

Corporate Governance Report

TRANSACTION CO., Ltd.

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TRANSACTION CO., Ltd.

Satoshi Ishikawa

Chairman and Representative Director

Contact: Corporate Planning Department +81-3-5468-9033

Securities code: 7818

<https://www.trans-action.co.jp.e.zy.hp.transer.com/>

The corporate governance of TRANSACTION CO., Ltd. is as described below:

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

1. Basic views

In order to fulfill its social responsibilities as a corporation, the TRANSACTION Group (the “Group”) regards enhanced corporate governance as one of its important management issues. With the objective of pursuing long-term, sound and sustainable growth and enhanced corporate value over the medium- to long-term, the Group is committed to ensuring transparency, soundness, and compliance in management for its various stakeholders, including shareholders and customers.

[Reasons for Non-compliance With the Principles of Japan’s Corporate Governance Code]

Update

[Supplementary Principle 2-4-(1) Basic views/ targets/ status for ensuring diversity, including the hiring of women, foreign nationals, and mid-career workers as managers]

With the aim of continuously growing as a corporation and contributing to the enhancement of corporate value and the realization of a sustainable society, the Group has re-identified “enhancement of human capital” as a materiality issue. As such, in seeking to disseminate its corporate philosophy, action guidelines, and corporate slogan, the Group accordingly enlists a policy that entails proactively adopting diverse human capital and values regardless of nationality, or gender to improve corporate activities and value, and promoting the development of human capital over the medium- to long-term, with a clear personnel evaluation system and job level-based education programs that correspond to job titles.

To ensure diversity in hiring core human capital, the Group performs evaluations not based on individual attributes but based on individual ability.

Matters regarding the hiring of women, foreign nationals, and mid-career workers as managers are as stated in “[Supplementary Principle 3-1-(3) Disclosure of initiatives related to sustainability, investment in human capital, intellectual property, etc.], (2) Investment in human capital, (i) Strategy.”

Due to some overlap between female managers and non-Japanese (foreign) managers, the Group sets the target as the percentage of female/non-Japanese managers (including employees who have become naturalized Japanese citizens) under the 4th medium-term management plan released on October 20, 2022, with a target of “35.0%” set for the fiscal year ending August 31, 2025 vs. 29.3% for the fiscal year ended August 31, 2022 (actual). It is 31.0% as of August 31, 2025. In addition, the new target for the percentage of female managers is set as “30.0%” for the fiscal year ending August 31, 2025 vs. 26.4% for the fiscal year ended August 31, 2023 (actual). It is 26.4% as of August 31, 2025.

Since the early days of its founding, the Group has hired new graduates, as well as mid-career workers, for business expansion and structural reinforcement, based on their experience and ability, etc., regardless of nationality and gender. Furthermore, the Group continued to actively hire diverse personnel, regardless of their nationality, gender, or whether they are new graduates or mid-career workers. For this reason, it recognizes that it does not need to implement new measures or set individual targets for hiring foreign nationals, or mid-career workers as managers. The Group will continue to actively hire diverse personnel, regardless of their nationality, gender, or whether they are new graduates or mid-career workers.

[Translation]

Given its history (background) and present condition, as of the time of updating this report, the Group does not set any individual “voluntary and measurable targets” for hiring “foreign nationals,” and “mid-career workers” as managers.

It should also be noted that the policies on the development of human capital and the internal work environment, along with their implementation status, are posted on the Company’s website under “Sustainability” under “Human capital development initiatives” and “Creating a safe and reassuring workplace for employees.”

<https://www.trans-action.co.jp.e.zy.hp.transer.com/sustainability/>

Initiatives to ensure the diversity of human capital are discussed in this report under “[Supplementary Principle 3-1-(3) Disclosure of initiatives related to sustainability, investment in human capital, intellectual property, etc.], (2) Investment in human capital, (i) Strategy.” Relevant data on the Group employees, etc. is also posted on the Social section of ESG Data on the Company website below.

<https://www.trans-action.co.jp.e.zy.hp.transer.com/sustainability/esg-data.html>

[Supplementary Principle 4-10-(1) Ensuring appropriate involvement and advice by independent outside directors with respect to particularly material matters such as nomination and remuneration, through the establishment of independent advisory committees]

The Board of Directors of the Company consists of four Directors who are not Audit & Supervisory Committee members and four Directors who are Audit & Supervisory Committee members, and all four Directors who are Audit & Supervisory Committee members are independent outside directors.

Independent outside directors do not account for a majority of the Board of Directors. However, in order to ensure the objectivity and transparency of procedures for determining remuneration for Directors who are not Audit & Supervisory Committee members, improve the supervisory functions of the Board of Directors, and further enhance the corporate governance system, the Company has established the Remuneration Committee, an optional committee the majority of which is composed of independent outside directors. At the Remuneration Committee meetings, two Directors (independent outside directors) who are Audit & Supervisory Committee members delegated by the Board of Directors and Chairman and Representative Director engage in the deliberation and determination of remuneration for Directors who are not Audit & Supervisory Committee members; thus, appropriate involvement is ensured. The Company confirms that the Board of Directors has adopted a resolution on the policy for determining the details of individual remuneration, etc. for Directors, and that the details determined by the Remuneration Committee based on delegation by the Board of Directors are in line with the policy.

The nomination of Directors is adequately deliberated and determined at the Board of Directors meetings with the attendance of independent outside directors, who are in an independent and objective position and provide appropriate involvement and advice and exercise their voting rights.

The details of the Remuneration Committee, which is an optional advisory body to the Board of Directors, are as described in supplementary information in [Optional committees] under section “II. Business Management Organization and Other Corporate Governance Systems for Management Decision-Making, Execution, and Supervision” of this report.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code]

Update

[Supplementary Principle 1-2-(4) Creation of an environment to support the electronic exercise of voting rights and preparation of an English translation of convocation notices]

The Company has enabled the exercise of voting rights by electronic means and participates in an electronic voting platform. It has also published an English translation of the convocation notice of the General Meeting of Shareholders (convocation notice in a narrow sense and reference materials for the Meeting) on the Company website and the Tokyo Stock Exchange website. The details are as stated in “1. Measures to energize general meetings of shareholders and facilitate the exercise of voting rights” under section III of this report.

[Principle 1-4 Strategically-held shares]

The Company’s basic policy is to hold certain shares strategically only when it judges that its business relationship or collaboration with an investee company can be strengthened through business alliance as part of its management strategy and thereby serve to increase the corporate value of the Group over the medium to long term. For strategically-held shares, business performance, etc. are reviewed and reported to the Board of Directors on a periodic basis, and consistency between the purpose of the shareholdings and business transactions, and risks and costs entailed in the shareholdings are closely examined before the Board of Directors decides whether to

maintain the shareholdings. When exercising voting rights, the Company makes comprehensive judgments on each proposal in order to ensure an appropriate response, with a view to improving the medium-to-long-term corporate value of the investee company as well as the corporate value of the Company and the group companies. Given its current collaborative relationships with the issuers of the existing strategically-held shares, the Company sees adequate rationality in such shareholdings.

[Principle 1-7 Transactions with related parties]

Transactions with Directors, conflict-of-interest transactions, and competing transactions must be approved by the Board of Directors in accordance with the Regulations of the Board of Directors. For transactions with related parties, individual survey sheets are distributed to Directors of the Company and directors and auditors of consolidated subsidiaries on an annual basis to check whether they have had any related parties or such transactions. The Audit & Supervisory Committee also verifies the status of each Director using a letter of confirmation on an annual basis.

Transactions with related parties are disclosed in accordance with relevant laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, or the rules established by the Tokyo Stock Exchange.

[Principle 2-6 Functioning as asset owners of corporate pension funds]

The Group does not adopt a defined benefit pension plan as its corporate pension program. The Group adopts an optional defined contribution pension plan as part of employee benefits and periodically offers opportunities to review investment products or for employees to obtain information related to asset management, in an effort to coordinate with fund management institutions by sharing information, etc.

[Principle 3-1 Sufficiency of disclosure information]

- (i) The Company's aims (management philosophy, etc.), management strategy, management plan
The Group's corporate philosophy and the like are as stated in "2. Other matters regarding Corporate Governance Systems, etc., (1) Corporate philosophy and basic policy on timely disclosure" under section "V. Others" of this report. The management strategy and management plan are disclosed in financial statements briefing session material twice a year or in the medium-term management plan. Please refer to the Company website as well.

Corporate philosophy, corporate slogan

<https://www.trans-action.co.jp/e.zy.hp.transer.com/company/philosophy.html>

Corporate governance

<https://www.trans-action.co.jp/e.zy.hp.transer.com/company/corporategovernance.html>

Skills matrix of Directors

<https://www.trans-action.co.jp/e.zy.hp.transer.com/company/officer.html>

Sustainability (Materiality (important issues) and initiatives, and ESG data)

<https://www.trans-action.co.jp/e.zy.hp.transer.com/sustainability/>

Financial statements briefing session material

<https://www.trans-action.co.jp/e.zy.hp.transer.com/ir/presentation.html>

Medium-term management plan

<https://www.trans-action.co.jp/e.zy.hp.transer.com/ir/strategy.html>

- (ii) Basic views and policy on corporate governance
The Group's basic views on corporate governance are as stated in "1. Basic views" under section I of this report.
- (iii) Policy and procedures for determining remuneration for top-level executives and Directors
The Company's policy and procedures for determining remuneration for Directors are as stated in "Disclosure of policy on determining the amount and calculation method of remuneration (details)" in "1. Organizational structures and operations, [Director remuneration]" under section II of this report.
- (iv) Policy and procedures for appointing/dismissing top-level executives and nominating candidates for Directors/Audit & Supervisory Board Members

For inside Directors, regardless of age/gender/nationality, the Company nominates qualified candidates with expertise, experience and knowledge as businesspersons, which are qualities required to enhance the Group's corporate value, and who, as Directors, are capable of fulfilling the fiduciary responsibility delegated by shareholders. For outside Directors, the Company nominates qualified candidates with extensive knowledge and practical experience, who are capable of raising issues and providing advice on overall management, including growth strategy and governance enhancement, from an independent and objective point of view. Based on this policy, the Board of Directors carefully reviews and selects candidates to be submitted to the General Meeting of Shareholders as proposals. Further, in such General Meeting of Shareholders, the Audit & Supervisory Committee makes a statement on the nomination of Directors who are not Audit & Supervisory Committee members.

For dismissal, where any wrongdoing or serious violation of laws and regulations is found in the execution of duties or where the Company judges that he/she cannot fully perform his/her duties, he/she is dismissed upon a resolution of the Board of Directors after deliberation.

- (v) Explanations on individual appointments/dismissals and nominations when the Board of Directors appoints/dismisses top-level executives and nominates candidates for Directors/Audit & Supervisory Board Members

The reasons for the election of all the candidates for Directors are described in the reference materials for the convocation notice of the General Meeting of Shareholders. The reasons for the election of outside Directors are also disclosed in the securities report (in Japanese only).

[Supplementary Principle 3-1-(2) Promotion of disclosure and provision of English-language information in consideration of the proportion of overseas investors]

The Company translates summaries of financial results, summaries of quarterly financial results, medium-term management plans, reviews of medium-term management plans, timely-disclosure information, financial statements briefing session materials for the second quarter and for the fiscal year (including transcripts of financial results briefings and Q&A sessions), and this report into English and publishes them on the Company website, etc. With the exception of the financial statements briefing session materials, disclosures are made simultaneously in English and Japanese. The details are as stated in "2. IR activities" under section III of this report.

[Supplementary Principle 3-1-(3) Disclosure of initiatives related to sustainability, investment in human capital, intellectual property, etc.]

- (1) Initiatives related to sustainability

The Group is committed to initiatives for the realization of a sustainable society through its business activities, under the corporate philosophy and action guidelines outlined below:

<Corporate philosophy>

To make social contributions by offering earth-conscious products through manufacturing

To make contributions to enriched lifestyles (life culture) by offering attractive products in terms of their "design," "quality," and "price"

To continue producing new creations with a cosmopolitan mind/sense and out-of-the-box thinking

<Action guidelines>

To continue to be a company that not only complies with laws but also is respected by society

To maintain a free and open corporate culture in order to continue to be a company that is in harmony with symbiosis

To realize welfare/well-being for customers, employees and shareholders, and more broadly, for society, through its corporate activities

The corporate slogan, "taking on a challenge is fun," which was coined based on our wish/desire to continue offering something of value to customers down the road without ever becoming content with the status quo but with a strong drive for new "challenges," is shared among each of our officers and employees.

For the purpose of strengthening initiatives for sustainability, the Company has reviewed the materiality issues (important issues) identified as managerial challenges in 2020 from the perspective of their importance to the Group and stakeholders. Based on this review, the following six items have been re-identified as materiality issues: "expansion of eco-product lineup," "supply chain management," "swift and reliable supply,"

“promotion of digital transformation,” “planning, development, and proposal capabilities,” and “enhancement of human capital,” all of which have been judged to be of utmost importance.

Details of the Group’s materiality issues, the process of identification, and the identified materiality issues are posted on the Company website.

<https://www.trans-action.co.jp.e.zy.hp.transer.com/sustainability/materiality.html>

ESG data is also posted on the Company website.

<https://www.trans-action.co.jp.e.zy.hp.transer.com/sustainability/esg-data.html>

(2) Investment in human capital

With the aim of continuously growing as a corporation and contributing to the enhancement of corporate value and the realization of a sustainable society, the Group has re-identified “enhancement of human capital” as a materiality issue. To continuously expand and maximize human capital, the Group will work to disseminate and instill its corporate philosophy, action guidelines, corporate slogan, and other values that it emphasizes. The Group will also strengthen initiatives to enhance employee engagement by, among other efforts, creating a workplace environment where each employee can fully demonstrate their abilities, and establishing personnel and training systems that enable employees to experience growth.

(i) Strategy

The Group’s policies and initiatives on the development of human capital, including diversity of human capital, and the internal work environment are as described below.

a. Policy and initiatives on the development of human capital

The specific details are posted on the Company’s website under “Sustainability” under “Human capital development initiatives.”

<https://www.trans-action.co.jp.e.zy.hp.transer.com/sustainability/>

b. Policy and initiatives on the development of internal work environment

The specific details are posted on the Company’s website under “Sustainability” under “Creating an Environment in Which Employees Can Work with Peace of Mind”

<https://www.trans-action.co.jp.e.zy.hp.transer.com/sustainability/>

c. Ensuring diversity of human capital

Since the early days of its founding, the Group has hired new graduates, as well as mid-career workers, for business expansion and structural reinforcement, based on their experience and ability, etc., regardless of nationality and gender. Furthermore, the Group continued to actively hire diverse personnel, regardless of their nationality, gender, or whether they are new graduates or mid-career workers. Going forward, for the perspective of proactively incorporating diverse human capital and values the Group will continue strategic recruitment activities by considering the balance between new graduates and mid-career workers.

• Hiring of women as managers

Female employees accounted for 52.3% of all employees, and 26.7% of all managers at the end of August 2025. Because of its nature of business, the Group has judged it will be immensely beneficial to utilize perspectives unique to women in the management, and it will actively continue to appoint its female employees to managerial positions and work on creating an environment conducive to such ends.

• Hiring of foreign nationals as managers

Non-Japanese (foreign) employees accounted for 9.3% of all employees and 4.3% of all managers at the end of August 2025. The Group hires foreign nationals and appoints them to managerial positions based on their experience and ability, etc., regardless of nationality. In addition, the Group hires foreign nationals and appoints them to managerial positions by considering strategic necessity with respect to the relevant divisions from the perspectives of outsourcing production to and importing from suppliers in China and other Asian countries.

• Hiring of mid-career workers as managers

Mid-career workers accounted for 53.3% of all employees and 58.6% of all managers at the end of August 2024. The Group will continue to hire mid-career workers and appoint them to managerial positions based on their experience and ability, etc., regardless of nationality and gender, for business expansion and structural reinforcement.

[Translation]

(ii) Benchmarks and targets

The Group's benchmarks, targets, and results are as described below.

Benchmarks	Fiscal year ended August 31, 2025(actual)	Target year	Targets
Percentage of female managers (Note 1)	26.7%	Fiscal year ending Aug. 2025	30.0%
Percentage of childcare leave taken by male full-time employees (Notes 2 and 3)	50.0%	Fiscal year ending Aug. 2028	100.0%
Percentage of childcare leave taken by female full-time employees (Notes 2 and 3)	100.0%	Fiscal year ending Aug. 2025	100.0%
Wage difference between male and female full-time employees (Note 2)	81.0%	Fiscal year ending Aug. 2028	85.0%

(Notes) 1 This applies to the overall Group including the Company and its overseas consolidated subsidiaries.

2 This applies to the Company and its domestic consolidated subsidiaries, excluding overseas consolidated subsidiaries.

3 The percentage of childcare leave taken may exceed 100% because an employee who gave birth or an employee whose spouse gave birth in a past fiscal year may take childcare leave in the current fiscal year.

The Group has revised its benchmarks and targets for the 5th Medium-term Management Plan (FY8/26 to FY8/30), with the fiscal year ending August 31, 2026, as its first year. The revised benchmarks and targets, along with actual results, are as follows.

Benchmarks	Fiscal year ended August 31, 2025 (actual)	Target year	Targets
Percentage of female managers (Note 1)	26.7%	Fiscal year ending Aug. 2030	33.0% or more
Wage difference between male and female full-time employees (Note 2)	81.0%	Fiscal year ending Aug. 2030	90.0%
Rate of childcare leave uptake among male full-time employees (Notes 2 and 3)	50.0%	Fiscal year ending Aug. 2030	100.0%
Rate of childcare leave uptake among female full-time employees (Notes 2 and 3)	100.0%	Fiscal year ending Aug. 2030	100.0%
Employment rate of people with disabilities (Note 2)	0.9%	Fiscal year ending Aug. 2030	3.0% or more
Turnover rate (Note 2)	13.0%	Fiscal year ending Aug. 2030	Less than 10.0%
Employee stock ownership plan participation rate (Note 2)	65.8%	Fiscal year ending Aug. 2030	More than 70.0%
Rate of salary increase (Note 2)	5.5%	Fiscal year ending Aug. 2030	A level exceeding the rate of inflation

(Notes) 1 This applies to the overall Group, including the Company and its overseas consolidated subsidiaries.

- 2 This applies to the Company and its domestic consolidated subsidiaries, excluding overseas consolidated subsidiaries.
- 3 The percentage of childcare leave taken may exceed 100% because an employee who gave birth or an employee whose spouse gave birth in a past fiscal year may take childcare leave in the current fiscal year.

(3) Investment in intellectual property

The Group promotes the “expansion of eco-product lineup” and “planning, development, and proposal capabilities,” as stated in its materiality issues, and offers eco-friendly products through “manufacturing things.” At the same time, it makes efforts to continue offering attractive products in terms of design, quality and price, which also respond to social trends. In addition, for products specifically targeting the entertainment industry, the Group will strengthen its development and sales structure for products that utilize intellectual property (IP) owned by other companies.

<Eco-products>

Development of environmentally friendly products such as bags made of Fairtrade certified cotton and organic cotton, Eco Mark certified products, recycled material products such as recycled fabric and recycled ABS, biomass plastic and natural material products, etc., in response to “finished goods demand arising from the promotion of SDGs.”

<Lifestyle products>

Development of products under the concept of offering attractive products in terms of design and quality and making contributions to enriched lifestyles (life culture)

<Wellness products>

Development of products under the concept of “maintaining a clean and refreshing daily life”

The Company holds the names of brands and products acquired through the development of these products as intellectual property, such as patent rights, copyrights (design rights), and trademarks, and engages in business activities.

(4) Risks and opportunities related to climate change

Regarding “(i) governance,” “(ii) strategy,” and “(iii) risk management” related to climate change risks and opportunities, we have posted our “Initiatives on climate change” under “Sustainability” on the Company’s website.

<https://www.trans-action.co.jp/e.zy.hp.transer.com/sustainability/>

(iv) Metrics and targets

Having joined “Renewable Energy 100 Declaration: RE Action (Note)” in October 2021, the Group set minimum goals of having renewable energy account for 50% and 100% of its electricity consumption by 2030 and 2050, respectively. It accordingly sought to achieve these goals ahead of the target deadline to the extent possible. In the “4th Medium-term Management Plan (FY8/23 to FY8/25)” created in 2022, the Group also moved up, by five years (to 2025), the target deadline for achieving the goal of having renewable energy account for 50% of its electricity consumption. As a result, the actual figure for the final year, the fiscal year ended August 31, 2025, was 54.4%, thus achieving this goal.

Initiatives toward achieving these goals have entailed powering offices with renewable energy, installing solar panels at a Group printing and processing factory operated by subsidiary Kraftwerk Co., Ltd., and switching over to partial use of renewable electricity with respect to power consumed in factories. Furthermore, renewable energy has been utilized to accommodate the increase in electricity consumption. In addition, to advance the timeline for achieving a 100% renewable energy rate by 2050 as much as possible, the five-year 5th Medium-term Management Plan (FY8/26 to FY8/30), which begins its first year in the fiscal year ending August 31, 2026, sets a renewable energy usage target of at least 70% for the fiscal year ending August 31, 2030.

(Note) Renewable Energy 100 Declaration: RE Action is an initiative for promoting 100% use of renewable energy by having companies, municipalities, educational institutions, healthcare facilities, and other such organizations express their commitment and actions toward shifting to renewable energy for 100% of their electricity consumption.

[Translation]

- CO2 emissions, electricity consumption, and renewable energy as a percentage of electricity consumption
CO2 emissions of the Group (including its overseas subsidiaries) (Scope 1 and Scope 2), electricity consumption, and renewable energy as a percentage of electricity consumption are as described below.

		Fiscal year ended Aug. 2023	Fiscal year ended Aug. 2024	Fiscal year ended Aug. 2025
CO2 emissions (t-CO2)	Scope 1	18	19	19
	Scope 2	318	238	274
	Scope 1 and Scope 2	337	257	294
Electricity consumption (kWh)		843,502	945,539	1,255,752
Renewable energy as a percentage of electricity consumption		14.6%	44.6%	54.4%

- (Notes) 1 CO2 emissions are calculated using the “Emission factor by electric utility operator” released by the Ministry of Environment and the Ministry of Economy, Trade and Industry, the “List of calculation methods and emission coefficients in calculations, reports and publication system” released by the Ministry of the Environment, and data released by the Ministry of Ecology and Environment of the People’s Republic of China.
- 2 Figures presented for the and fiscal year ended Aug. 2023 do not include CO2 emissions and electricity consumption of one retail store for which information is not available out of the five retail stores operated by the Company’s subsidiary Trade Works Co., Ltd.

[Supplementary Principle 4-1-(1) Outline of the scope of delegation to management]

The matters to be resolved by the Board of Directors of the Company include those set forth in laws and regulations or in the Articles of Incorporation, as well as the execution of important business. The criteria/standards for such decisions are stipulated in the Regulations of the Board of Directors and clearly defined in the Board of Directors Submission and Reporting Criteria as those for matters to be discussed by the Board of Directors according to their level of impact on and importance for management.

The Decision-Making/Approval Authority Regulations also set out the decision-making/approval authority for matters arising from business operations.

[Supplementary Principle 4-8 Qualification for and composition of independent outside directors]

The Board of Directors of the Company consists of four Directors who are not Audit & Supervisory Committee members and four Directors who are Audit & Supervisory Committee members. Of those eight Directors, all four Directors who are Audit & Supervisory Committee members are independent outside directors who meet the criteria for independence stipulated by the Tokyo Stock Exchange, and the ratio of such outside directors is more than one-third of the total of Directors.

[Principle 4-9 Criteria for assessing the independence of independent outside directors and their qualification]

When nominating candidates for independent outside directors, the Company selects persons who meet the independence criteria specified by the Tokyo Stock Exchange.

[Supplementary Principle 4-11-(1) Views on the balance, etc. of overall knowledge/experience/abilities of the Board of Directors]

Pursuant to the Articles of Incorporation, the Company sets the number of Directors to no more than 15 (including setting the number of Directors who are not Audit & Supervisory Committee members to no more than 10 and the number of Directors who are Audit & Supervisory Committee members to no more than 5). The Board of Directors consists of eight Directors in total, four Executive Directors and four Directors who are Audit & Supervisory Committee members. The composition of the Board of Directors allows for diversity in terms of knowledge, experience, abilities, etc., and includes three women. Four Directors who are Audit & Supervisory Committee members are outside Directors, who meet the independence criteria specified by the Tokyo Stock Exchange and are thus appointed as independent officers. With their varied knowledge and experience in accounting, finance, laws, corporate management, etc., they are able to perform audit and supervisory functions and offer comprehensive advice on Group management. As for Executive Directors, for the purpose of promoting

[Translation]

efficiency in group management, representative directors of the major Group subsidiaries concurrently serve as Directors of the Company.

The skills, etc. possessed by Directors of the Company are listed in the “Skills Matrix of Directors” on the Company website.

<https://www.trans-action.co.jp/e.zy.hp.transer.com/company/officer.html>

[Supplementary Principle 4-11-(2) Concurrent positions of Directors and Audit & Supervisory Board Members]

Candidates for Directors and significant concurrent positions of Directors are disclosed each year in the reference materials for the convocation notice of the General Meeting of Shareholders, the business report, the securities report and others.

[Supplementary Principle 4-11-(3) Implementation of analysis and evaluation of the overall effectiveness of the Board of Directors]

The Company recognizes that the Board of Directors performs its expected supervisory functions as it is composed of eight Directors, including four Directors who are Audit & Supervisory Committee members (all of whom are independent outside directors).

For the purpose of reviewing the present state of the functions of the Board of Directors to boost its effectiveness, the Company has conducted an effectiveness evaluation of the Board of Directors every year since the fiscal year ended August 31, 2021. The following is a summary of the method and results of the effectiveness evaluation for the fiscal year ended August 31, 2025:

(1) Method of evaluation

A survey/questionnaire was issued to eight Directors who were members of the Board of Directors (including Audit & Supervisory Committee members). (The survey/questionnaire was structured with multiple questions divided into six categories. The directors answered each question based on a five-point scale and made comments freely for each question category and wrote an overall summary at the end.) The results of the evaluation were reported by the full-time Audit & Supervisory Committee member to the Board of Directors, based on the results collected and reported by an external institution. The Board of Directors then verified the findings, identified issues, and had a full discussion about a policy to make further improvements, etc.

For the record, in order to secure frank opinions and objective analysis, the collection and counting of the survey/questionnaire is outsourced to an external institution every year.

(2) Summary of the results

From the fiscal year ended August 31, 2021, when the Company began evaluating the effectiveness of the Board of Directors, the evaluation level improved until the previous year, reaching a relatively high level. As a result of the latest evaluation, the Company confirmed that the Board of Directors is operated effectively, exceeding the evaluation level of the previous year overall and either exceeding or maintaining the level of the previous year in each category, and that its effectiveness has been ensured. In terms of individual categories, the evaluation improved from the previous year in management strategy and business strategy, as well as performance monitoring and the evaluation of management. In particular, the evaluation improved with respect to the time allocated for deliberations on management strategy, the medium-term management plan, and other matters, as well as the sharing of necessary information and its timing—areas where opinions were raised in the previous year about the need for further enhancement. This was because, in the process of formulating the 5th Medium-term Management Plan, which begins in the fiscal year ending August 31, 2026, progress was reported to the Board of Directors from an early stage, including a review of the 4th Medium-term Management Plan, thereby providing more ample time for discussions and related activities. In addition, the evaluation improved regarding the method of sharing progress on the plan, due to the enhancement of information related to performance monitoring.

Among management strategy, business strategy, performance monitoring, and management performance, whose evaluations as an overall category improved from the previous year, the evaluations specifically improved from the previous year regarding the time and information necessary for deliberating on management strategy, the medium-term management plan, and other matters, as well as regarding management that is conscious of the cost of capital. However, it was confirmed that further enhancement is necessary since disparities exist between inside Directors and outside Directors and evaluations in this area remain low relative to other items. As for the development of the next generation of managerial professionals and senior (manager-level) employees, the recognition of issues and the initiatives taken were positively

evaluated. However, it was confirmed as a challenge that warrants further discussion.

Based on these results, the Company will work to further enhance the effectiveness of the Board of Directors by continuously making improvements.

[Supplementary Principle 4-14-(2) Policy on training for Directors and Audit & Supervisory Board Members]

For Directors, including outside Directors, to perform their roles and duties, the Company provides and arranges opportunities for learning essential knowledge about the Company, such as its business, finances and organizations, expected roles and duties as an officer of a listed company, and knowledge about relevant laws/regulations and compliance, as well as for training, which is updated as necessary on a continual basis, at the expense of the Company. When outside Directors take office, the business lines and organizational structures of the Group are explained to them, and information is provided as needed thereafter. For internally-appointed Directors, when and after they assume office, opportunities for internal training or training by outside lecturers such as lawyers are provided for them to fully understand their expected roles and duties as Directors.

[Principle 5-1 Policy on constructive dialogue with shareholders]

(1) Policy on constructive dialogue with shareholders

The Company believes that it is important to develop a system to facilitate constructive dialogue with shareholders and investors for sustainable growth and enhanced corporate value and assigns IR operations for shareholder/investor support to the Corporate Planning Department. In addition, the General Affairs Department also provides support for shareholders as a point of contact.

Enlisting a framework whereby the Corporate Planning Department and the General Affairs Department act as direct points of contact and operations are supervised by the Director in charge of the administration division, actual dialogue with shareholders and other investors is, in principle, handled by the Representative Directors, the Director in charge of the administration division, and the General Manager of Corporate Planning Department.

In order to be able to have productive/fulfilling dialogue with shareholders and investors, the Corporate Planning Department and the General Affairs Department gather information and exchange opinions on a regular basis, and cooperate in preparing disclosure materials, whose content is reviewed with Chairman and Representative Director, President and Representative Director, and a Director in charge of the administration division. They also work together to gather information and exchange opinions based on their own expertise, in connection with disclosures and explanations about the Group companies, their operations, account closings, and so on.

For shareholders and investors, the disclosure of easy-to-understand information about the Company's business, within a reasonable scope, is ensured at the General Meeting of Shareholders. Financial results briefings are held twice per year, while letters/communications to shareholders, disclosures via the Company website, interviews with institutional investors, telephone interviews, etc. are conducted so that they can deepen the understanding of the Company's management strategy and business environment. In September 2024, the Company completely revamped its corporate website to better communicate information about the Group to stakeholders in an easy-to-understand manner.

The Company translates summaries of financial results, summaries of quarterly financial results, medium-term management plans, reviews of medium-term management plans, timely-disclosure information, financial statements briefing session materials for the second quarter and for the fiscal year (including transcripts of financial results briefings and Q&A sessions), this report, and the convocation notices in a narrow sense, as well as reference materials for the General Meeting of Shareholders into English and publishes them on the Company website, etc.

The outcomes of IR activities, including topics discussed in the dialogue with shareholders/investors as well as opinions, are compiled and reported to top-level executives, as needed. Additionally, the content of questions and opinions raised during financial results briefings (held subsequent to disclosure of second quarter results and annual results) and in the course of dialogue with institutional investors held subsequent disclosure of quarterly financial results are reported and shared four times a year in meetings of the Board of Directors, and actively applied to aspects of operations such as the Company's management strategy and investor relations.

In order to ensure substantial equality for shareholders and investors, the Company makes efforts to provide fair information disclosures. With the disclosure policy on material information about the Company published on the Company website, material information is disclosed in a timely and impartial manner, and information control is ensured so that it is not given only to certain shareholders/investors.

[Translation]

(2) Dialogue with shareholders

The Company actively engages in IR activities for the purpose of facilitating constructive dialogue with its domestic and overseas shareholders, investors, analysts, etc., based on its awareness that dialogue with such shareholders, investors, analysts, etc. helps give rise to the Group's sustainable growth and further enhancement of corporate value. The Company held two financial results briefings with explanation provided by the Chairman and Representative Director for the fiscal year ended August 31, 2025, one of which was in April 2025 (second quarter, online format) and the other of which was in October 2025 (fiscal year, online format). Additionally, at the October 2025 financial results briefing, the President and Representative Director explained the newly formulated 5th Medium-term Management Plan. Those who attended the financial results briefings include fund managers, buy-side analysts, and sell-side analysts. In addition, following the earnings announcements for each quarter (first quarter to third quarter) and the fiscal year, the Chairman and Representative Director, President and Representative Director, Director in charge of the administration division, and General Manager of Corporate Planning Department conducted individual meetings with institutional investors (fund managers and analysts) and sell-side analysts.

This involved dialogue covering a wide range of topics, including the characteristics of the Group's business model, the state of e-commerce, sales performance targeting *oshikatsu* (various activities to support favorite idols, actors, anime characters, etc.) and the entertainment industry (Lifestyle products), prevailing business conditions, strategies for growth going forward, the impact of yen depreciation and responses such as price increases, the operational status of the printing factory, the status of TOPIX-related measures, the approach to shareholder returns, and the details of the 5th Medium-term Management Plan.

Results of financial results briefings and dialogue on an individual basis are as described below.

Financial results briefings (including the Medium-term Management Plan)	Two times
Dialogue on an individual basis	108times

(Note) The usual one-on-one meetings following the third-quarter financial results announcement were not held due to the secondary share offering and related matters resolved on July 22.

Please refer to “III. Implementation of Measures for Shareholders and Other Stakeholders, 2. IR activities” for other implementation summary of the financial results briefings.

[Management that is conscious of cost of capital and stock prices]

Content	Update	Disclosure of Initiatives (Update)
Availability of English disclosure	Update	Available
Update date	Update	December xx, 2025

Explanation regarding this matter

Update

The Group, under the three-year 4th Medium-term Management Plan (FY8/23 to FY8/25) released in October 2022, has set quantitative targets for net sales, operating profit, operating profit margin, ordinary profit, and profit attributable to owners of parent. It has also drawn up an investment plan containing an investment summary and total investment amounts. In October 2023, the Group revised the performance targets under the medium-term management plan (upwardly revised), as well as setting and releasing a new target for ROE (consolidated) of 20.0% or above for the fiscal year ending August 31, 2025.

The Group's ROE was 22.3% for the fiscal year ended August 31, 2023, 21.9% for the fiscal year ended August 31, 2024, and 21.6% for the fiscal year ended August 31, 2025, the final year of the 4th Medium-term Management Plan, reaching the target of 20.0% or above. As such, the Group confirms that it has achieved return on capital that exceeds cost of capital. In addition, PBR was 3.5 as of August 31, 2023, 3.2 as of August 31, 2024, and 3.6 as of August 31, 2025.

In the five-year 5th Medium-term Management Plan (FY8/26 to FY8/30) announced in October 2025, performance targets such as sales, ROE targets, investment frameworks for capital investment and M&As, investment policies, and capital cost and capital allocation have been established, including numerical values. With regard to the cost of capital, the Company estimates the CAPM-based cost of capital to be around 8%, and the cost of capital expected by the market to be in the range of 10% to 12%. ROE for the fiscal year ended August 31, 2025, was 21.6%, exceeding the cost of capital. For the target period of the 5th Medium-Term Management Plan (FY8/26 to FY8/30), the target is approximately 20.0%.

Regarding the remuneration system for Executive Directors, the Company grants shares with a transfer restriction to further enhance their motivation to achieve targets under the medium-term management plan and to contribute

[Translation]

to enhancing corporate value. The lifting of the transfer restriction is conditional upon achieving the aggregate consolidated profit target for the medium-term management plan period. The target aggregate consolidated profit was achieved under the 3rd Medium-term Management Plan (FY8/20 to FY8/22) and the 4th Medium-term Management Plan (FY8/23 to FY8/25). Furthermore, on December 4, 2025, a resolution was passed to allocate shares with a transfer restriction under the five-year 5th Medium-term Management Plan. A similar mechanism was also introduced for employees, as well as for directors and employees of subsidiaries, with an allocation resolution passed on the same day.

2. Capital structure

Update

Percentage of shares held by foreign investors	10% or more and less than 20%
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[Major shareholders]

Update

Name of shareholder	Number of shares held (shares)	Ownership interest (%)
Satoshi Ishikawa	6,092,400	21.57
The Master Trust Bank of Japan, Ltd. (Trust account)	2,389,000	8.46
Aoi Ishikawa	2,189,000	7.75
Arata Ishikawa	2,184,000	7.73
Custody Bank of Japan, Ltd. (Trust account)	1,802,000	6.38
Chikako Ishikawa	814,000	2.88
Nippon Life Insurance Company	762,600	2.70
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	546,700	1.94
BBH FOR BBH TSIL NEUBERGER BERMAN INVESTMENT FUNDS PLC- NEUBERGER BERMAN JAPAN EQUITY ENGAGEMENT FUND	542,000	1.92
GOVERNMENT OF NORWAY	489,400	1.73

Existence of controlling shareholders (excl. parent company)	—
Existence of parent company	None

Supplementary information

—

[Translation]

3. Corporate attributes

Listed stock exchange and market segment	Tokyo: Prime
Fiscal year end	End of August
Type of business	Other products
Number of employees at the end of the previous fiscal year (consolidated)	500 to less than 1,000
Sales during the previous fiscal year (consolidated)	¥10 billion to less than ¥100 billion
Number of consolidated subsidiaries at the end of the previous fiscal year	Less than 10 companies

4. Guidelines for measures to protect minority shareholders in the event of transactions with controlling shareholders

—

5. Other particular conditions that may materially affect corporate governance

—

II. Business Management Organization and Other Corporate Governance Systems for Management Decision-Making, Execution, and Supervision

1. Organizational structures and operations

Organizational form	Company with an Audit & Supervisory Committee
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[Directors]

Number of Directors pursuant to the Articles of Incorporation	15
Term of Directors pursuant to the Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairman (excluding concurrently serving as President)
Number of Directors	8
Election of outside Directors	Elected
Number of outside Directors	4
Number of outside Directors designated as independent officers	4

Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Kazuyuki Omori	From another company											
Takeo Tochimoto	Certified Public Accountant											
Yumiko Matsuo	Attorney at law											
Yuko Ito	From another company											

* Categories for Relationship with the Company

* ○ indicates that the person presently falls or has recently fallen under the category. △ indicates that the person fell under the category previously.

* ● indicates that the person's immediate family member presently falls or has recently fallen under the category (except h to j). ▲ indicates that the person's immediate family member fell under the category (except h to j) previously.

a. An executive officer of the Company or its subsidiary

b. An executive officer or non-executive director of the parent of the Company

c. An executive officer of a fellow subsidiary of the Company

d. A person whose primary customer/supplier is the Company or who is an executive officer thereof

e. A primary customer/supplier of the Company or an executive officer thereof

f. A consultant, accounting expert or legal expert who receives significant monetary consideration or other assets from the Company, in addition to remuneration as a Director

g. A principal shareholder of the Company (if the principal shareholder is a legal entity, an executive officer of such legal entity)

h. An executive officer of the customer/supplier of the Company (which does not fall under any of d, e, or f) (the Director himself/herself only)

i. An executive officer of a company, between which and the Company outside Directors are appointed on a reciprocal basis (the Director himself/herself only)

j. An executive officer of an entity that receives a donation from the Company (the Director himself/herself only)

k. Other

Relationship with the Company (2)

Update

Name	Member of Audit & Supervisory Committee	Independent officer	Supplementary information	Reasons for election
Kazuyuki Omori	○	○	No special notes.	Based on his ample professional experience on environmental issues, CSR promotion and finance, he is expected to contribute to ensuring the soundness and adequacy of the Company's management through utilizing this knowledge to supervise the execution of duties by Directors, provide advice, etc.
Takeo Tochimoto	○	○	No special notes.	By drawing on his extensive experience at the Bank of Japan as well as broad knowledge as a certified public accountant, he has provided a number of companies with advice and supervision on management from an independent point of view. Such wealth of experience should, in terms of diversity in corporate management, contribute to ensuring the soundness and adequacy of the Company's management.
Yumiko Matsuo	○	○	No special notes.	With her expertise and considerable practical experience as a lawyer, she has provided many companies with advice and supervision on management from an independent standpoint and thus is expected to contribute to ensuring the soundness and adequacy of the Company's management.
Yuko Ito	○	○	No special notes.	Based on her ample professional experience as a corporate executive, she is expected to contribute to ensuring the soundness and adequacy of the Company's management through utilizing this knowledge to supervise the execution of duties by Directors, provide advice, etc.

[Audit & Supervisory Committee]

Committee members and attributes of chairperson

	Total members (persons)	Full-time members (persons)	Inside Directors (persons)	Outside Directors (persons)	Chairperson
Audit & Supervisory Committee	4	1	0	4	Outside Director

Existence of Directors and employees who assist with the duties of the Audit & Supervisory Committee when required

None

Reasons for adopting the current system

The Audit & Supervisory Committee does not have specific employees who assist with its duties as it performs audits in coordination with the Internal Audit Office. When the Audit & Supervisory Committee needs them, certain employees are assigned upon discussion with the Committee, and such assignment must be agreed to by the Committee. The Internal Audit Office staff also provides assistance, where necessary, upon receiving directions related to matters concerning audit operations. In such cases, the employee is supervised by the Audit & Supervisory Committee and maintains his/her independence from Directors who are not Audit & Supervisory Committee members.

Cooperation between the Audit & Supervisory Committee, independent auditors, and the internal audit division

For coordination between the Audit & Supervisory Committee and the Internal Audit Office, they exchange opinions when drafting an annual internal audit plan, and reports on audit results are submitted by the Office to the Committee on a monthly basis during the fiscal year. For coordination between the Audit & Supervisory Committee and independent auditors, they exchange opinions at the time of quarterly account closing and year-end account closing and share information at the time of audits during the fiscal year to confirm financial positions, revisions to laws, etc. Furthermore, the Audit & Supervisory Committee and the Internal Audit Office are both present, if necessary, at inventory clearance at the time of account closing, and the Office makes a report on internal audits as appropriate, in an effort to ensure proactive coordination with independent auditors.

[Optional committees]

Establishment of optional committees equivalent to Nominating Committee or Remuneration Committee

Established

Status of establishment of optional committees, committee members, and attributes of chairperson of the committee

	Optional committee equivalent to Nominating Committee	Optional committee equivalent to Remuneration Committee
Name of the committee	–	Remuneration Committee
Total members (persons)	–	3
Full-time members (persons)	–	2
Inside Directors (persons)	–	1
Outside Directors (persons)	–	2
Outside experts (persons)	–	0
Other (persons)	–	0
Chairperson	–	Inside Director

Supplementary information

[Update](#)

[Remuneration Committee]

(1) Roles and structures

In order to ensure the objectivity and transparency of procedures for determining remuneration for Directors who are not Audit & Supervisory Committee members, improve the supervisory functions of the Board of Directors, and further enhance the corporate governance system, the Company has established the Remuneration Committee as an optional advisory body to the Board of Directors. The Remuneration Committee consists of three members who are elected by the Board of Directors, and a majority of the members must be independent outside directors (Audit & Supervisory Committee members). The Chairperson is appointed by the Board of Directors.

Regarding the policy and method of determining remuneration, etc. for Directors who are not Audit & Supervisory Committee members and individual remuneration amounts, etc., in accordance with the policy for determining the details of individual remuneration, etc. for Directors adopted by the Board of Directors, Chairman and Representative Director and Directors who are Audit & Supervisory Committee members (independent outside directors), who constitute the Remuneration Committee delegated by the Board of Directors, deliberate on and decide the scope of the delegation based on the resolution of the General Meeting of Shareholders and the resolution of the Board of Directors.

(2) Activities

The Committee met three times in the fiscal year ended August 31, 2025:

- Deliberated and determined the individual remuneration for the Directors who are not Audit & Supervisory Committee members for FY2025 (revised in December 2024)
- Deliberated and determined the calculation method for the individual remuneration for the Directors who are not Audit & Supervisory Committee members for FY2026 (revised in December 2025)
- Deliberated and determined the remuneration for the directors of subsidiaries

The attendance of the members was as follows:

Satoshi Ishikawa (Chairman and Representative Director)	3/3 (attendance rate: 100%)
Kazuyuki Omori (Outside Director / Full-time Audit & Supervisory Committee member)	1/1 (attendance rate: 100%)
Takeo Tochimoto (Outside Director / Audit & Supervisory Committee member)	3/3 (attendance rate: 100%)
Toshiro Sasaki (Outside Director / Audit & Supervisory Committee member)	2/2 (attendance rate: 100%)

(Note) Kazuyuki Omori, who was appointed as a Director who is an Audit & Supervisory Committee member at the 38th Annual General Meeting of Shareholders held on November 28, 2024, was

[Translation]

appointed as a Remuneration Committee member in place of Toshiro Sasaki at the Board of Directors meeting held on the same day.

[Independent officers]

Number of independent officers	4
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Other matters relating to independent officers

The Company has designated all four outside Directors as independent officers, as they are all qualified as independent officers.

[Incentives]

Implementation of measures to provide incentives to Directors	<input checked="" type="checkbox"/> Adoption of performance-linked remuneration plan <input checked="" type="checkbox"/> Other
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Supplementary information

[Update](#)

Please refer to “Disclosure of policy on determining the amount and calculation method of remuneration (details)” in “1. Organizational structures and operations, [Director remuneration]” under section II. of this report.

Grantees/recipients of stock options

Supplementary information

[Director remuneration]

Status of disclosure	<input checked="" type="checkbox"/> Individual remuneration is not disclosed
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Supplementary information

[Update](#)

Director remuneration in the fiscal year ended August 31, 2025

(Thousand yen)

[Translation]

	Total amount of remuneration	Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration, etc. (stock compensation)	Number of Directors who are grantees/recipients (persons)
Directors who are not Audit & Supervisory Committee members	124,083	53,010	60,930	10,143	4
Directors who are not Audit & Supervisory Committee members (outside Directors)	900	900	—	—	1
Directors who are Audit & Supervisory Committee members (outside Directors)	19,350	19,350	—	—	4
Total	144,333	73,260	60,930	10,143	9
(Outside Directors)	(20,250)	(20,250)	(—)	(—)	(5)

Existence of policy on determining the amount and calculation method of remuneration <input type="button" value="Update"/>	Yes
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Disclosure of policy on determining the amount and calculation method of remuneration (details)

The Company adopted a resolution on the policy for determining the details of individual remuneration, etc. for Directors at the Board of Directors meeting held on February 26, 2021, and revised the policy at the Board of Directors meeting held on December 6, 2023. The details of the policy are as described below.

(1) Basic policy on remuneration, etc. for Directors

The basic policy on remuneration for the Directors of the Company is to set up a remuneration system linked to shareholder returns so that it fully functions as an incentive to increase Director motivation for continuous and medium-to-long-term improvement of earnings and the achievement of sustainable improvement in the corporate value of the entire Group, in accordance with the management policy, in an environment where risk taking is allowed, and to set individual Director remuneration at a proper level in view of their respective duties.

Remuneration for Directors, except outside Directors and Directors who are Audit & Supervisory Committee members (hereinafter called “Executive Directors”), is composed of “fixed remuneration,” “performance-linked remuneration,” which is linked to short-term earnings, and “stock compensation,” which is a medium-term incentive that is provided on condition that certain targets are met. Remuneration for non-Executive Directors, outside Directors, and Directors who are Audit & Supervisory Committee members consists only of fixed remuneration, given their duties.

(2) Composition of remuneration for Executive Directors

a. Fixed remuneration

The amount is determined by comprehensively considering a Director’s rank, roles, years of experience, changes in the business environment, etc.

b. Performance-linked remuneration

For the purpose of increasing awareness regarding improving earnings on a fiscal year basis and clarifying the results and responsibilities of Directors, the amount is determined based on earnings figures. More specifically, using two figures as earnings figures, namely, the sum of profit before income taxes of all operating companies and the sum of profit before income taxes of the operating companies that a Director is concurrently serving at and is in charge of, and in accordance with the “standard for performance-linked remuneration” that defines the amount of remuneration corresponding to earnings figures, it is determined in proportion to the actual results for the previous fiscal year. In the case of the Representative Director of the Company, the sum of profit before income taxes of all operating companies is applied. In the case of Directors who are concurrently serving as the Representative Director of operating companies, the sum of

profit before income taxes of all operating companies, and the sum of profit before income taxes of that operating company and the operating companies that the Director is concurrently serving at and is in charge of are applied, and in the case of Directors who are concurrently serving as Director of an operating company, the sum of profit before income taxes of all operating companies, and the sum of profit before income taxes of the operating companies that the Director is concurrently serving at are applied. These figures are used because they are emphasized in enhancing the Group's profitability, and because the results and responsibilities of Directors should be clearly defined.

c. Non-monetary remuneration, etc. (stock compensation)

As an incentive to achieve targets under the medium-term management plan and increase motivation to contribute to enhancing corporate value more than before, the Company adopted a stock compensation with a transfer restriction plan in accordance with the resolution of the 33rd Annual General Meeting of Shareholders held in November 2019. Non-monetary remuneration, etc. is provided in the form of shares with a transfer restriction (with performance conditions). The lifting of the transfer restriction for such compensation is conditional upon achieving the aggregate consolidated profit for three fiscal years, as predetermined by the Board of Directors, to ensure that the compensation functions as an incentive to achieve targets. The amount and the number of shares to be granted are determined by considering a Director's rank, expected roles, stock price movements, etc.

The details of the stock compensation with a transfer restriction (with performance conditions) granted to Executive Directors based on the resolution of the Board of Directors meeting held on December 6, 2022 are as follows. The stock compensation for the current fiscal year is associated with the allotment dated on December 28, 2022 based on the same resolution. Consolidated net income is adopted as a figure for performance conditions because the Company emphasizes the payout ratio when making a decision on dividends for shareholders.

• Resolution on allotment dated December 6, 2022 (allotment dated December 28, 2022)

(a) Allottees and total number of shares allotted

Four Executive Directors, 24,000 shares

(b) Transfer restriction period

From December 28, 2022 to the time of retiring from the position of director or auditor of the Company or its subsidiaries

(c) Conditions for lifting of transfer restriction

An eligible director has continuously remained in the position of Director of the Company during the period from December 28, 2022 to immediately before the conclusion of the 39th Annual General Meeting of Shareholders (FYE 2025/8), and the aggregate consolidated profit stated in the securities report of the Company for the three fiscal years from the 37th fiscal year (FYE 2023/8) to the 39th fiscal year (FYE 2025/8) amounts to ¥8.23 billion or more.

Regarding the performance condition among the conditions for lifting the above transfer restriction, the aggregate consolidated profit for the 37th fiscal year (FYE 2023/8) through the 39th fiscal year (FYE 2025/8) reached ¥11.14 billion, thereby fulfilling the performance condition.

• Resolution on allotment dated December 4, 2025 (allotment dated December 23, 2025)

(a) Allottees and total number of shares allotted

Four Executive Directors, 60,000 shares

(b) Transfer restriction period

From December 23, 2025 to the time of retiring from the position of director or auditor of the Company or its subsidiaries

(c) Conditions for lifting of transfer restriction

An eligible director has continuously remained in the position of Director of the Company during the period from December 23, 2025 to immediately before the conclusion of the 44th Annual General Meeting of Shareholders (FYE 2030/8), and the aggregate consolidated profit stated in the securities report of the Company for the three fiscal years from the 40th fiscal year (FYE 2026/8) to the 44th fiscal year (FYE 2030/8) amounts to ¥25.02 billion or more.

d. Policy for determining the percentage of remuneration

To encourage Executive Directors to take on challenges, the structure is based on performance-linked remuneration, which is linked to short-term earnings and stock compensation with a transfer restriction as an incentive to achieve medium-term management plans, with a certain amount of fixed remuneration as a base. Considering the balance of each type of remuneration, Chairman and Representative Director and Directors (independent outside directors) who are Audit & Supervisory Committee members, who constitute the Remuneration Committee delegated by the Board of Directors (the “Remuneration Committee members”), determine the details of the individual remuneration, etc. for Directors.

(3) Resolution of the General Meeting of Shareholders related to the determination of remuneration for Directors

The maximum amount of remuneration for Directors who are not Audit & Supervisory Committee members was approved at ¥200 million per year (including a maximum of ¥20 million per year for outside Directors; for a total of five Directors at the time of the resolution, including one outside Director) at the 30th Annual General Meeting of Shareholders held on November 29, 2016. In addition, at the 33rd Annual General Meeting of Shareholders held on November 28, 2019, the total amount of monetary compensation claims to be issued for the grant of shares with a transfer restriction to Executive Directors was approved at up to ¥60 million per year (for a total of four Directors at the time of the resolution), separately from the foregoing maximum remuneration amount, with the total maximum number of common shares as 80,000. Employee salaries for employees who concurrently serve as a Director are not included in the maximum remuneration amount, the total amount of monetary compensation claims, or the total number of common shares.

The maximum amount of remuneration for Directors who are Audit & Supervisory Committee members was approved at ¥50 million per year (for a total of three Directors at the time of the resolution, including three outside Directors) at the 30th Annual General Meeting of Shareholders held on November 29, 2016.

At the 39th Annual General Meeting of Shareholders held on November 27, 2025, approval was granted for a partial revision to the system to allow shares with a transfer restriction to be granted not only through monetary claims provided entirely as property to be contributed in kind, but also through a method that does not require cash payment or the provision of monetary claims as property to be contributed in kind. This revision also allows the grant of up to ¥150 million in total monetary claims or shares with a transfer restriction per year (based on four eligible recipients at the time of resolution) and up to a total of 135,000 common shares per year.

(4) Process of determining the amount of remuneration, etc. for Directors

In order to ensure the objectivity and transparency of procedures for determining remuneration for Directors who are not Audit & Supervisory Committee members, improve the supervisory functions of the Board of Directors, and further enhance the corporate governance system, the Company has established the Remuneration Committee, which is composed of three members, a majority of whom are independent outside directors (Audit & Supervisory Committee member), as an optional advisory body to the Board of Directors. For individual remuneration, etc., the determination of the details is delegated to the Remuneration Committee members based on the resolution of the Board of Directors. They are authorized to determine the amount of fixed remuneration for Directors and the amount of performance-linked remuneration based on the actual results of the business that each Director is in charge of.

The Board of Directors has established the Remuneration Committee Regulations so that authority is appropriately exercised by the Remuneration Committee members. The Regulations provide that the Committee shall consist of three members, including one Representative Director, and two Directors (independent outside directors) who are Audit & Supervisory Committee members and constitute a majority, and that the Committee shall report on the execution of its duties to the Board of Directors, and so on. The Board of Directors judges that the details of individual remuneration, etc. for the current fiscal year have been adequately deliberated and determined by the Remuneration Committee based on the policy adopted by the Board of Directors, and that they are in line with the foregoing policy.

Meanwhile, for stock compensation with a transfer restriction, the number of shares to be individually allotted to Directors is resolved by the Board of Directors in view of the decision made by the Remuneration Committee.

The remuneration, etc. for Directors who are Audit & Supervisory Committee members is determined at meetings of the Audit & Supervisory Committee, within the scope of the resolution of the General Meeting of Shareholders.

The Remuneration Committee met three times in the fiscal year ended August 31, 2025, with all members in attendance. The individual remuneration, etc. for FY2025 (revised in December 2024) for Directors who are not Audit & Supervisory Committee members was reviewed and decided by the Remuneration Committee, based on the proxy resolution of the Board of Directors meeting held on November 28, 2024. Additionally, the calculation method and other details regarding the individual remuneration for Directors who are not Audit & Supervisory Committee members for FY2026 (revised in December 2025) were discussed and decided. The remuneration for directors of subsidiaries for FY2025 was also deliberated. The following are the members of the Remuneration Committee for the fiscal year ended August 31, 2025:

Chairperson	Chairman and Representative Director	Satoshi Ishikawa
Member	Outside Director (Full-time Audit & Supervisory Committee member)	Kazuyuki Omori
Member	Outside Director (Audit & Supervisory Committee member)	Takeo Tochimoto
Member	Outside Director (Audit & Supervisory Committee member)	Toshiro Sasaki

(Note) Kazuyuki Omori was appointed as a Remuneration Committee member in place of Toshiro Sasaki at the Board of Directors meeting held on November 28, 2024.

[Support system for outside Directors]

The General Affairs Department provides support for outside Directors, such as giving advance notice of the Board of Directors meetings and materials, in an effort to facilitate deliberations and resolutions at the meetings as well as to ensure effective administration. Other necessary reports and communications are made, as appropriate, on a cooperative basis by full-time Audit & Supervisory Committee members and the General Affairs Department to avoid any information gap.

2. Matters pertaining to functions relating to business execution, auditing and supervision, nomination, and decisions regarding remuneration (outline of the current corporate governance system) Update

In order to increase transparency and objectivity related to the Group's management and further strengthen the supervisory functions of the Board of Directors and corporate governance to further enhance corporate value, the Company has adopted the structure of a company with an Audit & Supervisory Committee, establishing the Board of Directors, Audit & Supervisory Committee, and independent auditors as an entity under the Companies Act, along with the Remuneration Committee, Management Meeting, Compliance Risk Management Committee, Sustainability Committee, and Internal Audit Office.

(1) Board of Directors

The Board of Directors consists of four Directors who are not Audit & Supervisory Committee members and four Directors who are Audit & Supervisory Committee members (all of whom are outside Directors and independent officers). It meets on a monthly basis, with ad-hoc meetings held as necessary, decides material management matters in accordance with laws, the Articles of Incorporation, and the Regulations of the Board of Directors, and receives reports on business execution from Directors who are not Audit & Supervisory Committee members in order to supervise their execution of duties.

Each Director who is not Audit & Supervisory Committee member performs his/her duties properly, in compliance with laws and the Articles of Incorporation and based on resolutions of the Board of Directors, and mutually monitors the validity and conformity with laws and the Articles of Incorporation of the execution of duties by other Directors who are not Audit & Supervisory Committee members.

Directors who are Audit & Supervisory Committee members monitor the ideal state of governance and its operation status and audit and supervise the execution of duties by Directors who are not Audit & Supervisory Committee members, by attending key managerial meetings such as the Board of Directors meetings, Management Meetings, Compliance Risk Management Committee meetings, and Sustainability Committee meetings, and receiving reports from or interviewing employees or Directors who are not Audit & Supervisory Committee members.

The Board met 18 times in the fiscal year ended August 31, 2025. Composition of the Board of Directors, attendance at Board of Directors meetings, and specific matters for consideration are as described below.

Composition of the Board of Directors and attendance at Board of Directors meetings (fiscal year ended August 31, 2025)

Title	Name	Attendance
Chairman and Representative Director (Chairperson)	Satoshi Ishikawa	18/18 (attendance rate: 100%)
President and Representative Director	Keiichi Chiba	18/18 (attendance rate: 100%)
Director	Yoshinari Kitayama	18/18 (attendance rate: 100%)
Director	Yukiko Iguchi	18/18 (attendance rate: 100%)
Director	Yoriko Aelvoet	3/3 (attendance rate: 100%)
Director (full-time Audit & Supervisory Committee member)	Kazuyuki Omori	15/15 (attendance rate: 100%)
Director (Audit & Supervisory Committee member)	Toshiro Sasaki	18/18 (attendance rate: 100%)
Director (Audit & Supervisory Committee member)	Takeo Tochimoto	18/18 (attendance rate: 100%)
Director (Audit & Supervisory Committee member)	Yumiko Matsuo	18/18 (attendance rate: 100%)

(Note 1) The number of meetings of the Board of Directors which Yoriko Aelvoet was eligible to attend differs from the other Directors given that she resigned upon the conclusion of the 38th Annual General Meeting of Shareholders held on November 28, 2024.

(Note 2) The number of meetings of the Board of Directors which Kazuyuki Omori was eligible to attend differs from that of the other Directors given that he was elected at the 38th Annual General Meeting of Shareholders held on November 28, 2024.

Matters for consideration

- Progress on matters regarding business management of the Group
- Formulation of single-year budget
- Matters regarding the medium-term management plan
- Matters regarding management indicators and cost of capital
- Matters regarding capital policy
- Matters regarding Annual General Meetings of Shareholders
- Holdings of strategically held shares and exercise of voting rights
- Matters regarding investment in an investment limited partnership
- Matters regarding corporate governance, sustainability, and internal controls
- Matters regarding dialogue with shareholders, investors, etc.

The Board of Directors formed opinions, engaged in discussions, and adopted resolutions regarding matters such as those listed above.

(2) Audit & Supervisory Committee

The Audit & Supervisory Committee consists of one full-time outside Director and three outside Directors, and all four members are independent officers. The full-time outside Director serves as the Chairperson. By holding monthly regular meetings, and ad-hoc meetings as necessary, for exchanging views on audit results, etc. and cooperating with independent auditors and the Internal Audit Office, the Committee is engaged in effective auditing activities. For the purpose of facilitating these activities and reinforcing the audit and supervisory functions of the Committee, one full-time Audit & Supervisory Committee member has been appointed. Three non-full-time (part-time) members possess substantial knowledge about the fields of finance,

accounting, and law through their professional background and considerable practical experience as a company owner, banker, certified public accountant, and attorney at law. Kazuyuki Omori, who was elected as a Director who is an Audit & Supervisory Committee member at the 38th Annual General Meeting of Shareholders held on November 28, 2024, replaced Toshiro Sasaki as a full-time Audit & Supervisory Committee member.

The Committee met 14 times in the fiscal year ended August 31, 2025.

Composition of the Audit & Supervisory Committee and attendance at Audit & Supervisory Committee meetings (fiscal year ended August 31, 2025)

Title	Name	Attendance
Director (Full-time Audit & Supervisory Committee member)	Kazuyuki Omori	11/11 (attendance rate: 100%)
Director (Audit & Supervisory Committee member)	Toshiro Sasaki	14/14 (attendance rate: 100%)
Director (Audit & Supervisory Committee member)	Takeo Tochimoto	14/14 (attendance rate: 100%)
Director (Audit & Supervisory Committee member)	Yumiko Matsuo	14/14 (attendance rate: 100%)

(Note) The number of Audit & Supervisory Committee meetings which Kazuyuki Omori was eligible to attend differs from that of the other Directors given that he was elected at the 38th Annual General Meeting of Shareholders held on November 28, 2024.

Matters for consideration

Matters for consideration include those with respect to design of and allocation of duties for audit plans, preparation and submission of audit reports, evaluation of the independent auditor, confirmation regarding remuneration for Audit & Supervisory Committee members and remuneration for the independent auditor, determination of opinion on proposal for election of Directors who are not Audit & Supervisory Committee members, confirmation regarding the structure and operations of internal control systems, confirmation regarding Board of Director matters to be resolved and matters to be reported, confirmation regarding audits by the Internal Audit Office, and opinion exchange with the respective Representative Directors and Directors.

(3) Internal Audit Office

As an independent department that reports directly to President and Representative Director, the Internal Audit Office consists of one person. In accordance with the Internal Audit Rules, audits are categorized into business operation audits, accounting audits, and audits on efficiency and economy, compliance, and internal controls, and conducted onsite at least once a year, in principle, in the divisions of the Company and the divisions and sales offices of subsidiaries, in line with an annual audit plan that is approved by President and Representative Director and reported to the Board of Directors. Audit results are reported to the President and Representative Director, and subsequently reported to the Audit & Supervisory Committee. They are also reported directly to the Board of Directors by the Internal Audit Office.

(4) Independent auditors

For accounting audits, under the audit engagement agreement signed between Grant Thornton Taiyo LLC and the Company, Grant Thornton Taiyo LLC expresses its opinions on financial statements and internal controls from an independent and fair point of view.

(5) Remuneration Committee

In order to ensure the objectivity and transparency of procedures for determining remuneration for Directors who are not Audit & Supervisory Committee members, improve the supervisory functions of the Board of Directors, and further enhance the corporate governance system, the Company has established the Remuneration Committee as an optional advisory body to the Board of Directors. The Remuneration Committee consists of three members who are elected by the Board of Directors, and a majority of the members must be independent outside directors (Audit & Supervisory Committee members). The Chairperson

is appointed by the Board of Directors. Regarding the policy and method of determining remuneration, etc. for Directors who are not Audit & Supervisory Committee members and individual remuneration amounts, etc., in accordance with the policy for determining the details of individual remuneration, etc. for Directors adopted by the Board of Directors, Chairman and Representative Director and Directors who are Audit & Supervisory Committee members (independent outside directors), who constitute the Remuneration Committee delegated by the Board of Directors, deliberate on and decide the scope of the delegation based on the resolution of the General Meeting of Shareholders and the resolution of the Board of Directors. Kazuyuki Omori, who was elected as a Director who is an Audit & Supervisory Committee member at the 38th Annual General Meeting of Shareholders held on November 28, 2024, was elected as a Remuneration Committee member at the Board of Directors meeting held on the same day, replacing Toshiro Sasaki. The Committee met three times in the fiscal year ended August 31, 2025. Composition of the Remuneration Committee, attendance at Remuneration Committee meetings, and specific matters for consideration are as described in “[Optional committees], Supplementary information,” “[Remuneration Committee], (2) Activities,” and “[Director remuneration], (4) Process of determining the amount of remuneration, etc. for Directors.”

(6) Management Meeting

Chaired by President and Representative Director of the Company and composed of the Company’s Directors (full-time) and full-time Audit & Supervisory Committee members, presidents of subsidiaries, and heads of departments/offices of the Group companies, the Management Meeting is held on a monthly basis. At the Meeting, the Group’s business operations are reported and reviewed, primarily to confirm the budget status regarding the execution of material matters related to the Group’s management, for the purpose of sharing managerial information and boosting efficiency in business execution. The Meeting was held 12 times in the fiscal year ended August 31, 2025.

(7) Compliance Risk Management Committee

Chaired by President and Representative Director of the Company and composed of Directors (full-time) who are not Audit & Supervisory Committee members of the Company, as well as full-time Audit & Supervisory Committee members, presidents/directors/auditors of subsidiaries, and heads of departments/offices of the Company, the Compliance Risk Management Committee meets four times per year, with ad-hoc meetings held as necessary. The Committee makes efforts to ensure the management of compliance risks in the Group’s business activities and secure continuous and stable business growth and eliminate and alleviate conflict-of-interest factors among stakeholders, in compliance with laws/ordinances/the Articles of Incorporation/basic policy on developing internal control systems/internal rules/other rules required in society in general. The Committee met five times in the fiscal year ended August 31, 2025. At its regular meeting held every three months, the Committee confirmed key risks along with associated measures and their implementation, taking into account the Group’s status since the previous meeting, and evaluated key risks. In addition, the Committee also confirmed implementation of compliance risk management processes within the Group and discussed associated measures.

(8) Sustainability Committee

On May 31, 2023, the Sustainability Committee was established as an advisory body to the Board of Directors for the purpose of strengthening initiatives for sustainability in looking toward achieving the Group’s sustainability targets. The Committee is chaired by the President and Representative Director and is composed of Directors who are not Audit & Supervisory Committee members of the Company (full-time), as well as a full-time Audit & Supervisory Committee member, and officers and employees of the Group who have been appointed by the Chairperson as the Committee members. It meets at least twice a year, in principle, with ad-hoc meetings held as necessary. In seeking to promote the Group’s initiatives for sustainability, the Committee formulates and promotes policies, plans, and targets related to sustainability, gathers, analyzes, and evaluates information, and reports the initiatives to the Board of Directors.

The Sustainability Committee met twice during the fiscal year ended August 31, 2025, with all five members in attendance. The Committee redefined the Group’s materiality issues based on project reviews, discussed and decided on items on which to expand ESG data disclosure on the website, and reported the outcomes to the Board of Directors. It also reviewed the status of the Group’s efforts to address climate change risks.

Composition of Sustainability Committee (fiscal year ended August 31, 2025)

Title	Name
Chairman and Representative Director	Satoshi Ishikawa
President and Representative Director (Chairperson)	Keiichi Chiba
Director	Yoshinari Kitayama
Director	Yukiko Iguchi
Director (Full-time Audit & Supervisory Committee member)	Kazuyuki Omori

(Note) Kazuyuki Omori, who was appointed as a Director who is an Audit & Supervisory Committee member at the 38th Annual General Meeting of Shareholders held on November 28, 2024, was appointed as a Sustainability Committee member.

3. Reasons for adopting the current corporate governance system

The Company has adopted the current system because it believes that it can strengthen supervisory functions over the Board of Directors/Directors and corporate governance, by establishing the Audit & Supervisory Committee and granting voting rights at the Board of Directors meetings to Directors who are Audit & Supervisory Committee members, and that it can ensure transparency, soundness, and compliance with laws in management and achieve further enhanced corporate value through mutual coordination between the bodies, including the Audit & Supervisory Committee.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to energize general meetings of shareholders and facilitate the exercise of voting rights

Update		Supplementary information
<input checked="" type="checkbox"/>	Early distribution of convocation notice of the General Meeting of Shareholders	The convocation notice of the General Meeting of Shareholders is mailed three weeks prior to the date of the Meeting and disclosed on the Company website and the Tokyo Stock Exchange website from the day when it is mailed. The convocation notice of the 39th Annual General Meeting of Shareholders dated November 27, 2025 was mailed on November 5 and posted on the Company website and the Tokyo Stock Exchange website on the same day.
<input checked="" type="checkbox"/>	Exercise of voting rights by electronic means	In order to improve convenience for shareholders, the Company supports the exercise of voting rights by electronic means such as websites and platforms for voting designated by the Company.
<input checked="" type="checkbox"/>	Measures for participation in electronic voting platforms and other improvement of the voting environment for institutional investors	The Company participates in an electronic voting platform operated by ICJ, Inc.
<input checked="" type="checkbox"/>	Providing convocation notices in English (summary)	The convocation notice in a narrow sense and reference materials for the Meeting are translated into English and posted on the websites of the Company, the Tokyo Stock Exchange, etc. together with the Japanese version.
<input checked="" type="checkbox"/>	Others	The Company makes efforts to energize the General Meetings of Shareholders, by presenting business reports using projectors/slides and voice-over narration, etc. at the Meetings.

2. IR activities Update

		Supplementary information	Explanation by Representative
<input checked="" type="checkbox"/>	Preparation and publication of disclosure policy	In September 2024, the Company renewed its corporate website and published its disclosure policy on the site. <Disclosure policy> https://www.trans-action.co.jp/e.zy.hp.transer.com/ir/disclosurepolicy.html	
<input checked="" type="checkbox"/>	Holding Regular Investor Briefings for Analysts and Institutional Investors	<Investor briefing summary> Dates Twice a year through an online format (April [second quarter] and October [fiscal year]) Speaker Chairman and Representative Director Content (1) Summary of financial results and forecast of business performance (2) Future management strategy (3) Business description and business model, etc. (4) Medium-term management plan (October 2025), Presenter: President and Representative Director Participants Institutional investors (fund managers, analysts), sell-side analysts, media representatives, etc.	Yes

		Supplementary information
<input checked="" type="checkbox"/>	Posting IR materials on website	<p><IR information> https://www.trans-action.co.jp.e.zy.hp.transer.com/ir/ Summaries of financial results, quarterly financial results, supplementary explanatory materials for financial results, financial statements briefing session materials (transcripts of financial statements briefing sessions, including Q&A sessions), medium-term management plans, securities reports, semi-annual securities reports, convocation notices of the General Meeting of Shareholders, notices of resolutions, letters/communications to shareholders, performance highlights, status of dividends, shareholder benefit plans, IR calendars, timely disclosure materials, PR information, etc. are posted. Summaries of financial results, quarterly financial results, convocation notices in a narrow sense and reference materials for the General Meeting of Shareholders, financial statements briefing session material (including transcripts of financial results briefings and Q&A sessions), and medium-term management plans, timely-disclosure materials, as well as this report, are also published in English.</p> <p><Sustainability> https://www.trans-action.co.jp.e.zy.hp.transer.com/sustainability/ <ul style="list-style-type: none"> • Materiality (important issues) and initiatives https://www.trans-action.co.jp.e.zy.hp.transer.com/sustainability/materiality.html • ESG data https://www.trans-action.co.jp.e.zy.hp.transer.com/sustainability/esg-data.html </p> <p><Corporate governance> https://www.trans-action.co.jp.e.zy.hp.transer.com/company/corporategovernance.html <ul style="list-style-type: none"> Basic views on corporate governance Corporate governance system Corporate governance reports </p> <p><Skills matrix of Directors> https://www.trans-action.co.jp.e.zy.hp.transer.com/company/officer.html</p>
<input checked="" type="checkbox"/>	Establishment of department and/or manager in charge of IR	<p><Officer in charge of IR> Director Yoshinari Kitayama <Department in charge of IR> Corporate Planning Department <Contact for IR administrations> General Manager of Corporate Planning Department Masaru Sugaya</p>

3. Measures to ensure due respect for stakeholders

Update

		Supplementary information
☑	Establishing provisions concerning due respect for stakeholders in internal rules, etc.	<p>The Company adheres to the following as its action guidelines: “to continue to be a company that not only complies with laws but also is respected by society,” “to maintain a free and open corporate culture to continue to be a company in harmony with symbiosis,” and “to realize welfare/well-being for customers, employees and shareholders, and more broadly, for society, through its corporate activities.”</p> <p>Due respect for stakeholders is also set forth in the “Basic Compliance Policy,” “Compliance Management Regulations,” and others. In reviewing the materiality issues for 2024, the Company re-identified them from the perspective of importance to the Group and its stakeholders.</p>
☑	Implementation of environmental conservation activities, CSR activities, etc.	<p>For the purpose of strengthening initiatives for sustainability, the Company has reviewed the materiality issues (important issues) identified as managerial challenges in 2020 from the perspective of their importance to the Group and stakeholders. Based on this review, six items have been re-identified as materiality issues in 2024.</p> <p>Please refer to the following for information on sustainability, including materiality, the identification process, details of the identified materiality issues, and ESG data.</p> <p>https://www.trans-action.co.jp/e.zy.hp.transer.com/sustainability/</p> <ul style="list-style-type: none"> • Materiality issues in the areas of environment and CSR were re-identified in 2024 as “expansion of eco-product lineup” and “supply chain management,” which are of extremely high importance. • One of the Group’s corporate philosophies is “to make social contributions by offering earth-conscious products through manufacturing,” and the Group is committed to the conservation of the earth’s environment through its business. Since its foundation, it has operated its business through “manufacturing (things),” with a focus on the development and supply of “Eco-products.” It strengthens the development and supply of eco-friendly products, not only by simply developing products made of environmentally-friendly materials or recyclable materials but also with philosophies “stop using disposable things” and “use reusable products,” and under the theme of “consider the environment from manufacturing.” • To strengthen supply chain management, mainly overseas, the Group is reviewing its CSR procurement policy and conducting surveys of overseas production contractors (overseas suppliers). • In October 2021 the Group participated in “Renewable Energy 100 Declaration: RE Action” and set a minimum goal of having renewable energy account for 50% of the Group-wide electricity consumption by 2030 and 100% by 2050. The Group moved up, by five years, the target deadline for achieving the goal of having renewable energy account for 50% by 2025, in the “4th Medium-term Management Plan (FY8/23 to FY8/25)” released on October 20, 2022. For FY8/25, the figure reached 54%, achieving the 50% target. • On May 31, 2023, the Sustainability Committee was established as an advisory body to the Board of Directors for the purpose of strengthening initiatives for sustainability in looking toward achieving the Group’s sustainability targets, and we expressed our support for the recommendations of the TCFD. The Group actively discloses information enlisting the TCFD recommendations as guidelines for assessing the appropriateness of its response to climate change.

[Translation]

		Supplementary information
<input checked="" type="checkbox"/>	Formulation of policy on information provision to stakeholders	Regarding information disclosure to stakeholders, with the provision on “timely and fair disclosure of corporate information to customers/suppliers, employees and shareholders in pursuit of transparent management” set forth in the “Basic Compliance Policy,” the Company performs timely, appropriate, and fair information disclosure, including by posting its disclosure policy on the Company website.

[Translation]

IV. Matters related to Internal Control Systems, etc.

1. Basic views on internal control systems and progress of system development Update

Please refer to “Basic views on internal control systems and progress of system development” under the “Corporate governance” of the Company website.

<https://www.trans-action.co.jp/e/zy.hp.transer.com/company/corporategovernance.html>

[Corporate Governance Chart]

Please refer to “The corporate governance system” under the “Corporate governance” of the Company website.

<https://www.trans-action.co.jp/e/zy.hp.transer.com/company/corporategovernance.html>

2. Basic views towards the elimination of antisocial forces and progress of related efforts

Upholding the “exclusion of antisocial forces” as its basic policy in the “Basic Compliance Policy,” the Group firmly excludes antisocial forces that threaten public order and safety. In line with this policy, the Group assigns staff in charge of legal affairs to the General Affairs Department of the Company, who conduct an antisocial-force check on customers/suppliers/outsourcing service providers (contractors)/vendors for administration divisions, to make sure to prevent any transactions with antisocial forces.

Furthermore, the Company has joined Tokubouren (association of special violence prevention measures) and built systems for close cooperation with authorities/parties concerned, including the police.

[Translation]

V. Others

1. Adoption of defense against takeover bids

Adoption of defense against takeover bids	None
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Supplementary information

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2. Other matters regarding Corporate Governance Systems, etc.

<Overview of timely disclosure system>

Please refer to the “Overview of timely disclosure system” section under “Disclosure policy, 5. The system which affects timely disclosure in the company” on the Company website.

<https://www.trans-action.co.jp.e.zy.hp.transer.com/ir/disclosurepolicy.html>

[Overview of timely disclosure system]

Company information timely disclosure flow

Please refer to the “Company information disclosure flow” section under “Disclosure policy, 5. The system which affects timely disclosure in the company” on the Company website.

<https://www.trans-action.co.jp.e.zy.hp.transer.com/ir/disclosurepolicy.html>