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Corporate Governance Report

Last Update: December 5, 2025

Marumae Co., Ltd.

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Securities Code: 6264

<https://www.marumae.com/en/>

The corporate governance of Marumae Co., Ltd. (the “Company”) is described below.

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

1. Basic Views

In order to increase management transparency and make corporate governance work effectively based on compliance with laws and regulations, the Company acknowledges that it is important to establish and maintain an organizational structure that responds quickly and accurately to severe changes in the business environment and a fair management system that places importance on shareholders.

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

The Company implements all the principles of the Corporate Governance Code.

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

Principle 1-4: Cross-shareholdings

The Company holds shares in its business partner, an unlisted company, with the aim of enhancing its corporate value over the medium and long term by building a long-term relationship of trust with the partner. Regarding these cross-shareholdings, the Board of Directors annually verifies the appropriateness of holding such shares based on a comprehensive assessment of the purpose of holding, the need to maintain and strengthen transactions, and the existence of cooperative relationships. If the Company determines that continued holding is not appropriate, it will reduce such holdings, including through sales.

When exercising voting rights, the Company comprehensively takes into consideration not only whether the proposal conforms to its holding policy, but also whether it is expected to increase the corporate value of the issuing company.

Principle 1-7: Related Party Transactions

Under the “Related Party Transaction Management Regulations,” when the Company engages in transactions with its directors, major shareholders, or other related parties (including competitive transactions, self-dealing transactions, or transactions involving conflicts of interest, hereinafter collectively referred to as “related party transactions”), such transactions are subject to thorough deliberation by the Board of Directors with respect to the transaction details and the existence of any conflicts of interest, and require approval by the Board of Directors.

In addition, once a year, the Company requires directors to submit a “Related Party Investigation and Confirmation Form” to disclose the existence and details of any related party transactions. The Accounting Division verifies the submitted information against accounting data, and the results are compiled into a “Related Party Transaction List,” which is then reported to the Board of Directors.

Supplementary Principle 2-4-1: Ensuring Diversity in the Recruitment of Core Personnel, etc.

The Company recognizes the promotion of diversity as an important management issue and works to create an environment in which diverse human resources—including women, foreign nationals, and mid-career hires—can thrive. In particular, with regard to the promotion of diversity, including the advancement of women, the Company acknowledges its importance and actively promotes the appointment of female outside directors as well as the promotion of women to leadership positions. The Company has set a target of achieving a ratio of 18% or higher of female employees in leadership positions (Group Leader or above) by 2030. The actual ratio of female employees in leadership positions for the fiscal year ended August 2025 was 15.7%.

With respect to the promotion of mid-career hires and foreign nationals to managerial positions, the Company appoints individuals to such positions based on a comprehensive assessment of their skills and experience. Accordingly, no numerical targets have been established for these categories; however, the Company works to ensure that diverse human resources are evaluated fairly and provided with opportunities to thrive. While there are currently no foreign nationals in managerial positions, the Company employs foreign nationals as mid-career hires.

In addition, the Company conducts Diversity, Equity & Inclusion (DE&I) training once a year, with the aim of deepening employees’ understanding of diversity and encouraging inclusive behavior in the workplace.

Furthermore, following the addition of a major subsidiary to the Company’s group in April 2025, the Company has been working to establish a group-wide framework for sharing and monitoring human capital information from the fiscal year ending August 2026. While the current targets and performance indicators are based on the non-consolidated figures of the Company, the Company plans to define indicators and establish the direction of target setting at the group level going forward, and to ensure consistency across the group.

The policies on human resource development and internal environment enhancement are as follows:

Basic Policies on Human Resource Development and Internal Environment Enhancement **<Human Resource Development Policy>**

The Company Group positions human capital as the most important driver of corporate value, and recognizes the stable securing and development of human resources—the source of its business competitiveness—as a critical management issue. In response to this issue, the Group has established a group-wide human resources strategy and formulated a “Human Resource Development Policy” and an “Internal Environment Enhancement Policy.”

1. **Strengthening and Transfer of Technical Development Capabilities**

To prevent the obsolescence of technologies that form the foundation of the Group's competitiveness, the Group continuously engages in technological development. In addition, the Group places emphasis on long-term human resource development in order to maintain and further enhance its strengths.

2. **Development of Multi-skilled Personnel and Specialized Human Resources**

In order to respond to changes in the business environment, the Group promotes the development of multi-skilled personnel capable of performing a wide range of tasks. At the same time, the Group secures highly specialized human resources with advanced technical expertise and strategically allocates them to enhance overall competitiveness.

3. **Skill Transfer and Evaluation Through Dialogue**

The Group positions daily dialogue between supervisors and subordinates as the foundation of human resource development, through which specific operational skills are transferred. Through these efforts, the Group aims to establish personnel systems and organizational frameworks that leverage employees' diverse individual characteristics and create a rewarding work environment.

<Internal Environment Enhancement Policy>

The Company Group recognizes that creating an environment in which each employee can fully demonstrate their performance is the foundation for sustainable growth. Accordingly, the Group promotes the following initiatives.

1. **Support for Balancing Work with Childcare and Nursing Care**

The Group enhances systems that enable employees to flexibly respond to life events, such as childcare and nursing care. Through these initiatives, the Group strives to create a workplace environment in which employees can maintain a healthy work-life balance while building long-term careers.

2. **Enhancement of Employee Engagement and Promotion of Dialogue**

The Group aims to enhance employee engagement through multifaceted approaches that increase employees' sense of fulfillment and satisfaction at work. Specifically, the Group fosters a culture of dialogue through daily interactions between supervisors and subordinates, thereby promoting mutual growth. In addition, tools such as employee engagement surveys are utilized to objectively identify current conditions and issues, enabling the implementation of effective improvement initiatives.

3. **Consideration for Physical and Mental Health and Safety**

The Group promotes initiatives to maintain and improve employees' physical and mental health. In addition to ensuring a safe and comfortable working environment, the Group encourages communication among employees while promoting efforts that also take mental well-being into consideration.

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

The Company has determined that Principle 2-6 does not apply to the Company because it has not introduced a company pension plan or a defined contribution pension system. When introducing a company pension in the future, the Company will take appropriate measures in human resources, such as the planned appointment and assignment of personnel with appropriate qualifications for asset management, and disclose the details of such actions. In addition, in such case, the Company

shall appropriately manage any conflict of interest which may occur between corporate pension beneficiaries and the Company.

Principle 3-1: Full Disclosure

- (1) The Company's Goals (Management Philosophy), Management Strategies and Business Plan

The Company's management philosophy, management and quality policy and medium-term business plan policy are disclosed on the Company's website.

Philosophy and Vision: https://www.marumae.com/en/com_4.html

- (2) Basic Views and Policy on Corporate Governance

The Company's basic views and policy on corporate governance are described in "I. 1. Basic Views" of this report.

- (3) Policies and Procedures in Determining Remuneration for Senior Management and Directors

Policies and procedures in determining the remuneration of directors are described in "II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" of this report.

- (4) Policies and Procedures for Election and Dismissal of Senior Management and Directors, and Nomination of Candidates for Directors and Corporate Auditors

The Board of Directors decides personnel matters for senior management, who are division managers or higher, after deliberation under company regulations by the Personnel Committee. The Advisory Committee, led by outside directors, reports on the nominations of candidates for directors based on a comprehensive assessment of whether the candidates can contribute to improving the Company's business performance and corporate value in the future with consideration given to their abilities, knowledge, experience, and achievements in their areas of expertise. According to the report and opinions of the Audit and Supervisory Committee, the Board of Directors makes the nominations. Regarding the nominations of directors who are Audit and Supervisory Committee members, after receiving the report from the Advisory Committee, and bearing in mind that the Audit and Supervisory Committee has the responsibility of auditing and supervising the execution of duties by the directors as an organization entrusted by the shareholders, the Audit and Supervisory Committee selects as candidates those who have the insight and fair character needed to fulfill their responsibilities and appoints them through consultation with the Audit and Supervisory Committee.

- (5) Individual Selection and Dismissal of Senior Management and Nomination of Candidates for Directors and Corporate Auditors

The reasons for the appointment of directors are disclosed in the Notice of the Annual General Meeting of Shareholders and in "II. 1. [Directors] Outside Directors' Relationship with the Company (2)" of this report.

Supplementary Principle 3-1-3: Sustainability Initiatives

The Company recognizes initiatives related to environmental, social, and governance (ESG) issues as an important management priority, and aims to contribute to the realization of a sustainable society while enhancing corporate value.

In September 2021, the Company established the ESG Committee. The ESG Committee identifies material issues, sets key performance indicators (KPIs), monitors progress, and reports to the Board

of Directors. Taking into account that a major subsidiary joined the Company Group in April 2025, the Company has been working to establish a monitoring framework that includes subsidiaries from the fiscal year ending August 2026. With regard to the operation of the ESG Committee and the management of KPIs, discussions are underway to transition to a management framework that includes subsidiaries, and the Company is gradually developing a group-wide governance structure. Under its management policy of “contributing to society through materials and processing technologies,” the Company provides value to society through business activities based on its technological capabilities. To achieve its long-term vision for 2030 and its medium-term business plan, “Fusion 2028,” the Company is promoting sustainability strategies linked to its management strategy and financial targets.

With respect to climate change, the Company has set a goal of achieving net-zero emissions by 2040 on a non-consolidated basis. By 2028, the Company plans to install solar panels on the roofs of all business sites and set up storage batteries. By 2030, the Company aims to reduce carbon dioxide emissions per marginal profit by more than 50 percent compared with fiscal year 2021.

For the fiscal year ended August 2025, the Company’s installed solar power generation capacity amounted to 1,487 kW, and the self-generation ratio was 13.3 percent. The Company continues to make investments to achieve an installed capacity of 3,400 kW or more and a self-generation ratio of 27 percent or more by 2028.

In addition, from the fiscal year ending August 2026, the Company plans to establish a monitoring framework for climate change initiatives that includes a major subsidiary. Through this framework, the Company will track greenhouse gas emissions and consider reduction measures across the Group. The Company discloses greenhouse gas emissions (Scope 1 to Scope 3) as ESG data and also publishes the results of risk and opportunity analyses and scenario analyses based on the TCFD framework.

With respect to human capital, the Company makes strategic investments, recognizing human resources as the most important management resource supporting its technological capabilities and supply capacity. In particular, in order to strengthen prototyping capabilities, which are a source of competitive advantage, the Company aims to develop 100 engineers on a non-consolidated basis by 2030. As of the fiscal year ended August 2025, the number of engineers on a non-consolidated basis was 75.

In addition, the Company is working to strengthen human capital that supports sustainable growth through initiatives such as the development of next-generation leaders, the enhancement of management capabilities through structured training programs, the creation of workplace environments in which diverse human resources can thrive, and the promotion of work-style reforms. At present, the Company is considering the definitions of indicators and the approach to target setting at the group level and is gradually developing the necessary management structure.

For more sustainability information, please see the Marumae Report at the following link:

https://www.marumae.com/en/sus_report.html

Supplementary Principle 4-1-1: Scope of Delegation to Management

The Company’s Board of Directors deliberates and decides on matters stipulated by law and the Company’s Articles of Incorporation, as well as those stipulated in the “Regulations of the Board of Directors.” Furthermore, in the “Regulations of Division of Duties” and the “Standards for Authorization and Approval,” the Company defines the matters and scope of decisions to be delegated to management, clarifies the responsibilities and authority of each position in the execution of operations, and ensures the systematic and efficient management of business

operations.

Principle 4-9: Independence Standards and Qualifications for Independent Outside Directors

In addition to satisfying the independence requirements as stipulated by the Tokyo Stock Exchange and the Company's criteria for determining the independence of outside directors, the Company selects candidates with a high level of insight who can provide advice and supervise the Company's management.

The "Criteria for Determining the Independence of Outside Directors" are as follows:

[Criteria for Determining the Independence of Outside Directors]

The Company shall deem an outside director or outside Audit & Supervisory Committee member (hereinafter referred to as "outside director") independent if he/she does not fall under any of the following categories:

1. The Company's executive*¹
2. A person who has been an executive of the Company within the past 10 years prior to his/her appointment
3. A person for whom the Company is a major business partner (a person who has received payments from the Company of 2% or more of the person's annual consolidated net sales or 10 million yen or more, whichever is greater, in the person's most recent fiscal year) or an executive of such person or business
4. A party who is a major business partner of the Company (a person who has made payments to the Company of 2% or more of the Company's annual consolidated net sales or 10 million yen or more, whichever is greater, in the Company's most recent fiscal year) or an executive of such person or business
5. A person who is a consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company, besides remuneration for being a director/*kansayaku* (that amount for the most recent fiscal year is 10 million yen or more, or 2% or more of the person's total income, whichever is greater)
6. A person who is an accounting auditor at the Company
7. A person who receives a large donation or grant (10 million yen or 2% of the donor's or grantee's total income for the most recent fiscal year, whichever is greater) from the Company or an executive of such person or business
8. A major shareholder of the Company (a shareholder holding 5% or more of the total voting rights as of the end of the most recent fiscal year) or an executive of such shareholder
9. An executive of a company that accepts directors/*kansayaku* (whether full-time or part-time) from the Company
10. Those who have fallen under any of the categories 3 through 9 in the past three years
11. A spouse or relative within the second degree of kinship of a person falling under any of the categories 1 through 10 above

(Note) *¹ Executive: executive directors, executive officers, corporate officers, or other similar persons, as well as employees in senior management positions at or above the level of division manager

Supplementary Principle 4-10-1: Utilization of any Mechanisms

The Company has voluntarily formed an Advisory Committee for the purpose of strengthening the independence, objectivity and accountability of the Board of Directors' functions relating to director

nominations and remuneration. The Advisory Committee is chaired by the Lead Independent Outside Director, with a majority of its members being independent outside directors. In addition, when deciding the appointment and remuneration of directors, which is a typical conflict of interest between management and the company, the Board of Directors makes decisions after consulting with the Advisory Committee and considering its report, with consideration given to diversity and skills, in order to enhance the governance function. Details are described in “II.1. [Voluntary Established Committee(s)]” of this report.

Supplementary Principle 4-11-1: The Board’s Overall Balance, Diversity, and Size in terms of Knowledge, Experience, and Skills

In order to enhance the effectiveness of discussions at Board of Directors’ meetings, the Company has appointed five independent outside directors, out of a total of nine directors, with the goal of maintaining and improving management’s transparency and soundness. Directors from within the Company are selected from the executives of each primary function of the Manufacturing & Technology Department, Sales Department, and Administration Department. Independent outside directors are elected from among those with expertise, knowledge, and experience in their respective areas, such as people with corporate management experience, certified public accountants and other accounting experts, and lawyers and other legal experts. Furthermore, after the Company-established Advisory Committee deliberates on the appointment of the directors, the Board of Directors and the Audit and Supervisory Committee decide on the proposed appointment. Regarding gender in the composition of the Board of Directors, women with extensive international and administrative experience have been elected as outside directors.

There is a reference to the skill matrix of the elected directors attached at the end of this report.

Supplementary Principle 4-11-2: Concurrent Positions Held by Directors

Information on concurrent positions held by the Company’s directors is disclosed in the Notice of the Annual General Meeting of Shareholders and the Securities Report.

<The Company’s Website>

Notice of the Annual General Meeting of Shareholders

https://www.marumae.com/en/ir_10.html

Securities Report (available in Japanese only)

https://www.marumae.com/ir_4_1.html

Supplementary Principle 4-11-3: Analysis and Evaluation of the Effectiveness of the Board of Directors

In order to improve the function of the Board of Directors, the Company conducts a questionnaire survey of each director and, using the self-assessment as a reference, the independent outside board of directors takes the initiative in analyzing and evaluating the effectiveness of the Board of Directors as a whole. The analysis and evaluation are made in consideration of fairness and transparency, and are reported to the Board of Directors by the Lead Independent Outside Director, thereby strengthening mutual monitoring and supervision of the directors. In addition, once every three years, the Company requests an outside party to conduct an analysis and evaluation of the effectiveness of the Board of Directors as a whole.

A summary of the results of the analysis and evaluation of the effectiveness of the Board of Directors as a whole is provided in “II. 1. [Independent Directors]” of this report.

Supplementary Principle 4-14-2: Training Policy for Directors and Corporate Auditors

The Company's basic policy is to offer directors the ongoing training opportunities necessary to fulfill their roles and responsibilities. Each director can participate in various training programs and seminars conducted by outside organizations to acquire and update any necessary knowledge and information.

Principle 5-1: Policy for Constructive Dialogue with Shareholders

The Company's President and Representative Director holds individual meetings with major institutional shareholders after disclosing business results for each quarter to promote constructive dialogue with shareholders. In addition, the President and Representative Director also provides explanations at biannual financial results briefings.

Inquiries from individual investors are handled by the Administration Department.

The basic policy on information disclosure is disclosed on the Company's website as the "Disclosure Policy." The Company also strives to appropriately manage information under internal regulations to prevent insider trading, based on the basic idea of ensuring equality among shareholders in handling undisclosed material facts.

The results of the dialogue are reported to the Board of Directors as necessary.

Disclosure Policy: https://www.marumae.com/en/ir_8.html

■Results for Fiscal Year Ended August 2025

Number of dialogues with shareholders and institutional investors: 111

Main topics of dialogue: Financial results overview, performance outlook, business environment, market trends, progress of medium-term business plan, etc.

[Actions Toward Achieving Management Conscious of Cost of Capital and Stock Prices]

| | |
|--|------------------------------------|
| Content of Disclosure [Updated] | Disclosure of Initiatives (Update) |
| Availability of English Disclosure [Updated] | Available |
| Date of Update [Updated] | November 28, 2025 |

Explanation of Actions [Updated]

The Company understands its cost of capital and, based on its business performance as well as future social conditions and economic trends, has established quantitative management targets in the materials for the financial results briefing for the third quarter of the fiscal year ended August 2025 and the medium-term business plan materials "Fusion 2028," both announced on July 11, 2025. In these materials, the Company has set the following quantitative targets as management indicators to be achieved by the fiscal year ending August 2028: consolidated net sales of 25.0 billion yen, operating profit of 5.6 billion yen, a dividend payout ratio of 35 percent or more, and consolidated ROIC of 15 percent. The Company explains specific initiatives toward achieving these targets and the progress of such initiatives at financial results briefings and general meetings of shareholders, with the aim of deepening investors' and shareholders' understanding. Going forward, the Company intends to engage in management that is conscious of capital costs and share price.

2. Capital Structure

| | |
|----------------------------|---------------|
| Foreign Shareholding Ratio | Less than 10% |
|----------------------------|---------------|

[Status of Major Shareholders] **[Updated]**

| Name/Company Name | Number of Shares Owned | Percentage (%) |
|--|------------------------|----------------|
| Toshikazu Maeda | 4,449,011 | 35.14 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 788,800 | 6.23 |
| Misako Maeda | 504,000 | 3.98 |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) | 241,964 | 1.91 |
| Custody Bank of Japan, Ltd. (trust account) | 200,600 | 1.58 |
| Yoshiko Maeda | 180,000 | 1.42 |
| Koei Igarashi | 169,000 | 1.33 |
| Marumae Kyoeikai | 109,500 | 0.86 |
| BNP PARIBAS LUXEMBOURG / 2S / JASDEC SECURITIES / UCITS ASSETS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) | 95,988 | 0.76 |
| Hiroyoshi Ohzakai | 93,000 | 0.73 |

| | |
|---|------|
| Controlling Shareholder (except for Parent Company) | --- |
| Parent Company | None |

Supplementary Explanation **[Updated]**

The Company holds 390,706 treasury shares separate from the above major shareholders. The shareholding ratio is calculated excluding treasury shares. (The status of major shareholders and the amount of treasury shares are as of August 31, 2025.)

3. Corporate Attributes

| | |
|---|--|
| Listed Stock Market and Market Section | Tokyo Stock Exchange Prime Market |
| Fiscal Year End | August |
| Type of Business | Machinery |
| Number of Employees (Consolidated) as of the End of the Previous Fiscal Year [Updated] | From 500 to less than 1,000 |
| Net Sales (Consolidated) as of the End of the Previous Fiscal Year [Updated] | 10 billion yen or more but less than 100 billion yen |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | Less than 10 |

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

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

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

1. Organizational Composition and Operation

| | |
|-------------------|---|
| Organization Form | Company with an Audit and Supervisory Committee |
|-------------------|---|

[Directors]

| | |
|---|---------------------------------------|
| Maximum Number of Directors Stipulated in the Articles of Incorporation | 12 |
| Term of Office Stipulated in the Articles of Incorporation | 1 year |
| Chairperson of the Board | President and Representative Director |
| Number of Directors | 9 |
| Appointment Status of Outside Directors | Appointed |
| Number of Outside Directors | 5 |
| Number of Independent Outside Directors | 5 |

Outside Directors' Relationship with the Company (1)

| Name | Attribute | Relationship with the Company* | | | | | | | | | | |
|--------------------|-----------------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Akiko Kadota | Coming from another company | | | | | | | | | | | |
| Kumiko Seko | Coming from another company | | | | | | | | | | | |
| Satoshi Momokino | Lawyer | | | | | | | | | | | |
| Takaaki Yamamoto | Coming from another company | | | | | | | | | | | |
| Hirotsugu Miyakawa | CPA | | | | | | | | | | | |

* Categories for "Relationship with the Company"

* "○" the director presently is, or recently was, in the category;

"△" the director had been in the category in the past

* "●" a close relative of the director presently is, or recently was, in the category;

"▲" a close relative of the director had been in the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration for a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company where the Company's outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

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

| Name | Membership of the Audit and Supervisory Committee | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons for Appointment |
|--------------|---|-------------------------------------|---|---|
| Akiko Kadota | | ○ | ----- | Ms. Akiko Kadota possesses extensive experience as a business executive as well as a high level of insight. In addition, she has deep knowledge regarding the promotion of diversity, including the advancement of women. By leveraging such experience and insight, she is expected to provide supervision and advice on the execution of business operations, and, as Chairperson of the ESG Committee, to contribute to the promotion of sustainability and the strengthening of corporate governance. In addition, she satisfies the independence criteria set forth by the Tokyo Stock Exchange as well as the Company's standards for determining the independence of outside officers, and has been designated as an independent officer. |
| Kumiko Seko | | ○ | ----- | Ms. Kumiko Seko has a wealth of experience gained through her involvement in national politics as a member of the Diet and Parliamentary Vice- |

| | | | | |
|------------------|---|---|-------|---|
| | | | | <p>Minister of Education, Culture, Sports, Science and Technology, as well as expert insight on a wide range of international affairs. She was appointed based on the expectation that she would play a role in supervising the execution of business operations based on her experience and other relevant factors.</p> <p>Furthermore, she has been designated as an independent director because she satisfies the independence criteria stipulated by the Tokyo Stock Exchange and meets the Company's criteria for determining the independence of outside directors, and there is no risk of any conflicts of interest with general shareholders.</p> |
| Satoshi Momokino | ○ | ○ | ----- | <p>Mr. Satoshi Momokino has professional expertise and broad experience as a lawyer. He was appointed based on the expectation that he would provide objective opinions on the management of the operating companies and contribute to strengthening the corporate governance of the Company.</p> <p>He has been designated as an independent director because he satisfies the independence criteria stipulated by the Tokyo Stock Exchange, meets the Company's criteria for determining the independence of outside directors, and there is no risk of any conflicts of interest with general shareholders.</p> |
| Takaaki Yamamoto | ○ | ○ | ----- | <p>Mr. Takaaki Yamamoto has many years of experience as a business executive and a wide range of insight. He was appointed based on the expectation that he would contribute to the enhancement of corporate value by providing appropriate advice on the Company's management and</p> |

| | | | | |
|--------------------|---|---|-------|--|
| | | | | <p>supervising the execution of business operations.</p> <p>He has been designated as an independent director because he satisfies the independence criteria stipulated by the Tokyo Stock Exchange, meets the Company's criteria for determining the independence of outside directors, and there is no risk of any conflicts of interest with general shareholders.</p> |
| Hirotsugu Miyakawa | ○ | ○ | ----- | <p>Mr. Hirotsugu Miyakawa has professional expertise and broad experience as a certified public accountant. He was appointed based on the expectation that he would utilize his expertise to supervise and provide advice to the directors on the execution of their duties from professional perspectives in finance and accounting.</p> <p>He has been designated as an independent director because he satisfies the independence criteria stipulated by the Tokyo Stock Exchange, meets the Company's criteria for determining the independence of outside directors, and there is no risk of any conflicts of interest with general shareholders.</p> |

[Audit and Supervisory Committee]

Committee's Composition and Chairperson Attributes

| | All Committee Members | Full-time Members | Inside Directors | Outside Directors | Chairperson |
|---------------------------------|-----------------------|-------------------|------------------|-------------------|-----------------|
| Audit and Supervisory Committee | 4 | 1 | 1 | 3 | Inside Director |

| | |
|--|---------------|
| Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee | Not Appointed |
|--|---------------|

Reasons for Adopting the Current System

As the Audit and Supervisory Committee and the Internal Audit Section are organized in a structure that enables close and constant coordination, the Company has not appointed any employees to assist the duties of the Audit and Supervisory Committee. However, if the Audit and Supervisory

Committee requests the appointment of such employees, the Company will discuss the matter with the Audit and Supervisory Committee and appoint such employees as necessary.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors, and Internal Audit Departments [Updated]

The Company has established a close coordination framework among the Audit and Supervisory Committee, the accounting auditor, and the Internal Audit Section, and strives to conduct audits that are both effective and efficient.

The Audit and Supervisory Committee consists of four members, including three outside directors, one of whom serves as a full-time Audit and Supervisory Committee member. The Audit and Supervisory Committee attends meetings of the Board of Directors and conducts audits of the execution of duties by directors, excluding directors who are Audit and Supervisory Committee members. In addition, the Audit and Supervisory Committee holds regular meetings with the accounting auditor, and strengthens the audit framework by receiving audit reports and exchanging information and opinions.

With respect to internal audits, the Internal Audit Section, which is appointed by the President and Representative Director, formulates audit plans and regularly conducts audits covering overall business activities. The Internal Audit Section audits operational conditions, the effectiveness and accuracy of business execution, and compliance with laws and regulations, and reports the results to the President and Representative Director. Although there is no system for the Internal Audit Section to report audit results directly to the Board of Directors or the Audit and Supervisory Committee, such results are reported monthly by the full-time Audit and Supervisory Committee member, thereby ensuring the effectiveness of audits. In addition, the Internal Audit Section works in coordination with the Audit and Supervisory Committee and the accounting auditor, and provides advice and recommendations aimed at improving business activities and ensuring appropriate operations.

Through these efforts, the Company enhances the effectiveness of audits by promoting mutual information sharing and the exchange of opinions among the Audit and Supervisory Committee, the accounting auditor, and the Internal Audit Section, and is working to strengthen its corporate governance framework.

[Voluntary Established Committee(s)]

| | |
|--|-------------|
| Voluntary Establishment of Committee(s) Corresponding to the Nomination Committee or the Remuneration Committee | Established |
|--|-------------|

Committee's Name, Composition, and Chairperson Attributes

| | Committee Corresponding to Nomination Committee | Committee Corresponding to Remuneration Committee |
|-----------------------|--|--|
| Committee Name | Advisory Committee | Advisory Committee |
| All Committee Members | 4 | 4 |
| Full-time Members | 1 | 1 |
| Inside Directors | 1 | 1 |
| Outside Directors | 3 | 3 |
| Outside Experts | 0 | 0 |
| Other | 0 | 0 |
| Chairperson | Outside Director | Outside Director |

Supplementary Explanation [Updated]

The Company has established the Advisory Committee on a voluntary basis for the purpose of strengthening the independence, objectivity and accountability of the Board of Directors' functions relating to director nominations and remuneration. The Advisory Committee is chaired by the Lead Independent Outside Director, and the majority of its members are independent outside directors. In addition, when appointing directors and determining their remuneration, which is a typical conflict of interest between management and the Company, the Advisory Committee is consulted and the Board of Directors makes decisions after reflecting the committee's recommendations, thereby enhancing the governance function of the Board of Directors.

Regarding the nomination of candidates for director, the Advisory Committee sets selection criteria such as personality, insight, ability, and qualifications and selects candidates who meet said criteria. The Board of Directors then appoints the candidates. With regard to the nomination of candidates for directors who are Audit and Supervisory Committee members, the Advisory Committee establishes selection criteria such as personality, insight, ability, and qualifications and selects candidates who meet said criteria. The Audit and Supervisory Committee then approves the selection and the Board of Directors nominates the candidates.

Concerning the remuneration of candidates for director, the Advisory Committee consults with the Board of Directors on a remuneration proposal determined by referring to the evaluation of the Board of Directors by the independent outside directors, placing emphasis on the performance evaluation for the previous fiscal year, and taking into consideration the market rate.

During the fiscal year ended August 2025 (from September 1, 2024 to August 31, 2025), five meetings were held, at which matters such as proposals for director candidates, proposals for directors' remuneration, and proposals concerning the restricted stock-based compensation plan were deliberated.

Each committee member's attendance was as follows:

Outside Director (Chairperson) / Satoshi Momokino: 100% (5 of 5 times)

Outside Director / Takaaki Yamamoto: 100% (5 of 5 times)

Outside Director / Hirotugu Miyakawa: 100% (5 of 5 times)

Representative Director / Toshikazu Maeda: 100% (5 of 5 times)

[Independent Directors]

| | |
|---|---|
| Number of Independent Directors [Updated] | 5 |
|---|---|

Matters Relating to Independent Directors

In selecting independent outside directors, the Company refers to the independence standards for independent officers established by the Tokyo Stock Exchange, as well as the Company's own criteria for determining the independence of outside officers.

The five independent outside directors not only attend meetings of the Board of Directors, but also exchange views frequently, as appropriate, with the full-time Audit and Supervisory Committee member, the President and Representative Director, and the accounting auditor. In particular, prior to each regular monthly meeting of the Board of Directors, the Company convenes a meeting of independent outside directors composed solely of independent outside directors. Through enhanced communication among the independent outside directors, the Company mitigates adverse effects arising from information asymmetry.

One of the important functions of the meeting of independent outside directors is to conduct analysis and evaluation of the overall effectiveness of the Board of Directors. This evaluation of the Board of Directors is conducted at the end of each fiscal year through questionnaires administered to all directors. Based on the results of these questionnaires, including self-assessments by each director, the Company analyzes and evaluates the overall effectiveness of the Board of Directors. The results of the evaluation are reported to the Board of Directors by the Lead Independent Outside Director, thereby strengthening mutual monitoring and supervision among directors. In addition, once every three years, the Company engages an external professional to conduct questionnaires and interviews for the purpose of analysis and evaluation. As the fiscal year ended August 2025 corresponded to such a three-year cycle, the Company commissioned Mori Hamada & Matsumoto to conduct a third-party evaluation.

A summary of the results of the evaluation of the effectiveness of the Company's Board of Directors for the fiscal year ended August 2025 is as follows:

"Overall, based on the results of this evaluation, the Company's Board of Directors received generally high ratings with respect to items such as the composition and operation of the Board of Directors, agenda setting, and the systems supporting the Board of Directors. The evaluation indicates that a well-balanced level of effectiveness has been achieved.

First, the Company has adopted a Board composition in which independent outside directors constitute a majority of the Board, placing emphasis on the supervisory function over executive directors. In addition, with respect to the knowledge, experience, and capabilities of the outside directors who play a central role in the supervisory function, the Board's composition is well-balanced. Furthermore, by establishing voluntary committees relating to the nomination and remuneration of directors, in which independent outside directors constitute a majority (hereinafter referred to as the "Advisory Committees"), as well as a meeting of independent outside directors composed of all independent outside directors, the Company has adopted a corporate governance structure that strengthens the supervisory function over business execution.

Moreover, effective initiatives have been implemented with respect to the provision of information to outside directors, which is important for ensuring the effectiveness of the Board's supervisory function. Specifically, Board materials are distributed approximately three to five days prior to meetings, and their content is considered to be sufficiently focused on key points from the perspective of outside directors. In addition, outside directors attend management meetings held

on the day prior to meetings of the Board of Directors, enabling them to directly confirm discussions on management issues within the executive divisions. Following these management meetings, meetings of independent outside directors are held, during which they exchange views based on the discussions at the management meetings, together with supplementary explanations provided by the secretariat. Questions raised by outside directors at these meetings are addressed by management at the subsequent Board meeting to the extent possible. (Although such questions are usually raised the day before the Board meeting, most questions and materials are generally provided in advance of the Board meeting.) These measures have ensured that outside directors receive sufficient and appropriate information, supporting active discussions at Board meetings and contributing to the effective functioning of the Board of Directors.

With respect to the operation of the Board of Directors, appropriate delegation of authority from the Board of Directors to the Executive Officers' Meeting has been implemented, and sufficient time has been devoted to deliberations on Board agenda items, including strategic decision-making such as the acquisition of KM Aluminum Co., Ltd. as a subsidiary on April 8, 2025. In the course of such deliberations, executive directors provide careful responses to questions raised by outside directors both during and before or after Board meetings. In addition, through meeting management by the Chairperson of the Board that actively encourages comments from each director, an atmosphere conducive to free expression has been ensured, resulting in active discussions by many directors. In light of the foregoing, it is considered that the Company's Board of Directors functions effectively, particularly with respect to its supervisory function over executive directors, and that a high level of effectiveness has been ensured."

[Incentives]

| | |
|----------------------------------|---------------------------------|
| Incentive Policies for Directors | Performance-linked Remuneration |
|----------------------------------|---------------------------------|

Supplementary Explanation

Please refer to "II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in this report.

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| Recipients of Stock Options | |
|-----------------------------|--|

Supplementary Explanation

[Director Remuneration]

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|--|--------------------------|
| Disclosure of Individual Directors' Remuneration | No Individual Disclosure |
|--|--------------------------|

Supplementary Explanation [Updated]

The Company discloses the total amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) and for directors who are Audit and Supervisory

Committee members. For the previous fiscal year (from September 1, 2024 to August 31, 2025), remuneration amounted to 127 million yen for five directors (excluding directors who are Audit and Supervisory Committee members) and 26 million yen for four directors who are Audit and Supervisory Committee members.

The maximum amount of remuneration for directors is 200 million yen per year, as resolved at the 35th Annual General Meeting of Shareholders held on November 25, 2022. The maximum amount of remuneration for Audit and Supervisory Committee members is 40 million yen per year, as resolved at the same meeting. In addition, the maximum amount of remuneration under the restricted stock-based compensation plan for directors (excluding directors who are Audit and Supervisory Committee members and outside directors) is 60 million yen per year, as resolved at the same meeting.

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|--|
| Policy on Determining Remuneration Amounts and Calculation Methods |
|--|

| |
|-------------|
| Established |
|-------------|

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company, at the Board of Directors' meeting held on February 20, 2021, resolved the policy for determining individual remuneration for directors (excluding directors who are Audit and Supervisory Committee members; hereinafter referred to as "directors") and revised some details at the 35th Annual General Meeting of Shareholders held on November 25, 2022. The following is a summary of the policy. When the Board of Directors makes a resolution, the Board consults with the Advisory Committee on the resolution's content in advance and receives a report from the Advisory Committee.

1. Basic Policy

As basic Company policy, the remuneration of the Company's directors is linked to shareholders' profit in order to function as an incentive for the sustainable improvement of corporate value, and the Company sets an appropriate level of remuneration for each director based on the responsibilities of each position. In particular, the remuneration for executive directors consists of a basic, fixed remuneration, performance-linked remuneration, and stock-based compensation, while only basic remuneration is paid, in consideration of their duties, to directors who are Audit and Supervisory Committee members responsible for supervisory functions and outside directors who are not Audit and Supervisory Committee members.

2. Policies on the Determination of Basic Remuneration, Performance-linked Remuneration, and Non-monetary Remuneration (including policies regarding the determination of the timing or conditions for granting remuneration, etc.)

(a) Policy on Basic Remuneration

Basic remuneration for the Company's directors is a fixed monthly payment determined according to their position, responsibilities, and years of service and is set in a comprehensive manner in consideration of remuneration amounts found at other companies, the Company's business performance, employee salaries, and other factors.

(b) Policy on Performance-linked Remuneration

Performance-linked remuneration consists of a “fixed part” and a “variable part” linked to the Company’s performance. For the “variable part,” (1) the bonus per employee, (2) the ratio of ordinary profit to total assets, and (3) the ratio of ordinary profit to net assets are converted at a predetermined ratio, and the calculation results are reflected in the monthly remuneration. These indicators are used with the goal of (1) improving employee satisfaction, (2) increasing return on assets (ROA), and (3) improving return on equity (ROE). There is no individual target value for each goal. Instead of setting individual targets for each item, the degree of achievement is calculated by summing up the evaluations of the three items. It shall be linked to monthly remuneration and calculated accordingly, and the details will be reviewed based on the Advisory Committee’s report as appropriate in response to changes in the environment.

(c) Policy on Non-monetary Remuneration

Non-monetary remuneration is restricted stocks, which are paid to directors (excluding outside directors and directors who are Audit and Supervisory Committee members; hereinafter referred to as “Subject Directors”). In order to allocate restricted stocks to the Subject Directors, with each fiscal year of the Company being the evaluation period, the amount obtained by multiplying the amount determined based on the position of the Subject Director (hereinafter referred to as the “Basic Amount by Position”) by the performance payment rate is granted as a monetary remuneration claim. The Company issues or disposes of the Company’s common shares to the Subject Directors and has them hold such shares by having them contribute all of such monetary remuneration claims to the Company as contributed assets. The total monetary remuneration claims granted to the Subject Directors shall not exceed 60 million yen per year. The total number of common shares to be issued or disposed of by the Company shall not exceed 60,000 shares per year. The Board of Directors determines the specific timing and allocation of the payment to the Subject Directors after receiving a report from the Advisory Committee.

The restricted stock allocation agreement to be concluded between the Company and the Subject Directors who receive restricted stock allocation based on the resolution of the Company’s Board of Directors shall include the following provisions:

(1) The Subject Directors shall not transfer, create security interests in, or otherwise dispose of the Company’s common shares allocated under this allocation agreement during the period from the date of allocation under this agreement until the date of retirement as director.

(2) In the case of certain misconduct or retirement for reasons other than those specified in (3)(i) and (ii) below, the Company shall acquire such common shares without consideration.

(3) The transfer restrictions shall be lifted at the time of retirement on the condition that the Subject Director’s retirement falls under either of the following cases: (i) retirement with justifiable reasons or resignation for reasons deemed unavoidable by the Company, or (ii) resignation due to death.

[Calculation Method for the Number of Shares to be Granted]

The number of shares to be granted = the Basic Amount by Position (*1) × the performance payment rate (*2)/the amount to be paid per share

(*1) To be determined by the Board of Directors in accordance with the position of the

Subject Directors

(*2) Variable from 0% to 200% depending on the actual consolidated operating profit ratio during the evaluation period

3. Policy on Determining the Ratio of the Amount of Monetary Remuneration, Performance-linked Remuneration, or Non-monetary Remuneration to the Amount of Individual Remuneration for Each Director

The Advisory Committee reviews the ratio of remuneration for each type of executive director based on the benchmark remuneration levels of companies of a similar business scale and operating in related industries and business categories as the Company, with the weight of performance-linked remuneration increasing for higher positions. The Board of Directors respects the Advisory Committee report and decides the individual remuneration of directors within the percentage range of remuneration types indicated in said report.

The approximate ratio of each type of remuneration is as follows: (if the Company achieves a consolidated operating profit ratio of 20%)

| [Position] | Representative Director | Director |
|-----------------------------------|-------------------------|----------|
| [Basic remuneration] | 40% | 50% |
| [Performance-linked remuneration] | 40% | 30% |
| [Non-monetary remuneration] | 20% | 20% |

4. Matters Concerning the Determination of Directors' Individual Remuneration

Regarding the amount of a director's individual remuneration, the Advisory Committee receives an explanation from the President and Representative Director on the status of business performance and the degree of target achievement. The Committee also hears the President's remuneration proposal, discusses it, makes any necessary adjustments to the content, and reports the results to the Board of Directors, which then passes a resolution. Furthermore, for stock-based compensation, the Board of Directors determines the number of shares allocated to each director based on the report from the Advisory Committee.

[Support System for Outside Directors]

The department in charge of assisting the Company's outside directors is the Human Resources and Planning Section of the Administration Department, which distributes notices of convocation of meetings of the Board of Directors and other meetings as well as materials in advance. In addition, a meeting of independent outside directors is held the day before the regular meeting of the Board of Directors to explain the agenda and reports in advance.

An annual schedule of Board of Directors meetings is prepared in advance so that outside directors can attend as many meetings as possible.

The Company has introduced a teleconferencing system and an Internet conference system for communication among directors, and also holds extraordinary meetings of the Board of Directors in a flexible manner.

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

(Board of Directors)

The Board of Directors comprises nine directors, including four directors who are Audit and Supervisory Committee members, and five of whom are outside directors. The Company holds regular monthly meetings of the Board of Directors and strives to further enhance the corporate governance system by including directors who are Audit and Supervisory Committee members with voting rights.

The Company's decision-making mechanism is based on the President and Representative Director or a director drafting and deliberating proposals at Board of Directors' meetings, and then making decisions by resolution of the Board of Directors. In addition to regular monthly meetings of the Board of Directors, the Company holds extraordinary Board of Directors' meetings as necessary to ensure prompt, accurate, and rational decision-making and to review the appropriateness, efficiency, and fairness of management through active question-and-answer sessions. The Board of Directors passes resolutions and executes business operations on matters stipulated by laws and regulations and in the Articles of Incorporation, as well as medium- to long-term corporate policies, budget planning, important personnel matters, matters concerning financial results, and other important matters concerning business operations.

The Board of Directors held 23 meetings in the fiscal year ended August 31, 2025 (September 1, 2024 to August 31, 2025). The attendance of each member of the Board of Directors is shown below.

President and Representative Director / Toshikazu Maeda: 100% (23 of 23 times)

Director / Kota Kaizaki: 100% (23 of 23 times)

Director / Hiroto Ando: 100% (23 of 23 times)

Director / Keiji Hokanishi: 100% (23 of 23 times)

Outside Director / Akiko Kadota: 100% (23 of 23 times)

Outside Director / Kumiko Seko: 100% (23 of 23 times)

Outside Director / Satoshi Momokino: 100% (23 of 23 times)

Outside Director / Takaaki Yamamoto: 100% (23 of 23 times)

Outside Director / Hirotugu Miyakawa: 100% (23 of 23 times)

(Audit and Supervisory Committee)

The Audit and Supervisory Committee consists of four directors who are Audit and Supervisory Committee members, three of whom are outside directors. In principle, the Committee meets monthly and holds additional meetings as necessary. In addition, the Committee exchanges information and opinions with the Internal Audit Section and the accounting auditor as appropriate, and works in coordination with them to enhance the effectiveness and efficiency of audits.

During the fiscal year ended August 2025 (from September 1, 2024 to August 31, 2025), the Audit and Supervisory Committee met 15 times, and the attendance of each Audit and Supervisory Committee member was as follows:

Full-time Audit and Supervisory Committee Member / Keiji Hokanishi: 100% (15 of 15 times)

Outside Audit and Supervisory Committee Member / Satoshi Momokino: 100% (15 of 15 times)

Outside Audit and Supervisory Committee Member / Takaaki Yamamoto: 100% (15 of 15 times)

Outside Audit and Supervisory Committee Member / Hirotugu Miyakawa: 100% (15 of 15 times)

(Advisory Committee)

The Advisory Committee is composed of the President and Representative Director and three independent outside directors who are Audit and Supervisory Committee members. The Committee meets as necessary. As an advisory body to the Board of Directors, it submits reports from an independent and objective standpoint on the appropriateness of decision-making policies and levels regarding the nomination and remuneration of directors.

The attendance of each committee member and the matters discussed are disclosed in the “Voluntary Established Committee(s)” section of this report.

Chairperson: Satoshi Momokino, Outside Director

Members: Toshikazu Maeda, Takaaki Yamamoto, Hirotsugu Miyakawa

(Executive Officers' Meeting)

The Executive Officers' Meeting is composed of the President and Representative Director, two Executive Directors, one General Manager, and one Full-time Audit and Supervisory Committee Member (without voting rights). It is held on Mondays, immediately before the regular meeting of the Board of Directors in principle, and assists the President and Representative Director and Board of Directors by deliberating and resolving important management-related matters pursuant to the basic management policy determined by the Board of Directors.

Chairperson: Takeshi Shimomai (General Manager of Administration Department)

Members: Toshikazu Maeda, Kota Kaizaki, Hiroto Ando, Keiji Hakanishi

(Management Meeting)

The management meeting consists of 9 directors and 31 members who are in the position of deputy manager or above. It is held monthly in principle to share perceptions and exchange opinions on business strategy and business operation. Among the matters deliberated and resolved at Board of Directors meetings, those that are particularly necessary are also discussed at this meeting to enhance the deliberations by the Board of Directors. Directors who are Audit and Supervisory Committee members also attend various critical internal meetings, including this management meeting, and express their opinions.

(ESG Committee)

The ESG Committee is made up of the President and Representative Director, two directors, and nine other employees, and in principle, it meets once a month. Aiming to manage the company from a long-term perspective, and to respond to various ESG-related issues in corporate management, the committee identifies material issues, sets KPIs, checks on progress, revises plans, and reports on these matters to the Board of Directors.

Chairperson: Akiko Kadota (Outside Director)

Committee Members: Toshikazu Maeda, Hiroto Ando, and 9 other employees

(Information Security Committee)

The Information Security Committee is made up of one director (the Chief Information Officer) and eight employees, and in principle, meets once a month. The Information Security Committee is a decision-making body that decides on the company-wide security policy, and it aims to make effective use of information assets in management activities and contribute to management. The decisions made by the committee are reported to the monthly Board of Directors meeting, and instructions are given regarding matters that need to be improved or reviewed.

Committee Chairperson: Kota Kaizaki (Director)
Committee Members: 8 other employees

(Compliance Committee)

The Compliance Committee is made up of four full-time directors and the General Manager of Administration Department, and was established to contribute to the promotion of compliance management. It meets once a year in principle and is responsible for planning and reviewing internal regulations, training, and education, reporting on the status of internal reporting, and other activities necessary for the promotion of compliance management.

Committee Chairperson: Takeshi Shimomai (General Manager of Administration Department)
Committee Members: Toshikazu Maeda, Kota Kaizaki, Hiroto Ando, Keiji Hokanishi

In this way, the Company has adopted the current management system believing it to be the most appropriate considering that it enables the Company to make management decisions and judgments quickly while maintaining sufficient supervisory functions.

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

The Company resolved at the 28th Annual General Meeting of Shareholders held on November 28, 2015 to amend its Articles of Incorporation to transition to a company with an Audit and Supervisory Committee, and on the same date, transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee.

This transition was made in response to the establishment of the Company-with-an-Audit-and-Supervisory-Committee system following amendments to the Companies Act, with the aim of further strengthening the supervisory function of the Board of Directors by appointing directors who are Audit and Supervisory Committee members, including multiple outside directors, and who hold voting rights.

By ensuring the independence of the Audit and Supervisory Committee members, the Company seeks to enhance the transparency and fairness of decision-making by the Board of Directors and to improve the effectiveness of its corporate governance framework.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

| | Supplementary Explanations |
|--|---|
| Establishment of a Convenient Date for the General Meeting of Shareholders | The Company holds its annual shareholders' meetings in November to avoid any schedule conflicts or overlaps with other company's shareholder meetings. |
| Allowing the Exercise of Voting Rights Electronically | The Company has introduced the ability to exercise voting rights via the Internet by enabling the exercise of voting rights via personal computers and smartphones. |
| Use of Electronic Voting Platform and Other | The Company uses the platform for the electronic exercise of voting rights for institutional investors operated by ICJ, Inc. |

| | |
|---|---|
| Efforts to Improve the Environment for Exercising Voting Rights for Institutional Investors | |
| Providing Convocation Notice in English | The Company has been disclosing convocation notices (summaries) in English on the Tokyo Stock Exchange and the Company's website since the 34th Annual General Meeting of Shareholders held in November 2021. |
| Other | The Company has been disclosing the results of the exercise of voting rights in an extraordinary report since the fiscal year ended August 31, 2011. |

2. IR Activities

| | Supplementary Explanations | Explanation by the Representative Him/Herself (Yes or No) |
|---|--|---|
| Preparation and Publication of Disclosure Policy | The Company publishes its "Disclosure Policy" on its website. https://www.marumae.com/en/ir_8.html | |
| Regular Investor Briefings for Analysts and Institutional Investors | The Company holds quarterly results briefings twice a year, and video of the financial results briefings is available on the Company's website. https://www.marumae.com/ir_9.html (Japanese only) | Yes |
| Website Posting of IR Materials | The Company posts past disclosure materials in the "IR Information" section of its website. https://www.marumae.com/en/ir_4.html | |
| Establishment of Department and/or Manager in Charge of IR | Administration Department | |
| Other | The Company responds to inquiries from investors in a proactive, continuous, fair, and timely manner. | |

3. Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanations |
|---|--|
| Stipulation of Internal Regulations Respecting the Position of Stakeholders | The Company has established a code of conduct that reflects respect for the position of stakeholders. |
| Implementation of Environmental Activities, CSR Activities, etc. | The Company has acquired an ISO 14001 certificate. In addition, sustainability information, which includes policies and initiatives, is described in our Integrated Report available via the link below. https://www.marumae.com/en/sus_report.html |
| Establishment of Policies, etc. Related to the Provision of Information to Stakeholders | The “Information Disclosure Regulations” stipulate the basic policy, etc. for providing information to stakeholders. In addition, the Company’s Disclosure Policy is posted in the “IR Information” section of the Company’s website. https://www.marumae.com/en/ir_8.html |

IV. Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and the Progress of System Development

[Updated]

The status of the Company’s internal control system is as follows:

- (1) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation:
The Company recognizes that thorough compliance is essential for the Company’s continued existence. It will strive to establish a management system widely trusted by society by ensuring that all executives and employees act fairly and with high ethical standards.
 - (a) The Board of Directors makes decisions after thorough deliberation on matters stipulated by laws and regulations and the Articles of Incorporation, and on essential management matters, while requesting reports from directors on the status of execution of their duties to ascertain the progress of management policies and manage and supervise the appropriateness of the implementation of responsibilities.
 - (b) Directors who are Audit and Supervisory Committee members attend Board of Directors’ meetings and other important meetings to understand the process of critical decision-making and the status of execution of duties, and express their opinions and report on the status of implementation of duties by directors and employees, provide advice and recommendations as necessary, and take appropriate measures when necessary.
 - (c) Management meetings are held regularly to conduct multifaceted reviews of critical decision-making and business execution progress by directors and executive officers and to monitor one another.
 - (d) The Internal Audit Section conducts regular audits as well as discretionary audits as necessary in order to monitor the day-to-day status of the execution of duties and to promote improvements.
 - (e) The Company works closely with external experts such as lawyers and the accounting auditor to maintain a compliance system.
 - (f) The Company provides continuous compliance training to officers and employees to promote awareness of compliance with laws and regulations.

(g) The Company has established a “Code of Conduct” as a guideline for the actions of all officers and employees and ensures thorough compliance with the Code.

(h) The Company has established a Compliance Committee as an internal body to deliberate on and promote important matters relating to compliance, and holds meetings regularly. In addition, the Company has established the “Compliance Committee Regulations,” which set forth matters concerning the establishment and operation of the Committee, in order to ensure its appropriate operation.

(i) Based on the “Internal Whistleblowing Regulations,” the Company has established a framework for appropriately handling consultations and reports concerning organizational or individual acts that violate laws and regulations (including notices, ordinances, and rules), internal rules, or corporate ethics (hereinafter referred to as “illegal acts, etc.”), submitted by officers and employees, among others.

- (2) The Company operates internal whistleblowing contact points both inside and outside the Company. Through this framework, the Company aims to ensure the early detection and correction of illegal acts, etc., and to establish a system that contributes to strengthening compliance-oriented management.

- (3) System for the storage and management of information related to the execution of duties by directors:

The Company establishes management standards and a management framework for information relating to the execution of duties by directors, and prepares and retains such information in appropriate formats, including electronic media, in accordance with applicable laws and regulations as well as the “Approval Authority Regulations,” the “Document Management Regulations,” the “Information Systems Management Regulations,” and other relevant internal rules. Such information is maintained in a condition that allows directors and directors who are Audit and Supervisory Committee members, among others, to view and make copies thereof as necessary.

- (4) Rules and other systems for managing the risk of loss:

The Company positions risk management as one of its most important management issues. Based on a thorough understanding of risks inherent to the Company, the Company prepares appropriate countermeasures in advance in accordance with the type, scale, and likelihood of occurrence of such risks, and establishes an organizational framework to minimize losses.

(a) The Administration Department monitors and handles company-wide risks.

(b) The general manager of each department is responsible for the risks associated with the operation for which they are in charge, prepares and ensures compliance with manuals, and provides the necessary education.

(c) Directors and the general managers of each department strive to identify major risks in their individual duties. If any are discovered, the Board of Directors deliberates from various perspectives, determines appropriate countermeasures, and implements them.

(d) The Internal Audit Section conducts audits of the status of risk management as well.

(e) In the event that new risk management issues arise or are anticipated to arise, such matters are reported to the Board of Directors, where countermeasures are discussed and corrective actions are taken.

(f) In the event of unforeseen circumstances, the Company establishes a framework under the direction of the President and Representative Director to respond promptly with the

cooperation of external professionals, including attorneys, in order to prevent the expansion of damage and minimize losses.

(5) System to ensure that directors execute their duties efficiently:

By establishing rules and regulations, the Company clearly and appropriately defines the scope of the directors' authority and responsibility and the duties for which they are responsible, thereby ensuring a system in which directors can efficiently execute their duties.

(a) The Board of Directors determines the medium-term business plan and the proposed budget for each fiscal year. Each department formulates and implements specific measures to achieve these goals.

(b) The matters to be delegated to directors are determined in accordance with the "Regulations of the Board of Directors," the "Organizational Regulations," the "Regulations of Division of Duties," and the "Standards for Authorization and Approval." The authority to make decisions and execute duties within that scope shall be delegated. Directors report their progress in executing their duties and other matters at the Board of Directors and management meetings.

(c) In order to ensure the efficient execution of duties by directors, the Company reviews and makes necessary improvements to internal regulations concerning the organization, job classification, division of duties, and decision-making authority as required.

(d) With respect to the execution of operations of the Administration Department under the supervision of the President and Representative Director, the Company ensures a system whereby the President and Representative Director makes final decisions and executes operations after deliberation at meetings attended by executive directors and heads of departments and offices.

(6) System to ensure the appropriateness of business operations in the corporate group:

In order to ensure the appropriateness and efficiency of operations across the corporate group as a whole, the Company has established the "Affiliated Company Management Regulations" concerning the management of subsidiaries, and has built a framework to promote unified business operations and prompt information sharing through matters resolved by the Board of Directors, the sharing of management plans and budgets, and the dispatch of officers, among other measures.

In addition, the Company has established a system for representatives of subsidiaries to participate in meetings of the Company's Board of Directors and report on monthly business performance, risk management status, and other matters, thereby striving to accurately understand the status of business execution.

(a) Based on the Affiliated Company Management Regulations and management control agreements, subsidiaries establish and operate management systems, internal regulations, and compliance frameworks equivalent to those of the Company, and review them as necessary.

(b) Representatives of subsidiaries and the relevant departments establish a framework to regularly report management policies, business performance, and the status of risk management to the Company's Administration Department.

(c) With respect to important matters of subsidiaries, approval of the Company's Board of Directors is required, and appropriate consultations are conducted between the Company and its subsidiaries.

(d) Internal audits of subsidiaries are conducted by the Company's internal audit

department, which provides guidance for improvement as necessary.

(e) With respect to loss risks at subsidiaries, a management framework is established in cooperation with the Company. Material matters are promptly reported to the Company's Board of Directors, after which response measures are determined.

(f) Compliance systems at subsidiaries, including measures for the exclusion of anti-social forces, are established and operated in coordination with the Company's Compliance Committee.

- (7) Matters related to employees requested by the Audit and Supervisory Committee to assist them in their duties:

As the Audit and Supervisory Committee and the Internal Audit Section are organized in a structure that enables close and constant coordination, the Company has not appointed any employees to assist the duties of the Audit and Supervisory Committee. However, if the Audit and Supervisory Committee requests the appointment of such employees, the Company will, upon consultation with the Audit and Supervisory Committee, appoint such employees as necessary.

- (8) Matters concerning the independence of the employees set forth in the preceding paragraph from directors:

In the event that employees are established to assist with the duties of the Audit and Supervisory Committee, their directions, orders, etc., shall be under the control of the Audit and Supervisory Committee, and the handling of their personnel affairs shall be conducted in consultation with the Audit and Supervisory Committee.

- (9) Matters related to ensuring the effectiveness of instructions to the employees set forth in the preceding paragraph:

In the event that the employees set forth in the preceding paragraph concurrently serve in another department, priority shall be given to the duties related to the Audit and Supervisory Committee. In addition, the supervisors and directors of other departments in which the employees concurrently serve shall provide the necessary support when requested to perform such duties.

- (10) System for directors and employees to report to the Audit and Supervisory Committee:

The Company has established a system for directors and employees to promptly report to the Audit and Supervisory Committee upon discovering any facts that may cause significant damage to the Company.

Directors who are Audit and Supervisory Committee members attend important meetings, including meetings of the Board of Directors, and conduct strict oversight of the execution of duties. Through participation in such meetings, a framework is in place to ensure that important matters are reliably reported to the Audit and Supervisory Committee.

In addition, when deemed necessary by the Audit and Supervisory Committee, a system is in place that enables the Committee to directly request reports from directors and employees.

Furthermore, the Internal Audit Section regularly reports audit results and other important matters to the Audit and Supervisory Committee, thereby ensuring a framework for coordination.

- (11) System to ensure that the person who made the report set forth in the preceding paragraph is not subjected to any disadvantageous treatment on the grounds that he or she made the report:

No disadvantageous treatment shall be given to the person who made the report to the Audit

and Supervisory Committee because the report was made as described in the preceding paragraph. In addition, in the course of the Company's personnel evaluation, the Audit and Supervisory Committee may express his or her opinion on the evaluation of the employee who has performed the duties or made the report set forth in Paragraphs 6 through 9.

- (12) Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by directors who are Audit and Supervisory Committee members (limited to those related to the duties of the Audit and Supervisory Committee) and other policies concerning the treatment of expenses and debts incurred in the execution of such duties:

With respect to expenses incurred in the execution of duties by directors who are Audit and Supervisory Committee members (limited to matters relating to the duties of the Audit and Supervisory Committee), such directors are entitled to receive advance payment or reimbursement from the Company. Accordingly, such expenses should be budgeted in advance. However, directors who are Audit and Supervisory Committee members also retain the right to request reimbursement from the Company for expenses incurred on an urgent or extraordinary basis.

- (13) Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively:

The "Audit and Supervisory Committee Audit Standards" stipulate that the Audit and Supervisory Committee and the Internal Audit Section shall endeavor to maintain close coordination, thereby ensuring that audits are conducted effectively. In addition, directors and the Audit and Supervisory Committee actively exchange opinions and seek to ensure appropriate communication.

2. Basic Views on Eliminating Antisocial Forces and Measures Related Thereto

- Basic Views to Eliminating Antisocial Forces

The Company's policy is to eliminate any relationship with antisocial forces and groups that threaten social order and safety and to respond firmly to unreasonable demands.

- Status of Measures to Eliminate Antisocial Forces

Based on the policy above, the Company has prepared and thoroughly communicated manuals and procedures to eliminate antisocial forces under the "Regulations Concerning Antisocial Forces." It provides education and training to directors and employees as appropriate. These manuals and procedures clearly state the separation from antisocial forces, prohibit the provision of benefits to antisocial forces, and thoroughly reject any relationship with antisocial forces.

As an internal system, the Company has set up a department to deal with unreasonable demands from antisocial forces and to take systematic action, as well as to request consultation with and support from the Kagoshima Prefectural Police, lawyers, and outside consulting companies.

In addition, the head office is a member of the "Council for the Defense of Corporations under the Jurisdiction of the Izumi Police Station" and strives to collect information on the activities of antisocial forces and countermeasures through mutual understanding and cooperation among local corporations, the police, and the Kagoshima Center for the Elimination of Violence.

V. Other

1. Adoption of Anti-takeover Measures

| | |
|------------------------------------|-------------|
| Adoption of Anti-takeover Measures | Not Adopted |
|------------------------------------|-------------|

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|---------------------------|
| Supplementary Explanation |
|---------------------------|

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2. Other Matters Concerning the Corporate Governance System

The Company will actively work to further improve the corporate governance of the Company by further developing the internal control system and increasing the transparency of our management.

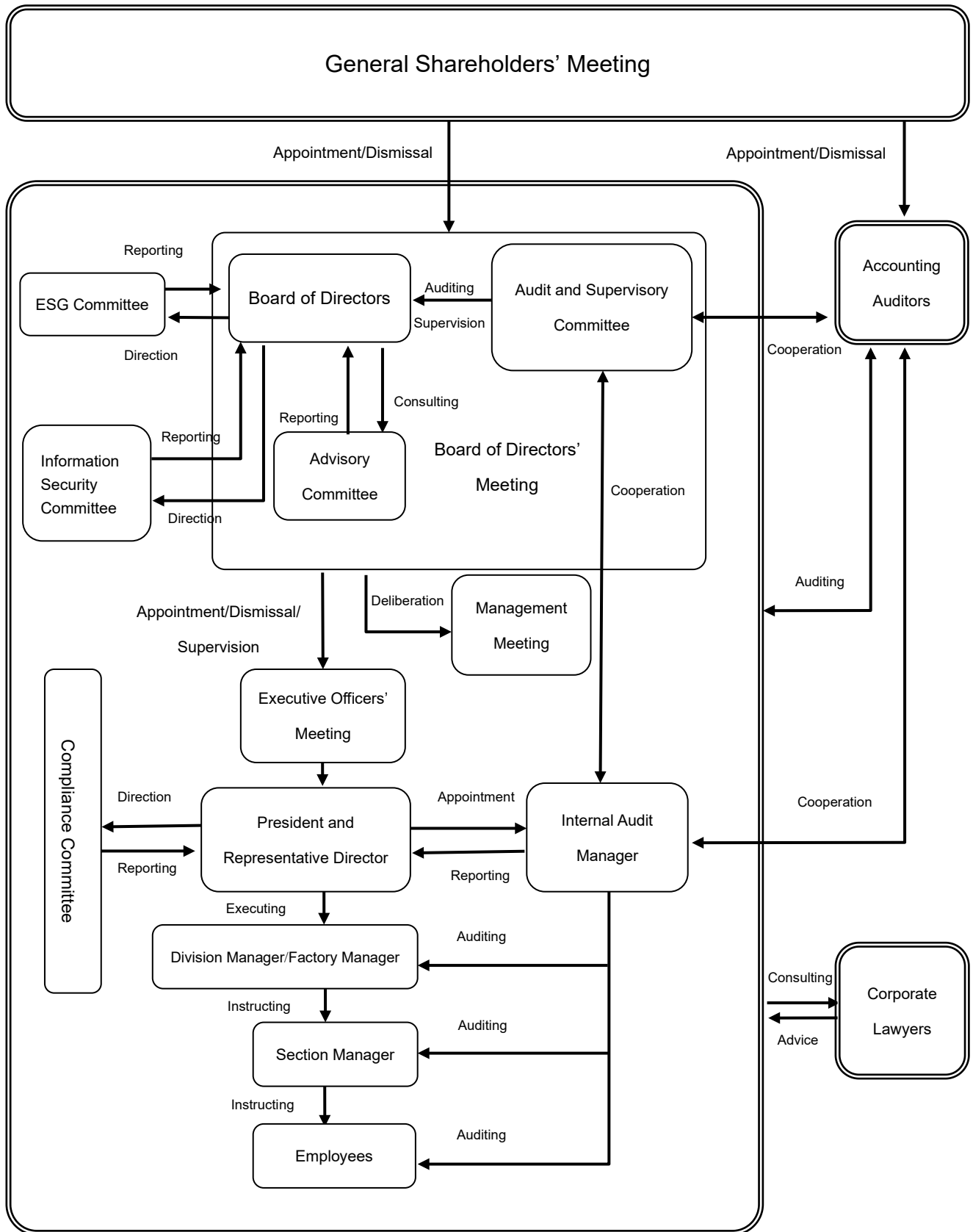
1. Outline of Corporate Governance System:

A schematic diagram of the corporate governance system is shown in Attachment 1.

2. Overview of Timely Disclosure System:

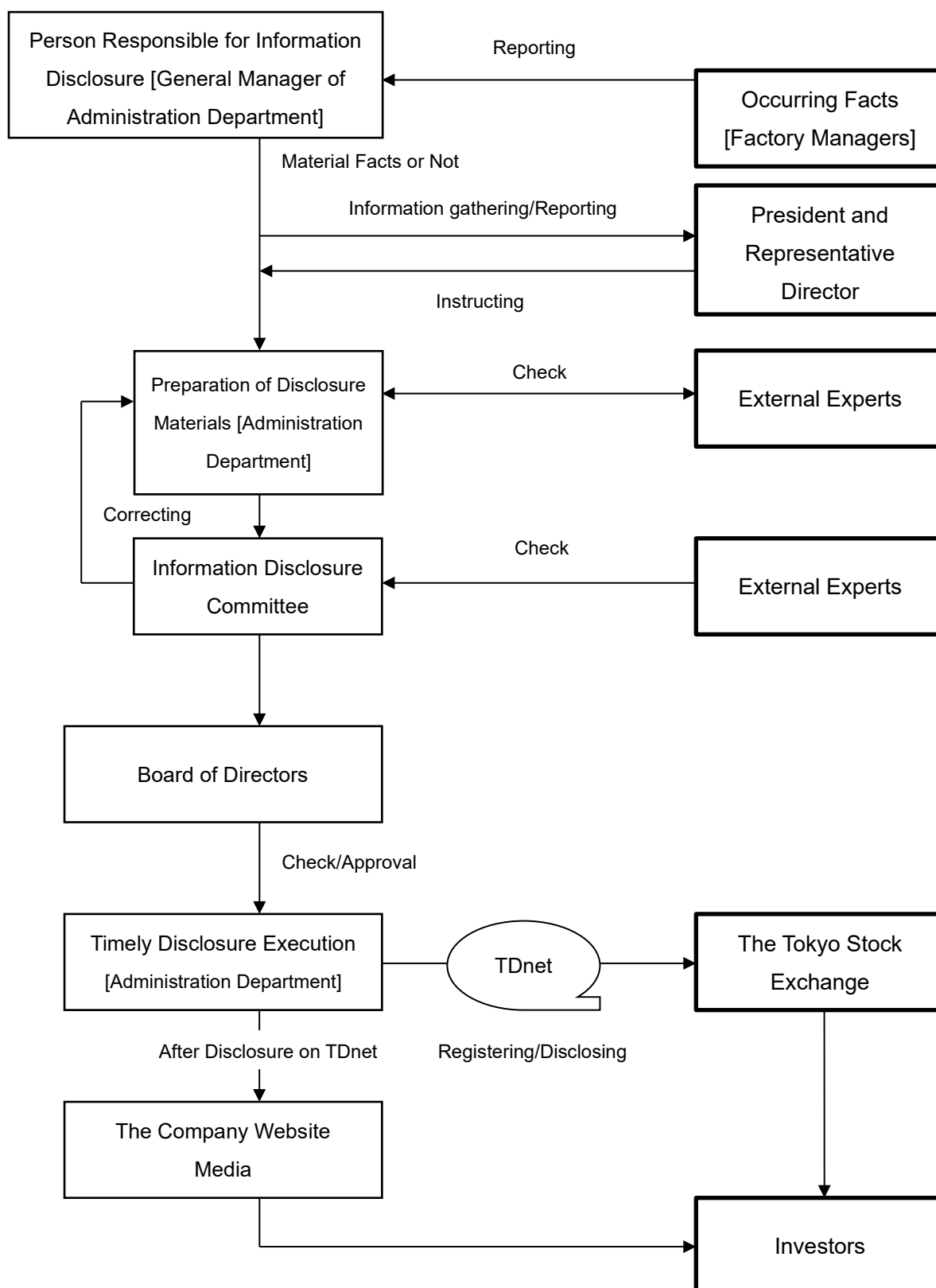
The outline of the Company's timely disclosure system is shown in Attachment 2.

Attachment 1. Marumae's Corporate Governance System Schematic Diagram

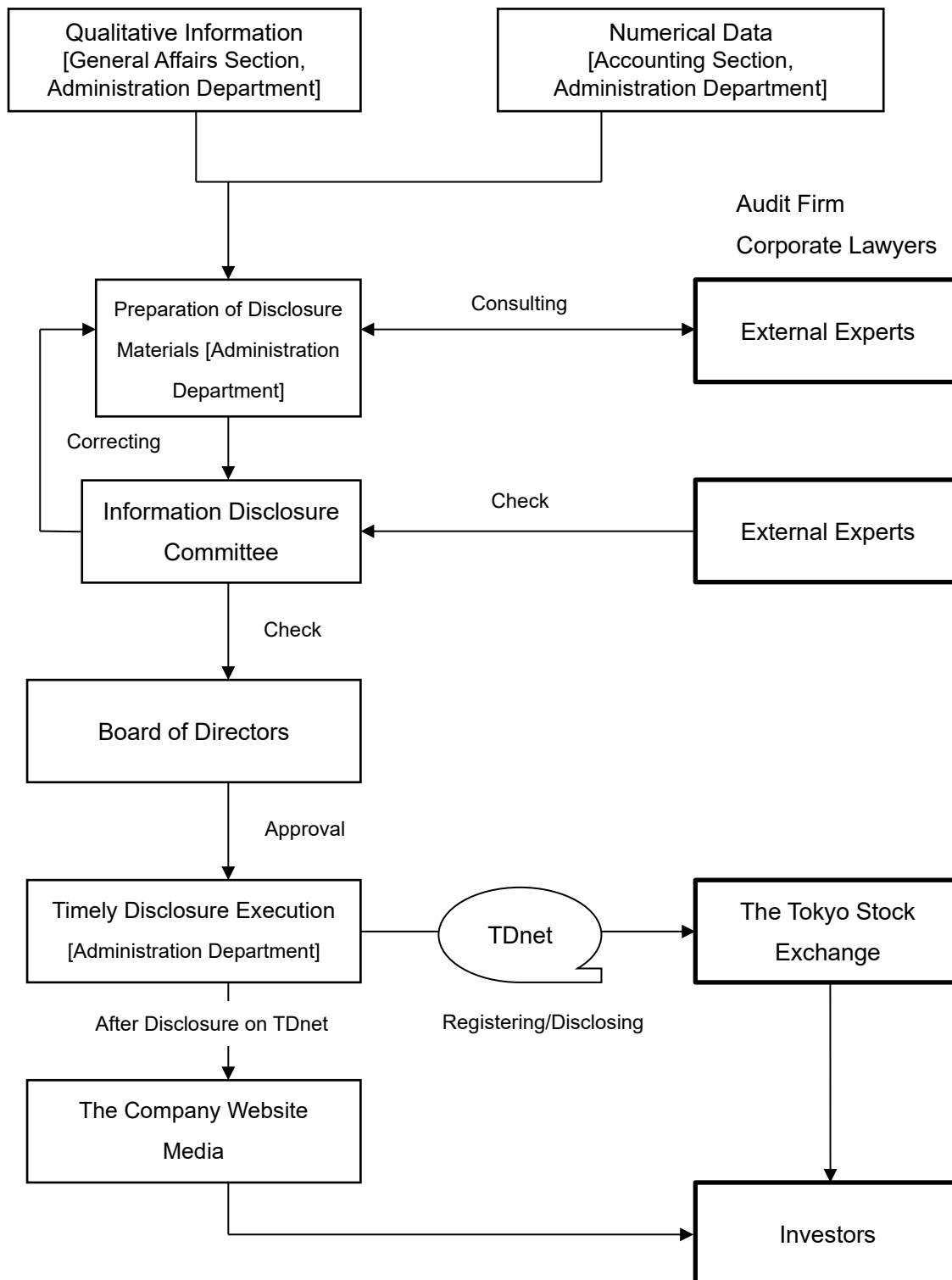


Attachment 2. Overview of Timely Disclosure System

(1) Internal System Regarding Facts of Decisions and Occurrences



(2) Internal System for Financial Information and Performance



[Supplementary Principle 4-11-1] Skill Matrix of the Board of Directors

| No. | Name | Attributes | | | Knowledge and experience that the Company expects | | | | | | |
|-----|--------------------|---------------------------------|--------------------|-----------------------|---|------------------------------------|------------------|----------------------|---------------------------------|-------------------|---------------------------|
| | | Audit and Supervisory Committee | Advisory Committee | Independent (Outside) | Corporate Management / Business Strategy | Development / Technology / Quality | Planning / Sales | Finance / Accounting | Risk Management / Legal Affairs | Global Experience | Administrative Experience |
| 1 | Toshikazu Maeda | | ● | | ● | ● | ● | ● | ● | | |
| 2 | Kota Kaizaki | | | | ● | | ● | | | | |
| 3 | Hiroto Ando | | | | ● | ● | | | | | |
| 4 | Akiko Kadota | | | ● | ● | | | | | ● | |
| 5 | Kumiko Seko | | | ● | ● | | | | | | ● |
| 6 | Keiji Hakanishi | ● | | | | | | ● | | | |
| 7 | Satoshi Momokino | ● | ● | ● | | | | | ● | ● | |
| 8 | Takaaki Yamamoto | ● | ● | ● | ● | | | | ● | | |
| 9 | Hirotsugu Miyakawa | ● | ● | ● | | | | ● | | | |