

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original shall prevail.

Corporate Governance Report

CORPORATE GOVERNANCE

LIFEDRINK COMPANY, INC.

Last Update: July 2, 2025

LIFEDRINK COMPANY, INC.

Kuniaki Okano, President & Representative Director

Contact: Business
Management
06-6453-3220

Securities code: 2585

<https://www.ld-company.com/>

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

1. Basic Views

Our company values the corporate philosophy of Center of Deliciousness, Foremost Reassurance. Based on this philosophy, we respect all stakeholders and are committed to enhancing long-term and sustainable corporate value. We are committed to strengthening our corporate governance going forward by ensuring the soundness and transparency of our organization to generate profits for all stakeholders. We will also build an internal framework that enables swift and sound decision-making and improves operational efficiency.

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

【Principle 2-4① Ensuring Diversity in Core Talent Recruitment】

<Thoughts on Ensuring Diversity>

We believe that the active participation of diverse talents—regardless of nationality, gender, or mid-career hiring—is essential for sustainable growth and long-term enhancement of corporate value. In recruiting core personnel, we assess candidates based on their capabilities relevant to the expected roles.

<Voluntary and Measurable Goals for Ensuring Diversity>

In line with the above approach, we will promote the creation of a workplace environment where diverse talents can thrive. However, at this point, we have not set measurable goals.

<Current Status of Diversity>

As of the end of March 2025, women hold 9% of management positions, the percentage of mid-career hires is 95%, and the percentage of foreign nationals is 2%.

【Supplementary Principle 3-1③ Initiatives on Sustainability】

Our group believes that promoting sustainability contributes to the long-term enhancement of corporate value. From a longer-term perspective, our basic policy is to fulfill our social responsibility by "consistently supporting the essential infrastructure of daily life through the stable supply of high-quality, safe, and secure beverages and foods." We aim to achieve a balance between promoting sustainability and enhancing corporate value.

Investments in human capital include expenditures related to recruitment, training, improvement of working conditions, and labor. We will continue to actively invest in these areas. Specific initiatives include training on one-on-one feedback, leadership development, and specialized training for factory personnel, as well as opportunities for career development.

We will continue to consider disclosures based on the TCFD framework or equivalent frameworks.

【Supplementary Principle 4-1③ Succession Planning for the CEO and Other Key Executives】

Currently, our company does not have a specific plan for the succession of the CEO. However, we recognize that establishing a succession plan is a critical issue for achieving long-term and sustainable enhancement of corporate value, and discussions have commenced within the Nomination and Compensation Committee. While assessing the rapidly changing social and economic conditions, we will recommend the most suitable candidates for addressing current management challenges to the Board of Directors. The final decision will be made by the Board of Directors after deliberation by the Audit Committee and recommendations from the Nomination and Compensation Committee.

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

【Principle 1-4 Policy on Holding Shares】

Our company defines policy investment shares as those that contribute to enhancing our corporate value, based on the necessity of our business strategy and the maintenance and strengthening of business relationships. We do not hold any shares outside of this definition. We will verify the rationality of our shareholdings, including the types of shares, number of shares, and holding ratios, annually and report to the Board of Directors. Regarding the exercise of voting rights for policy investment shares, we will comprehensively judge whether the proposals contribute to the mid- to long-term enhancement of corporate value and sustainable growth by carefully examining the contents of the proposals and will exercise our voting rights appropriately.

【Principle 1-7 Transactions with Related Parties】

To avoid harming the joint interests of the company and shareholders in transactions with directors and major shareholders, we will discuss the rationality and appropriateness of such transactions with the Board of Directors and obtain approval. For ongoing transactions, we will monitor the rationale for their continuation (business necessity) and the appropriateness of the transaction terms.

【Principle 2-6 Functioning as an Asset Owner of Corporate Pensions】

As part of employee welfare, our company introduced a defined contribution pension plan in July 2023. While we are not involved in the management of corporate pension reserves as an asset owner, we provide employees with education and training on asset management.

【Principle 3-1 Enhancement of Information Disclosure】

- (i) Information regarding our corporate philosophy and business strategy is disclosed on our website, in earnings presentation materials, and in securities reports.
- (ii) Our fundamental approach to corporate governance and basic policy are outlined in this report under "I.1. Basic Approach" and on our company website.
- (iii) Information on the compensation of directors is provided in this report under "II.1. [Director Compensation] Disclosure of the Amount and Determination Policy of Compensation."
- (iv) When selecting directors and Audit Committee members, we aim to propose individuals with excellent character, insight, capabilities, and rich experience, alongside a strong ethical standard, who will actively contribute to the sustainable growth and long-term enhancement of corporate value. The selection process is determined by a resolution of the Board of Directors following consultation and recommendations from the Nomination and Compensation Committee. Furthermore, if a director or Audit Committee member engages in acts that violate laws or articles of incorporation, or actions that significantly damage the company's corporate values, the Board will deliberate on their dismissal and may propose it at the shareholders' meeting if necessary.
- (v) The reasons for the appointment and dismissal of executive directors, as well as individual reasons for selecting directors (including Audit Committee members), are disclosed in reference materials for the notice of the shareholders' meeting. In the event of the dismissal of a director (including Audit Committee members), we will provide an explanation in the notice of the shareholders' meeting.

【Supplementary Principle 4-1① Overview of the Scope of Delegation to Management】

We have established "Board of Director Regulations" that specify matters to be deliberated by the Board in accordance with laws and regulations. Additionally, the "Authority Regulations" and "Organizational and Business Assignment Regulations" outline the decision-making authority that the Board of Directors and decision-makers can exercise for each business item, thereby defining the scope of delegation for business execution.

【Principle 4-9 Independence Criteria and Qualities of Independent Outside Directors】

When appointing independent outside directors, we select individuals who have not been executive officers of our company in the past ten years and are likely to maintain their independence in the future, based on the criteria set forth by the Companies Act and the Tokyo Stock Exchange.

【Supplementary Principle 4-10① Utilization of Optional Mechanisms such as the Nomination and Compensation Committee】

Our Board of Directors consists of two directors who are not Audit Committee members and three directors who are Audit Committee members (all of whom are independent external directors), ensuring that independent external directors constitute a majority. The operation of the Board is supported by involvement and advice from independent external directors. We have established a Nomination and Compensation Committee composed of independent external directors, with an independent external director serving as chair. The powers and roles of the Nomination and Compensation Committee are detailed in this report under "II.2. [Functions related to Business Execution, Auditing, Supervision, Nomination, and Compensation Decisions]."

【Supplementary Principle 4-11① Considerations for the Balance, Diversity, and Size of Knowledge, Experience, and Abilities of the Entire Board】

Our Board of Directors, based on the articles of incorporation, is composed of up to five directors (excluding Audit Committee members) and up to three Audit Committee members. Currently, there are two directors (excluding Audit Committee members) and three Audit Committee members. When appointing directors, we comprehensively evaluate individuals who can act fairly

and sincerely for the enhancement of our corporate value, taking into consideration their rich experience, high levels of insight, and advanced expertise aligned with our corporate philosophy and business strategy. The skills matrix for our directors is included in the notice of the 2025 regular shareholders' meeting.

【Supplementary Principle 4-11② Status of Concurrent Positions Held by Directors】

We disclose the status of significant concurrent positions held by directors (excluding Audit Committee members) and Audit Committee members in the notice of the shareholders' meeting and securities reports. Currently, the concurrent positions of directors (excluding Audit committee members) and Audit committee members in other listed companies are as follows:

Position	Independent Outside Director (Audit Committee Member)
Name	Yuka Hada
Concurrent position status	Audit and Supervisory Committee Member of The Hanshin Diesel Works, Ltd.

【Supplementary Principle 4-11③ Analysis and Evaluation of the Effectiveness of the Board of Directors】

Our Board of Directors recognizes that each director fully leverages their experience and expertise to engage in active discussions and deliberations, leading to important decision-making and demonstrating effectiveness. Furthermore, we believe that the effectiveness of the Board is adequately secured through the audits and supervision of the Audit Committee. In the fiscal year ending March 2025, we conducted a survey on the effectiveness of the Board among all directors, and the Board secretariat compiled the results and reported them to the Board. The survey confirmed that the Board was functioning effectively during the fiscal year ending March 2025. On the other hand, we shared opinions on future challenges, such as strengthening diversity within the company, and discussed further improvements to the Board's functions and the revitalization of discussions. Going forward, our Board will continue to address challenges swiftly based on this effectiveness evaluation and enhance the functions of the Board.

【Supplementary Principle 4-14② Training Policy for Directors】

Directors (excluding Audit Committee members) and Audit Committee members are encouraged to participate in training and external seminars to acquire and enhance the knowledge necessary for their roles and responsibilities. Additionally, to deepen the understanding of our group's business among outside directors, we continuously provide information related to our business.

【Principle 5-1 Policy for Constructive Dialogue with Shareholders】

- (i) In dialogues with shareholders and investors, the President, the Head of the Business Management Department, and personnel from the Business Planning Department will respond appropriately.
- (ii) The IR department, which is part of the Business Management Department, collaborates regularly.
- (iii) The Business Management Department actively receives inquiries for IR interviews, such as phone interviews and small meetings. They also hold earnings presentations as needed. During these, the President, the Head of the Business Management Department, and personnel from the Business Planning Department provide explanations.
- (iv) Feedback on the content of dialogues with shareholders is provided to the Board of Directors as necessary.
- (v) In dialogues with shareholders, we strictly prevent the leakage of insider information and ensure fairness by establishing a silent period until the earnings announcement date, during which we refrain from responding to inquiries about performance.

【Response Toward Realizing Management Conscious of Capital Costs and Stock Prices】 【English version available】 【Updated: July2, 2025】

Our group has adopted the management policy of "Max Production and Max Sales," which aims to minimize the cost per bottle in our own beverage factories through full production (Max Production) and securing sales channels corresponding to Max Production (Max Sales). We have been implementing various initiatives, such as enhancing the production capacity of existing factories and launching the new Gotemba factory. As a result, for the fiscal year ending March 2025, we achieved a PBR of 5.5 times, a PER of 23 times, and an ROE of 26.5%. Our group will continue to engage in management that is conscious of capital costs and stock prices. Specifically, we will further evolve Max Production and Max Sales by enhancing production capacity through equipment upgrades and improvements in our beverage factories, improving factory utilization rates through ongoing improvement activities, constructing new factories, and acquiring production capacity through M&A. We will also simultaneously work on further cost reductions and productivity improvements, such as constructing new warehouses. Furthermore, we will strive to ensure that our growth potential is appropriately recognized by the stock market through enhanced active dialogue with shareholders and investors during earnings presentations and individual meetings, both domestically and internationally.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
----------------------------	-------------

Status of Major Shareholders **【Update】**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,342,500	14.04

SUNRISE CAPITAL II, L.P.	5,544,800	10.60
SUNRISE CAPITAL II (NON-U.S.) , L.P.	4,940,000	9.45
Custody Bank of Japan, Ltd. (Trust account)	2,885,900	5.52
Masao Tanaka	2,730,000	5.22
CEPLUX-THE INDEPENDENT UCITS PLATFORM 2	2,354,000	4.50
Toshiko Tanaka	1,712,000	3.27
Yorinari Tanaka	1,290,000	2.46
Yorihiro Tanaka	1,150,800	2.20
Terumi Yukawa	1,150,800	2.20

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	_____
Name of Parent Company, if applicable	None

Supplementary Explanation

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Foods
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more but fewer than 1,000
Net Sales (Consolidated) for the Previous Fiscal Year	10 billion yen or more but less than 100 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

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

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

1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit Committee
-----------------------------	---------------------------------

Directors

Number of Directors Stipulated in Articles of Incorporation	8
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	5
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hirohide Omi	Tax Accountant											

Jun Yamamoto	Tax Accountant												
Yuka Hada	Lawyer												

*Categories for "Relationship with the Company".

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

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

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hirohide Omi	○	○	_____	Based on his experience and insights gained from long-term involvement in audit and advisory services for large clients at a major audit firm, we have determined that he can appropriately fulfill his duties as an outside director from an independent external perspective. Furthermore, he meets the "Independence Standards for External Directors" established by Tokyo Stock Exchange, and he has not been an executive officer of the company within the past ten years. We also believe that the likelihood of maintaining independence in the future is high, which minimizes the risk of any potential conflicts of interest with general shareholders. Therefore, we have designated him as independent officers.
Jun Yamamoto	○	○	_____	Based on his experience and insights as a certified public accountant, we have determined that he can appropriately fulfill his duties as an outside director from an independent external perspective. Additionally, he meets the "Independence Standards for Outside Directors" established by Tokyo Stock Exchange, and he has not been an executive officer of the company within the past ten years. We also believe there is a high likelihood of maintaining independence in the future, which minimizes the risk of any potential conflicts of interest with general shareholders. Therefore, we have designated him as independent officers.

Yuka Hada	○	○	—	Based on her experience and insights as a lawyer, we have determined that she can appropriately fulfill her duties as an outside director from an independent external perspective. Additionally, she meets the "Independence Standards for Outside Directors" established by Tokyo Stock Exchange, and she has not been an executive officer of the company within the past ten years. We also believe there is a high likelihood of maintaining independence in the future, which minimizes the risk of any potential conflicts of interest with general shareholders. Therefore, we have designated her as independent officers.
-----------	---	---	---	---

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Internal Directors	External Directors	Committee Chair
Supervisory Committee	3	0	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The secretariat of the Audit Committee does not have dedicated staff; however, personnel from the internal Audit Department handle the administrative tasks related to convening the Audit Committee, preparing minutes, and assisting the Audit Committee members in their duties. Employees who receive orders necessary for audit operations from the Audit Committee are not subject to the directions of the company's board of directors regarding those orders, thereby ensuring the independence of the directors and the effectiveness of instructions to those employees.

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

Our company's audit system is fundamentally based on three components: audits by the Audit Committee, audits by the internal Audit Department, and financial audits conducted by external auditors. The Audit Committee and external auditors hold regular meetings to exchange views and provide explanations and reports on audit results, aiming to enhance the quality of the audits. The Audit Committee and the internal Audit Department maintain close cooperation with the internal Audit Department reporting audit plans and results to the Audit Committee and, when necessary, conducting joint field audits. Additionally, the internal Audit Department and external auditors share information regarding audit plans and results as appropriate. Through this ongoing exchange of opinions and information, we strive to improve the effectiveness and efficiency of our audits.

Voluntary Established Committee(s)

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

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson **[Update]**

	Committee's Name	All Members	Full-time Members	Internal Directors	External Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	3	0	0	3	0	0	External Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	3	0	0	3	0	0	External Director

Supplementary Explanation

To enhance the independence, objectivity, and accountability of the board of directors concerning the nomination and compensation of directors, our company has established a Nomination and Compensation Committee as a voluntary advisory body to the board. The committee is composed of three independent external directors, who review the appropriateness and fairness of the nomination of directors, the compensation system, and the amount of compensation in advance, and then provide recommendations to the board of directors.

Matters Concerning Independent Directors

Number of Independent Directors	3
---------------------------------	---

Other Matters Concerning Independent Directors

Our company designates all external directors who meet the qualifications of independent directors as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Introduction of Stock Options Scheme / Other
--	---

Supplementary Explanation for Applicable Items

Our company has implemented a stock option system aimed at enhancing motivation and morale for improving our performance and corporate value. Additionally, at the 50th Annual General Meeting of Shareholders held on June 28, 2022, it was resolved to introduce a restricted stock compensation system for directors (including those who are Audit Committee members).

For further details, please refer to the section on "Director Compensation" (disclosure regarding the amount of compensation or the policy for determining the calculation method).

Persons Eligible for Stock Options	Internal Directors / Employees
------------------------------------	--------------------------------

Supplementary Explanation for Applicable Items **[Update]**

As of the end of May 2025, the status of stock option grants is as follows:

****1st Stock Option****

Date of Issuance: August 1, 2019

Number of Holders and Number of Stock Acquisition Rights: 15 employees, 25 rights

Type of Shares and Number of Shares: 30,000 shares

****3rd Stock Option****

Date of Issuance: August 28, 2020

Number of Holders and Number of Stock Acquisition Rights: 3 employees, 22 rights

Type of Shares and Number of Shares: 26,400 shares

※The number of shares stated reflects an adjustment for a 4-for-1 common stock split effective October 1, 2024.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
--	---------------------------------

Supplementary Explanation for Applicable Items

Policy on Determining Remuneration Amounts and Calculation Methods [Update]	Established
--	-------------

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

①Regarding the monetary compensation for our company's officers, a resolution was passed at the Ordinary General Meeting of Shareholders held on June 29, 2021. For Directors (excluding Audit & Supervisory Committee Members), the annual monetary compensation was set at a maximum of ¥200 million, while for Directors who are Audit & Supervisory Committee Members, it was capped at ¥50 million annually.

Furthermore, a restricted stock compensation plan was introduced at the Ordinary General Meeting of Shareholders held on June 28, 2022. This new plan operates with compensation limits separate from the monetary compensation framework. For Directors (excluding Audit & Supervisory Committee Members), the annual compensation limit is ¥40 million, with a maximum of 160,000 shares per year. It is important to note that this share limit was increased from 40,000 shares to 160,000 shares due to a 4-for-1 common stock split that took effect on October 1, 2024. Similarly, for Directors who are Audit & Supervisory Committee Members, the annual compensation limit is ¥10 million, with a maximum of 40,000 shares per year. This share limit was also adjusted from 10,000 shares to 40,000 shares following the same 4-for-1 common stock split on October 1, 2024.

The individual compensation amounts for directors (excluding Audit Committee members) will be determined within the limits approved at the shareholders' meeting, based on economic conditions, the environment surrounding our company, and the responsibilities of each director, in accordance with the policy for determining the calculation method of executive compensation. This decision will be entrusted to President Kuniaki Okano at the Board of Directors meeting held on June 25, 2025, following a recommendation from the Nomination and Compensation Committee, during which President Kuniaki Okano will explain the proposal, and it will be deliberated and decided upon with all executives present. The compensation for Audit Committee members will be decided within the limits set by the shareholders' meeting, based on discussions among all Audit Committee members at the Audit Committee meeting held on June 25, 2025.

The outline of the decision policy regarding individual compensation for our directors (excluding Audit Committee members) is as follows:

a. Basic Policy

The compensation for our directors (excluding Audit Committee members) is designed to function effectively as an incentive for the sustainable improvement of corporate value, linked to shareholder interests. The basic policy is to set an appropriate level of compensation based on the responsibilities of each director. Specifically, it will consist of a fixed basic salary, performance-based compensation, and non-monetary compensation (stock compensation).

b. Basic Compensation (Monetary Compensation)

The basic compensation for our directors will be a monthly fixed salary, determined comprehensively while considering industry standards, the company's performance, and employee salary levels, based on role, responsibilities, and years of service.

c. Performance-Based Compensation Calculation Policy

Performance-based compensation will be cash compensation reflecting performance indicators (KPIs) to enhance awareness of performance improvement for each fiscal year, calculated based on the achievement of target EBITDA (Operating Profit + Depreciation + Amortization of Goodwill) for each fiscal year. The target performance indicators and their value will be set in line with the medium-term management plan and will be reviewed as necessary in response to changes in the environment, based

on recommendations from the Nomination and Compensation Committee.

d. Non-Monetary Compensation (Stock Compensation) Policy

Non-monetary compensation (stock compensation) is aimed at promoting the sustainable improvement of our corporate value and enhancing value sharing between directors and shareholders. This will be awarded annually at a designated time, as compensation for granting restricted stock, with amounts deemed appropriate, separate from the basic salary, and will not be transferable until the director resigns or retires from their position as determined by the Board of Directors.

e. Policy for Determining Compensation Ratios

The compensation ratios for directors (excluding Audit Committee members) will be considered annually by the Nomination and Compensation Committee, considering compensation levels benchmarked against companies of similar scale and industry. The Board of Directors (acting on behalf of the President, as described in f below) will respect the recommendations of the Nomination and Compensation Committee and will determine individual compensation amounts within the ranges indicated in those recommendations.

f. Decision Policy Regarding Individual Compensation for Directors (excluding Audit Committee members)

The individual compensation amounts will be determined based on a resolution by the Board of Directors, and the President will be entrusted with the specific decision-making process. The scope of this authority will include the amounts for each director's basic compensation and the evaluation of bonus distribution based on the performance of their respective divisions. To ensure that this authority is exercised appropriately, the Board will consult the Nomination and Compensation Committee, which is composed of most independent external directors, and the President must make decisions based on the content of their recommendations.

② For the fiscal year ending March 2025, please refer to the attached Table 1 for details on the total compensation by executive category, total compensation by type, and the number of eligible executives.

Support System for External Directors

Our external directors (all of whom are Audit Committee members) are provided with opportunities for information exchange and discussions with the President and senior management as needed. They also receive reports from business unit managers as appropriate. When requested by the Audit Committee members, the Internal Audit Office and other relevant departments provide information, conduct investigations, and offer practical support.

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

1. Basic Philosophy on Corporate Governance

Our company respects all stakeholders and is committed to enhancing the soundness and transparency of the organization. We aim to improve long-term and sustainable corporate value by establishing a prompt and rational decision-making system and an internal structure that enables efficient business execution. We are dedicated to strengthening corporate governance.

2. Overview of the Corporate Governance Structure

The various bodies and organizations related to our corporate governance system are outlined in the accompanying diagram (reference material).

(Board of Directors)

Our Board of Directors is chaired by President Kuniaki Okano and consists of five directors: Ryoichiro Minagawa, external directors (Audit Committee members) Hirohide Omi, Jun Yamamoto, and Yuka Hada (three of whom are external directors). The Board meets once a month for regular meetings and holds extraordinary meetings as necessary, ensuring a structure for rapid decision-making in management. The Board of Directors makes resolutions on important matters based on laws, the Articles of Incorporation, the Board of Directors Regulations, and the Authority Regulations, while also overseeing the execution of duties by the directors.

In the fiscal year ending March 2025, our Board of Directors held 19 meetings, and the attendance of individual directors is as follows:

Attendance of Board of Directors

Category	Name	Attendance	
President	Kuniaki Okano	19 out of 19 (100%)	
Director	Takashi Atarashi	4 out of 6 (66%)	
Director	Ryoichiro Minagawa	19 out of 19 (100%)	
Outside Director (Audit Committee)	Hirohide Omi	19 out of 19 (100%)	
Outside Director (Audit Committee)	Jun Yamamoto	19 out of 19 (100%)	
Outside Director (Audit Committee)	Yuka Hada	19 out of 19 (100%)	

Note: Takashi Atarashi, who served as a director during the fiscal year ending March 2024, resigned at the conclusion of the Annual General Meeting of Shareholders held on June 26, 2024.

In the fiscal year ending March 2025, the specific deliberations of our Board of Directors included, in addition to matters stipulated by law and the Articles of Incorporation, discussions based on the Board Regulations and Authority Regulations regarding the overall management strategy, management plans, and other important management matters for our company and the entire group, as well as reports on business execution status.

(Audit Committee)

The Audit Committee is chaired by outside director Hirohide Omi and consists of three external directors (Audit Committee members): Jun Yamamoto and Yuka Hada. The committee generally meets once a month to audit compliance with laws and the Articles of Incorporation by the President and executive directors, as well as the status of their duties, and strives to ensure effective business and accounting audits.

In the fiscal year ending March 2025, the Audit Committee held 14 meetings, and the attendance of individual Audit Committee members is as follows:

Category	Name	Attendance	
External Director (Audit Committee)	Hirohide Omi	14 out of 14 (100%)	
External Director (Audit Committee)	Jun Yamamoto	12 out of 14 (84%)	
External Director (Audit Committee)	Yuka Hada	14 out of 14 (100%)	

In the fiscal year ending March 2025, the specific discussions of the Audit Committee included the audit plan, evaluation and reappointment of the accounting auditor, approval of the accounting auditor's fees, approval of director appointment proposals discussed by the Nomination and Compensation Committee, and submission of audit reports.

(Nomination and Compensation Committee)

To strengthen the fairness, transparency, and objectivity of the procedures for determining director nominations and compensation, we have established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors. The committee is composed of three external directors independent from management, chaired by Hirohide Omi, and includes Jun Yamamoto and Yuka Hada. They discuss matters referred to by the Board of Directors and submit their findings to the Board.

In the fiscal year ending March 2025, the Nomination and Compensation Committee held 4 meetings, and the attendance of individual members is as follows:

Category	Name	Attendance
Chair of Nomination and Compensation Committee	Hirohide Omi	4 out of 4 (100%)
Nomination and Compensation Committee Member	Jun Yamamoto	4 out of 4 (100%)
Nomination and Compensation Committee Member	Yuka Hada	4 out of 4 (100%)

In the fiscal year ending March 2025, the specific discussions of the Nomination and Compensation Committee included director nominations, compensation, and succession planning.

(Management Committee)

The Management Committee, chaired by President Kuniaki Okano, is composed of executive officers and other individuals designated by the chair and meets at least once a month. The committee serves as a forum for discussing the company's business execution policies, sharing information on business execution status, and pre-discussing matters requiring Board resolutions, thereby aiming to enhance the efficiency of management activities.

(Internal Audit Office)

The Internal Audit Office is composed of two members and conducts audits of operational conditions, effectiveness, and accuracy of business activities in accordance with the internal audit regulations. Progress and results of internal audits are reported to the President and the Audit Committee as necessary, and the office collaborates with both the Audit Committee and the accounting auditors.

(Collaboration Among the Audit Committee, Internal Audit Office, and Accounting Auditors)

Our audit system is based on three pillars: audits by the Audit Committee, audits by the Internal Audit Office, and accounting audits by the accounting auditors. The Audit Committee and accounting auditors hold regular meetings to exchange opinions and provide explanations and reports on audit results, aiming to improve audit quality.

The Audit Committee and the Internal Audit Office maintain collaboration by having the Internal Audit Office report audit plans and results to the Audit Committee and, as necessary, conducting joint audits. Additionally, the Internal Audit Office and the accounting auditors share relevant information on audit plans and results.

Through ongoing exchanges of opinions and information, we strive to enhance the effectiveness and efficiency of our audits.

3. Reasons for Adoption of Current Corporate Governance System

Our management structure consists of a Board of Directors comprised of members who are well-versed in our business operations, and we have established an Audit Committee made up of independent directors (excluding those serving as Audit Committee members) to oversee the execution of directors' duties. We believe that this structure enables appropriate and efficient management oversight.

Under this management framework, we will strive to enhance the integrity and transparency of our operations while ensuring the appropriateness and efficiency of our business execution, all while considering the surrounding environment in which we operate.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Revitalize the General Meeting of Shareholders and Facilitate Exercise of Voting Rights

[Update]

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	To ensure that shareholders have sufficient opportunity to review the proposals for the annual general meeting, we make every effort to send the notice of the meeting as early as possible, ahead of the legal deadline. For the 53rd Annual General Meeting, we dispatched the access notice four days prior to the legal deadline for sending.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	Regarding the 53rd Annual General Meeting, it was held two days before concentration day.
Electronic Exercise of Voting Rights	To encourage more shareholders to exercise their voting rights, we have enabled the use of smartphones and computers for voting.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Since the annual general meeting held in June 2023, we have been using an electronic voting platform for institutional investors.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	We provided an English summary of the convocation notice for the Ordinary General Meeting of Shareholders, starting from the one to be held in June 2025.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Regarding disclosure, we have established timely disclosure regulations and maintain an internal framework to ensure that accurate company information is disclosed in a timely and appropriate manner as our fundamental policy.	
Regular Investor Briefings held for Individual Investors	We regularly participate in individual company briefings hosted by securities companies.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	We hold earnings briefing sessions after the interim and annual financial results. Additionally, we regularly conduct individual meetings between the President, relevant executives, and analysts or institutional investors.	Held
Regular Investor Briefings held for Overseas Investors	We will consider this while considering the shareholder composition and investor trends.	Not Held
Online Disclosure of IR Information	We have published the statutory disclosure documents and timely disclosure materials on our company website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Business Management Department serves as the IR contact point, assisting the President and the Head of the Business Management Division.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Our company has established a "Code of Corporate Conduct," and we strive to earn trust by respecting the positions of our stakeholders while conducting our business operations.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We are committed to reducing environmental impact through our business activities, while also promoting collaborative efforts with our customers, fulfilling our responsibilities as a corporate citizen.
Formulation of Policies, etc. on Provision of Information to Stakeholders	Through publication on our company website and timely disclosures, we provide prompt, accurate, and equitable information to all stakeholders.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development **[Update]**

To ensure the appropriateness of our business operations, we established the "Basic Policy for the Development of Internal Control Systems" at the Board of Directors meeting held on June 29, 2020. We are currently operating the internal control system based on this policy. Below is an overview of the key elements:

1. System to Ensure Compliance with Laws and Articles of Incorporation for Directors and Employees

(1) We have established regulations related to our corporate philosophy, behavioral guidelines, and corporate code of conduct to serve as a code of conduct for our directors and employees to act in compliance with laws, articles of incorporation, and social norms.

(2) The General Affairs Department oversees compliance across the organization and is responsible for the education and awareness of directors and employees.

(3) We have set up an internal reporting system available to all officers and employees of the group to report any violations of laws or compliance-related issues.

2. System for Storing and Managing Information Related to the Execution of Directors' Duties

(1) Information and documents related to the execution of directors' duties (including electronic records) are stored and managed according to the Board of Directors regulations, information management regulations, and document management regulations, ensuring that directors and Audit Committee members have access to this information.

(2) The document management regulations define the types of information to be stored, retention periods, and responsible departments.

3. System for Managing Risks of Loss

(1) We have established risk management regulations that outline the basic aspects of the risk management system. Additionally, the Management Committee discusses risk-related matters as necessary.

(2) In the event of significant risks materializing, we will swiftly implement initial responses by preparing a Business

Continuity Plan (BCP) and various manuals.

(3) To enhance risk management awareness among directors and employees, we conduct regular study sessions and training. Internal audits are also performed as needed to ensure effective daily risk management.

4. System to Ensure Efficient Execution of Directors' Duties

(1) To secure the efficient execution of directors' duties, we hold regular Board of Directors meetings once a month, which include several external directors, and conduct extraordinary meetings as necessary.

(2) Important matters concerning management policy and strategy are discussed in advance at Management Committee meetings chaired by the representative director before execution decisions are made.

(3) We ensure efficiency in executing duties through clear roles, job responsibilities, and command relationships among directors and employees.

(4) Regulations regarding job responsibilities and authority will be reviewed as necessary in light of changes in laws or the need for efficiency.

5. System to Ensure the Appropriateness of Operations within the Group

(1) Our risk management and compliance systems are applied throughout the group to ensure the appropriateness of operations, with guidance and support provided as needed.

6. System Related to Personnel Supporting the Audit Committee and Their Independence

(1) We will appoint personnel to support the Audit Committee based on their recommendations, ensuring their independence in decision-making.

(2) To maintain the independence of these personnel, we will consider the Audit Committee's opinions regarding human resource matters (such as transfers and evaluations).

(3) These personnel will follow the directions of the Audit Committee, prioritizing their commands over other duties if they hold multiple roles, while the company will consider their workload.

7. System for Reporting to the Audit Committee by Directors and Employees

(1) Directors (excluding Audit Committee directors) and employees must report any facts that may cause significant damage or disadvantage to the company to the Audit Committee promptly, in addition to legally required matters.

(2) They must also report any potential or actual significant misconduct or violations of laws or articles of incorporation related to the execution of duties to the Audit Committee swiftly.

(3) The Audit Committee can request reports from directors (excluding Audit Committee directors) and employees as necessary.

(4) We ensure an appropriate reporting system to the Audit Committee for cases related to legal violations or compliance, based on internal reporting regulations.

(5) Individuals reporting under (1) and (2) will not face any disadvantages as a result of their reports, as this will be formally regulated and appropriately implemented.

8. Other Systems to Ensure Effective Audits by the Audit Committee

(1) The Audit Committee may collaborate with external experts such as lawyers and certified public accountants to receive advice regarding audit activities as deemed necessary.

(2) Regular opinion exchange meetings between the Audit Committee and the representative director will be established.

9. Policy on Handling Expenses Arising from the Duties of Audit Committee Members

(1) Procedures for the advance payment or reimbursement of expenses incurred by Audit Committee members will be processed promptly based on their requests.

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

Our group respects and operates in accordance with the fundamental principles outlined in the "Charter of Corporate Behavior: Implementation Guide (7th Edition)" published by the Japan Business Federation (Keidanren) in November 2017, as well as the "Guidelines for Preventing Damage from Antisocial Forces" established by the Council of Ministers for Crime Prevention in June 2007.

Our policies and standards within the group are defined in the "Corporate Code of Conduct" and "Supplier Investigation Regulations." In these documents, we clearly state our firm stance against antisocial forces that threaten social order and healthy business activities. Specifically, we commit to not engaging in any illegal or antisocial activities and to refraining from providing any economic benefits or other advantages to antisocial forces, regardless of the circumstances.

In terms of business transactions, when entering into new agreements, we have established a verification system based on these regulations. This includes conducting internet searches and utilizing Nikkei Telecon, and, if necessary, requesting investigations from organizations such as the Violence Prevention Movement Promotion Center, consulting with lawyers, or reaching out to the police. Transactions are only permitted with counterparts that have been verified as not being associated with antisocial forces. Additionally, we will conduct regular checks on existing partners to ensure ongoing compliance.

V. Other

1. Adoption of Anti-Takeover Measures

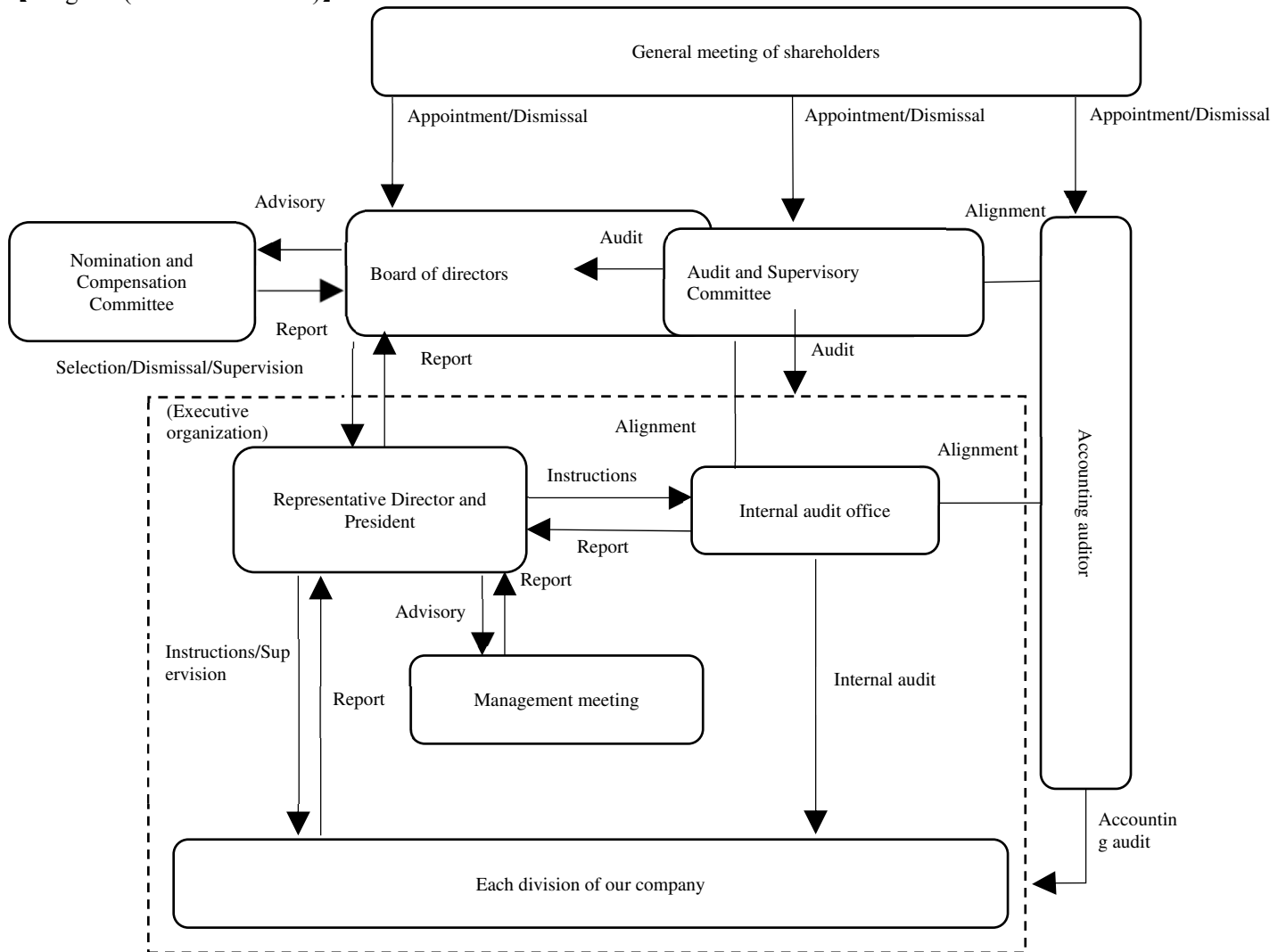
Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation for Applicable Items	
--	--

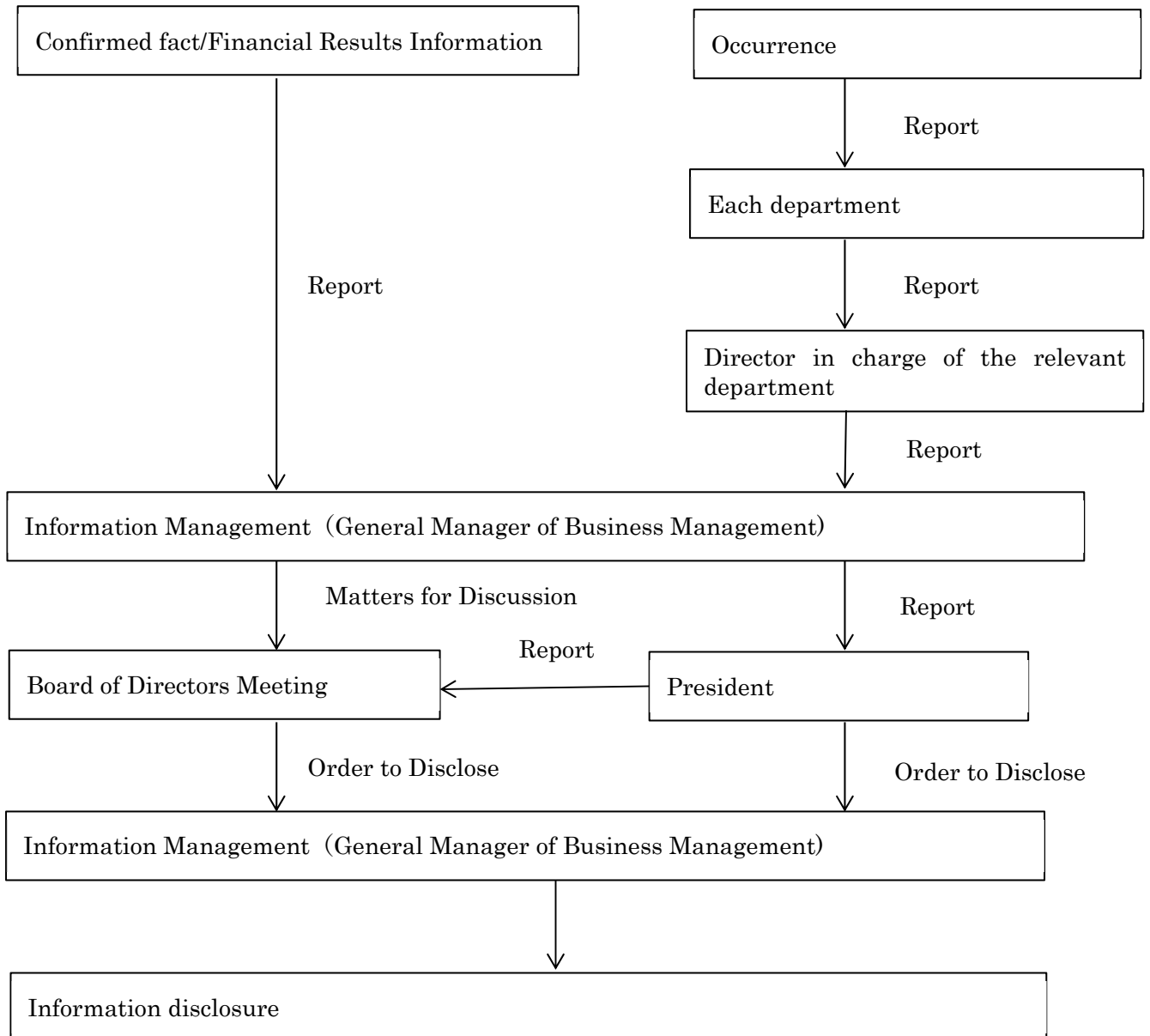
2. Other Matters Concerning the Corporate Governance System

END

【Diagram (reference material)】



【Outline of the Timely Disclosure】



【Table 1】

District	Total amount of remuneration, etc. (million yen)	Total amount of compensation by type (million yen)			subject to Number of officers
		Basic remuneration	Performance- linked Remuneration etc.	non-monetary Remuneration etc.	
Directors (excluding Audit and Supervisory Committee members) (outside directors)	59 (-)	30 (-)	- (-)	28 (-)	2 (-)
Director (Audit and Supervisory Committee Member) (outside directors)	26 (26)	22 (22)	- (-)	3 (3)	3 (3)
Total (outside directors)	85 (26)	53 (22)	- (-)	32 (3)	5 (3)