors and employees conduct business activities in compliance with the laws and regulations as well as the Articles of Incorporation. Each Director shall act in compliance with the Charter of Corporate Behavior to lead by example, while seeking to thoroughly instill its concept throughout the Group.
 - (3) The Group's Directors and employees shall, if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation, or if they receive a report to that effect, immediately report their findings to the Company's Directors. In addition, Directors who are Audit and Supervisory Committee Members (hereinafter, the "Audit and Supervisory Committee Members") may, if they believe there is an issue with the Group's legal compliance system, state their opinion and request the formulation and implementation of improvement measures.
 - (4) The Group shall not have any relationships with antisocial forces or similar organizations whatsoever, and shall ensure that the Group's Directors and employees are fully aware of the Group's determination to take a resolute stance against such forces as the entire organization. Moreover, the Group shall develop and operate systems to eliminate antisocial forces.
 - (5) The Internal Audit Office, which reports directly to the President of the Company, shall monitor the effectiveness of the Group's Internal Control Systems and examine and verify the systems for ensuring compliance with the laws and regulations as well as the Articles of Incorporation.
 - (6) As a reporting system in case someone discovers a fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation by the Group, the Company shall establish internal reporting regulations and operate an internal reporting system in which an external attorney directly receives the information. The Company shall report important matters notified through internal reporting to Directors including Audit and Supervisory Committee Members.
2. System regarding the retention and management of information pertaining to the execution of duties by Directors
 - (1) Pursuant to the confidential information handling regulations, the Company shall prescribe methods of handling information, authority required, and other details, and develop an information management system by assigning a specific rank to each piece of information, which must be observed by all officers and employees from Directors to temporary employees.
 - (2) In the document storage regulations, the Company shall prescribe storage periods according to the importance of each document, and keep the documents available for perusal throughout the applicable period.
3. Regulations and other systems regarding the management of risk of loss by the Group
 - (1) The Board of Directors of the Company shall, in order to prevent risks that pose a material impact on the business execution by the Group and to manage losses that have occurred, develop crisis management rules, rules for managing related parties, and other various regulations, and develop an all-encompassing risk management system that covers the entire Group.
 - (2) Pursuant to the regulations on administrative authority, each department shall appropriately perform ordinary risk management in relation to the everyday business execution at the Group within the scope of authority that has been granted.
 - (3) Each department of the Administrative Division of the Company shall verify and confirm the status of risk management by each department of the Group based on expert knowledge and deep insight into various work processes. If they discover an issue, they shall report the findings to the Board of Directors.
 - (4) If the Group suffers an unforeseen dire emergency, such as natural disaster, the Group shall establish a disaster response headquarters headed by the President of the Company. The headquarters shall oversee crisis management to prevent and mitigate damages.
4. System to ensure efficiency in the execution of duties by the Group's Directors
 - (1) The Company shall, as the basis to ensure efficiency in the execution of duties by Directors, hold regular meetings of the Board of Directors once a month and extraordinary meetings as needed. In addition, the Company shall hold meetings of the Management Executive Committee once a month, whose participants are the Group's Directors (excluding Outside Directors) and the Company's Executive Officers, to discuss business execution.
 - (2) Each year, the Board of Directors shall clearly establish the Group's business plan based on the management policy and management strategies. The Group's Directors (excluding non-executive Directors) shall execute business in accordance with the policies of the business plan.
 - (3) With regard to business execution, the Group's Directors (excluding non-executive Directors) shall strive to execute business efficiently through means such as education, delegation of authority, and performance evaluations of employees pursuant to the organization rules, regulations on division of duties, regulations on administrative authority, and other regulations.

5. System to ensure the properness of businesses of the Group
 - (1) The Company shall, pursuant to the rules for managing related parties applicable to subsidiaries, require each subsidiary to request the Company's approval, report to the Company, or consult with the Company regarding important matters of the subsidiary. In addition, the Company shall develop a system in which important cases of subsidiaries are brought to the Management Executive Committee or the Board of Directors of the Company for deliberation depending on its content, thereby ensuring the properness of businesses of subsidiaries.
 - (2) The Company shall appoint officers in charge of Group companies who will be responsible for business execution at each subsidiary.
 - (3) The Group's Directors shall, if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation at subsidiaries, immediately report their findings to the Company's Directors.
 - (4) The Company's Audit and Supervisory Committee and Internal Audit Office shall conduct monitoring of subsidiaries as needed.
6. Matters regarding Directors and employees assigned to assist the duties of the Audit and Supervisory Committee
 - (1) The Audit and Supervisory Committee may provide instructions and orders necessary for performing their duties to employees assigned to the Internal Audit Office, who function as support staff to the Audit and Supervisory Committee.
 - (2) Support staff to the Audit and Supervisory Committee shall be in charge of administrative work related to the duties, operation, etc. of the Audit and Supervisory Committee, in addition to the tasks described in (1) above.
7. Matters regarding the independence of Directors and employees in the preceding 6. from other Directors (excluding Audit and Supervisory Committee Members), and matters regarding a system to ensure the effectiveness of instructions to Directors and employees in the preceding 6.
 - (1) Support staff to the Audit and Supervisory Committee shall, when performing the supporting tasks instructed or ordered by the Audit and Supervisory Committee, perform their duties under the command of the Audit and Supervisory Committee and Audit and Supervisory Committee Members as employees who are independent from other Directors.
 - (2) Evaluations, assignments, and transfers of support staff to the Audit and Supervisory Committee shall require the consent of the Audit and Supervisory Committee.
8. System for the Group's Directors and employees to file a report to the Audit and Supervisory Committee
 - (1) The Company's Directors and employees shall, if they discover a fact that would incur significant damage to the Company, or if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation, immediately report their findings to the Audit and Supervisory Committee.
 - (2) Directors, Auditors, and employees of subsidiaries shall, if they discover a fact that would incur significant damage to the subsidiary, or if they discover an important fact regarding compliance such as a violation of the laws and regulations or the Articles of Incorporation, immediately report their findings to a Director or employee of the Company. If the person who received the report is a Director or employee of the Company, the person shall immediately report their findings to the Audit and Supervisory Committee of the Company.
 - (3) Directors and employees of the Company shall report scheduled dates of important meetings, events, audit visits by the Accounting Auditor, etc. to the Audit and Supervisory Committee.
9. System to ensure those who filed a report will not be treated disadvantageously on the grounds of filing the report
 - (1) The Group shall not treat any Director, Auditor, or employee of the Group who filed a report to the Audit and Supervisory Committee (hereinafter, the "Whistleblower") disadvantageously in their transfers, personnel evaluations, disciplinary actions, etc. on the grounds of filing the report.
 - (2) If the Audit and Supervisory Committee requests a disclosure of reasons for a transfer, personnel evaluation, disciplinary action, etc. of a Whistleblower, the Group shall comply with the request.
10. Procedures for advance payment or reimbursement of expenses that arise in relation to the execution of duties by Audit and Supervisory Committee Members, and other matters regarding the policy pertaining to the handling of expenses or obligations that arise in relation to the execution of the said duties

If an Audit and Supervisory Committee Member requests an advance payment of expenses that would arise in relation to the execution of their duties, reimbursement of expenses incurred, or repayment of obligations assumed, the Company shall comply with the request unless it can be proven that such expenses or obligations did not arise from the execution of duties of Audit and Supervisory Committee Members.
11. Other systems to ensure the effectiveness of audits by the Audit and Supervisory Committee
 - (1) All Directors (excluding Audit and Supervisory Committee Members) shall respond to requests by the Audit and Supervisory Committee for individual interviews, in which the Director shall report the state of compliance with Directors' duty of care and duty of loyalty, the laws and regulations, and the Articles of Incorporation. Furthermore, each Director shall sign an Attestation of the Execution of Directors' Duties to make a representation that they have performed their duties in good faith, and submit it to the Audit and Supervisory Committee at the end of each fiscal year.
 - (2) Agenda of meetings of the Board of Directors shall be distributed to all Audit and Supervisory Committee Members prior to the day of the meeting of the Board of Directors, so that they can understand the details in advance.
 - (3) Important cases other than agenda items at meetings of the Board of Directors shall be reported to Audit and Supervisory Committee Members promptly after the approval through the support staff to the Audit and Supervisory Committee.

2. Basic Views on Measures for Eliminating Antisocial Forces and Status of Development

Our Company's Charter of Corporate Behavior clearly states that compliance with laws and regulations is fundamental to its activities. In accordance with this Charter, the Company's basic policy is not to have any relationship with antisocial forces that pose a threat to social order and safety, and all Directors and employees are thoroughly informed of this.

In addition, the General Affairs Group oversees the collection of information concerning measures against antisocial forces, and takes appropriate measures by consulting with experts such as attorneys and police as needed.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation for Applicable Items	
1. About anti-takeover measures	
At the 40th Annual General Meeting of Shareholders held on September 28, 2016, the Company received approval from shareholders and implemented a partial revision to the "Countermeasures Against Large-scale Purchase of the Company's Shares" that was approved at the Company's 37th Annual General Meeting of Shareholders held on September 26, 2013. Subsequently, at a Board of Directors' meeting held on August 9, 2019, the Company resolved not to continue with the plan as of the conclusion of the 43rd Annual General Meeting of Shareholders held on September 27, 2019, which was the expiration date of the plan. The plan expired on its expiration date.	
2. Basic policy on control of the Company subsequent to abolishment of anti-takeover measures	
Shares in the Company, which is a listed company, may be traded at will by shareholders and investors. Even if a proposal for large-scale purchase of the Company's shares is made or a similar action is taken, the Company believes it should not be unilaterally denounced, and final decisions should be left to the shareholders' free will. However, recently in the Japanese capital market, a trend to force a proposal for large-scale purchase or a similar action without sufficient discussion is becoming more apparent.	
The Company believes that those who control the decisions on the Company's financial and business policies must fully understand the Company's mission, various sources of its corporate value, and relationships of mutual trust with stakeholders who support the Company. Furthermore, those who take control must ensure and increase the Company's corporate value over the medium to long term, which in turn translates to the common interests of shareholders. Therefore, the Company believes that an entity conducting an inappropriate proposal for large-scale purchase or a similar action that may hinder the Company's corporate value and the common interests of shareholders is not fit to become an entity controlling the decisions on the Company's financial and business policies.	
From the Company's perspective, even subsequent to abolishment of the above plan, it will work to secure and improve corporate value of the Group and shared benefits with shareholders while seeking provision of required and adequate information for shareholders to make decisions on the benefits of working with a party seeking a large-scale purchase of the Company's shares. At the same time, the Company will disclose opinions of the Board of Directors, etc., with due care given to the opinions of Independent Outside Directors, and while working to secure time and information for shareholders to make considerations, and the Company will put in place appropriate measures based on the Financial Instruments and Exchange Act, Companies Act, and other related laws and regulations.	

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2. Other Matters Concerning the Corporate Governance System

[Overview of timely disclosure structure]

1. Basic policy

In information disclosure, the Group has a basic policy of actively and fairly disclosing corporate information to all stakeholders surrounding the company and further increasing transparency of corporate management, conducting disclosure in conformity with the following information disclosure standards.

- (1) The Group will conduct information disclosure that is fundamentally transparent, fair, and continuous, in conformity with the Companies Act, Financial Instrument and Exchange Act, related laws and regulations, and the "Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities" (hereinafter, the "Timely Disclosure Rules") defined by securities exchanges.
- (2) Even if information is not subject to various laws and regulations and the Timely Disclosure Rules, concerning information that will be beneficial for society at large, including stakeholders, the Company will make prompt and accurate disclosure within the scope possible, regardless of whether the disclosure will be beneficial or harmful to the Group.

2. Internal structures for timely disclosure

- (1) About timely disclosure structures for matters that have been determined or that have occurred (See timely disclosure flowchart)
Matters that have been determined or that have occurred shall be reported to the Corporate Strategic Office, which is the department tasked with information management, by responsible departments (including subsidiaries).

After receiving the report, the General Manager of Administration Division and Corporate Strategic Office, which are defined as

the parties responsible for information management, will deliberate with the President & CEO to determine on whether or not to conduct a timely disclosure, and if timely disclosure is required, the content of disclosure will be managed, etc., in cooperation with related departments. After deliberation and resolution by the Board of Directors and the Management Executive Committee, the parties responsible for information management and the Corporate Strategic Office will serve as the contact point, and said information will be disclosed in a timely manner.

(2) About timely disclosure structures for financial results information (See timely disclosure flowchart)

Regarding financial results information such as financial results, dividends, and earnings forecasts, the Accounting Group and Corporate Strategic Office will serve central roles and collect related information (including subsidiaries) and the General Manager of Administration Division and Corporate Strategic Office, which are defined as the parties responsible for information management, will deliberate with the President & CEO to determine on whether or not to conduct a timely disclosure, and if timely disclosure is required, the content of disclosure will be managed, etc., in cooperation with related departments. After deliberation and resolution by the Board of Directors and the Management Executive Committee, the parties responsible for information management and the Corporate Strategic Office will serve as the contact point, and said information will be disclosed in a timely manner.

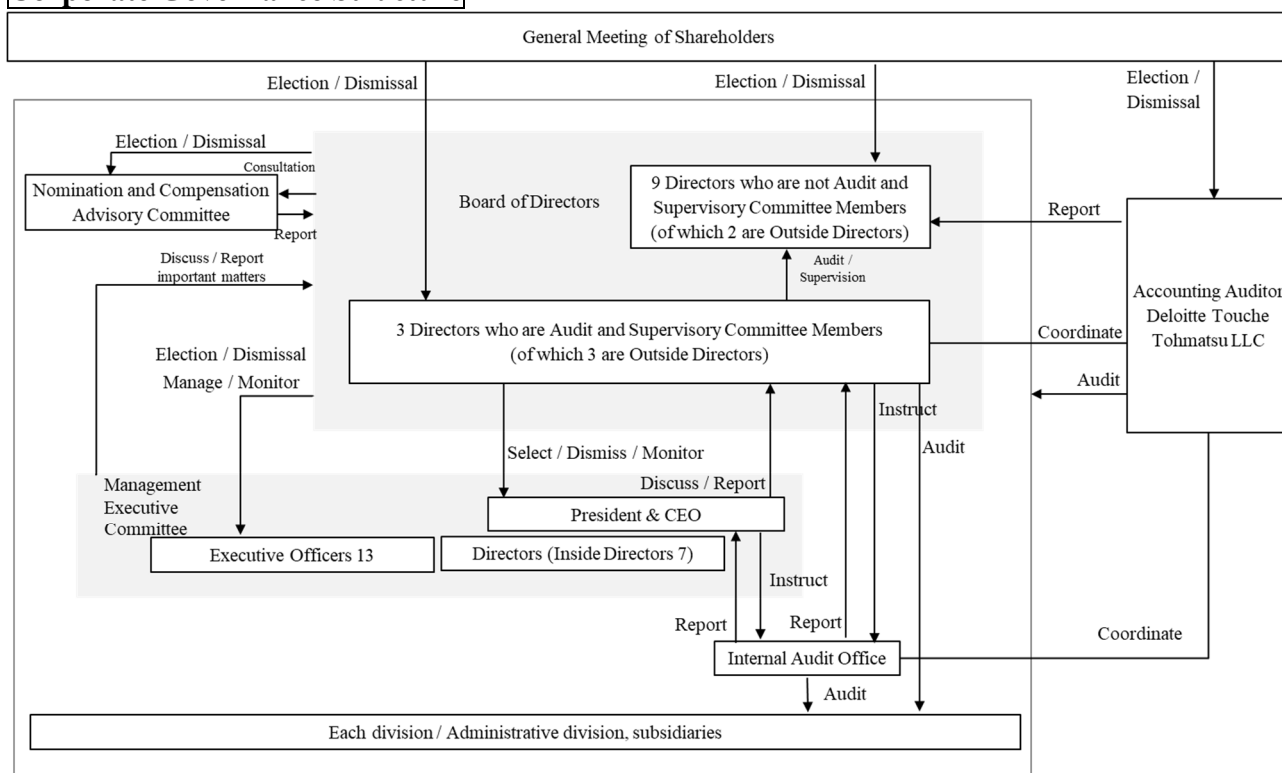
3. Method of Information Disclosure

- (1) Disclosure of information that falls under the Timely Disclosure Rules will be made in accordance with the rules, and will be made public through TDnet provided by the Tokyo Stock Exchange and through news organizations such as the relevant press clubs.
- (2) Information that does not fall under the Timely Disclosure Rules will be disclosed in an appropriate manner, such as through news releases or press conferences, depending on its importance and urgency.
- (3) Information disclosed through the methods described in (1) and (2) above will be posted on the Company's website promptly. Please note that there may be delays in posting such information on its website due to system conditions, etc.

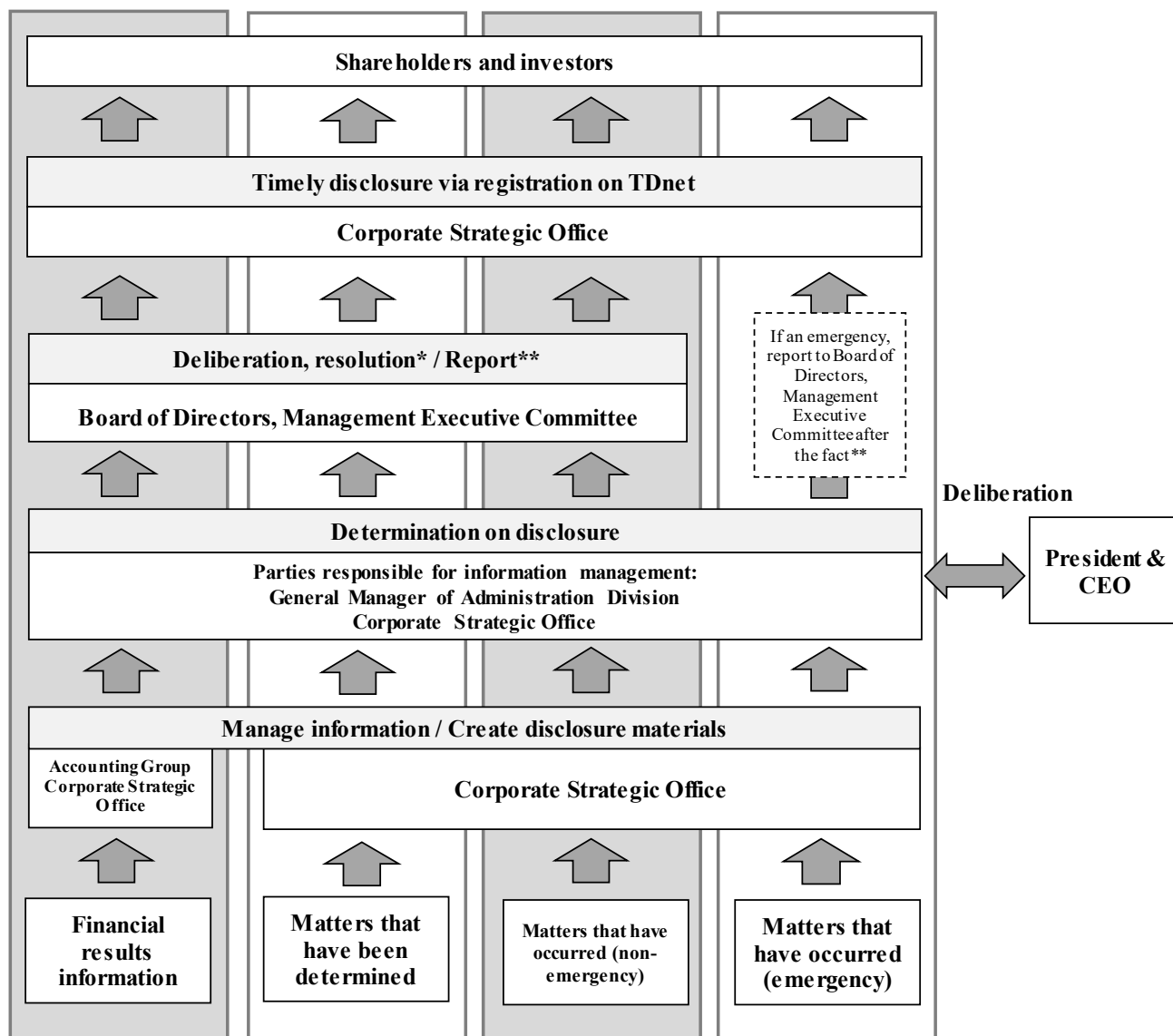
4. Quiet Period

The Group has a quiet period to prevent the leakage of financial information and ensure the fairness of information disclosure. As a general rule, the period from the day after the end of each quarter until the day of the earnings announcement is a quiet period, and during this period the Company will refrain from responding to comments or inquiries regarding earnings or earnings forecasts. However, if it becomes clear during the quiet period that the earnings forecast will be significantly off the mark, the Company will disclose information as appropriate.

Corporate Governance Structure



Timely Disclosure Flowchart



* Deliberate and make resolutions on disclosure materials as required.

** Resolutions of the Board of Directors will be conducted in a timely manner for matters requiring resolution of the Board of Directors based on laws and regulations, etc., and internal rules.