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TOHO CO.,LTD.
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The corporate governance of TOHO CO.,LTD. (the "Company") is described below.

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

1. Basic Views

The TOHO Group upholds the spirit passed down from our founder, Ichizo Kobayashi, whose words still resonate today. He championed our mission "to widely provide inspiring entertainment to the general public" and reminded us that "We owe our business to the happiness of the customers." Guided by this legacy, we have established our Group Slogan: "Moments for Life." Our Group Purpose is to "create moments that move hearts and enrich lives," and our group values are embodied in our motto: to always act with vivacity, modesty, fairness, and grace. Based on these principles, the TOHO Group remains committed to earning the continued trust of all our stakeholders.

To this end, the Company has positioned the enhancement of its corporate governance as one of its top management priorities and endeavors to ensure the transparency and fairness of corporate management by achieving prompt and appropriate decision-making by the Board of Directors and strengthening the supervisory and audit functions of independent outside Directors.

With the TOHO Charter, TOHO Group Code of Conduct, Sustainability Policy, and TOHO Group Human Rights Policy established as the Group's policies, the Company has made sure that every employee of the Group is informed of these policies and constructed a Group-wide internal control system and risk management system, thereby striving to achieve its sustainable growth and enhance its corporate value over the medium to long term.

Note that the TOHO Charter, TOHO Group Code of Conduct, Sustainability Policy, and TOHO Group Human Rights Policy are disclosed on the Company's website linked below:
https://www.toho.co.jp/en/company/group-policy

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

This report is prepared based on the Corporate Governance Code (June 2021 version).

The Company complies with all of the principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

Principle 1.4: Strategic Shareholdings

This report is prepared based on the Corporate Governance Code (June 2021 version).

The Company has set out its policy, standards, and other relevant rules for strategic shareholdings (refers to holding of listed shares except for shares of subsidiaries and associates and shares held for pure investment purposes) as follows:

(1) Policy for strategic shareholdings

The Company strategically holds shares of other companies that are deemed necessary to hold in the course of its business activities, such as for forming business alliances or maintaining and strengthening a business relationship with these companies, and those deemed to contribute to the enhancement of the Group's corporate value over the medium to long term. When it is deemed neither necessary nor rational to hold shares of other companies based on the results of verification by the Board of Directors, the Company sells such shares to reduce the shareholding.

(2) Details of verification by the Board of Directors

The Board of Directors reports and discusses the results of verification on the appropriateness and rationality of the purpose of holding individual strategically-held stocks at its meeting once a year. In 2025, the Board of Directors conducted such verification

at its meeting held in November.

(3) Criteria for exercise of voting rights

In exercising the voting rights of strategically-held shares, the Company makes a decision on whether to approve or disapprove the proposed exercise of voting rights from the perspective of whether it contributes to the enhancement of the Group's corporate value in light of the details of the proposal and the business performance and management policy of the issuer company, among other factors. If there are concerns that the exercise of voting rights could diminish the Group's corporate value, the Company will have dialogues with the issuer company to deal with the problem appropriately.

Principle 1.7: Related Party Transactions

In accordance with laws and regulations, the Company has stipulated in the Officers' Rules and the Board of Directors' Rules that the Company must obtain approval of the Board of Directors to engage in a competing or conflict-of-interest transaction with a Director of the Company.

Meanwhile, the Company monitors transactions with its major shareholders (shareholders who directly or indirectly hold 10% or more of the total voting rights) on an ongoing basis by reporting the details of half-year transactions, the transaction amount, the balance of receivables and payables at the end of the period to the Board of Directors twice a year.

Supplementary Principle 2.4.1: Ensuring Diversity in Promotion to Core Human Resources, etc.

Policy for ensuring diversity:

The Company aims to sustainably enhance its corporate value through its business activities centered on entertainment. Based on our belief that ensuring diversity in human resources is indispensable to meet a wide variety of needs of customers and work harmoniously with various stakeholders, we will continue to work on this issue more actively going forward.

Current status and targets of initiatives for ensuring diversity:

(1) Promotion of women to managerial positions

As a result of the Company's ongoing efforts to promote the active participation of women, the percentage of female managers stood at 19.4% as of the end of February 2026 (compared to 14.7% at the end of the previous fiscal year). Although this fell slightly short of its target of 20% for the period ending February 2026, the appointment of women to management positions has progressed, and the figure has steadily improved.

In light of this, under its new action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, effective from March 1, 2026 to February 28, 2031, the Company has set two new targets:

(i) Increase the percentage of female employees in management positions to 30% or higher.

(ii) Reduce the average monthly overtime per employee to less than 10 hours.

From the current phase, with systems for flexible working styles now in place, the Company is shifting its focus to operational and cultural enhancement. The Company will concentrate on fostering a career-oriented mindset among female employees, helping them build internal and external networks, and systematically developing an environment to cultivate future leaders.

For details of our initiatives to achieve these targets, please visit the website linked below:

Database for Companies Promoting Women's Participation and Advancement (available in Japanese only)

https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=1116

(2) Promotion of foreign nationals to managerial positions

The Company's recruitment policy is to hire talented human resources who satisfy necessary requirements and possess necessary skills for the execution of our business strategies, regardless of their nationality. While the Company has so far hired several foreign nationals, none of them has been promoted to managerial positions to date. Under the TOHO VISION 2032 TOHO Group Management Corporate Strategy, we intend to take on challenges to actively develop overseas markets with the aim of increasing the value of TOHO brand and achieving exponential growth as a worldwide entertainment company. We will consider actively hiring foreign nationals and promoting them to managerial positions more than ever as human resources who will play core roles in achieving the aforementioned growth strategy.

(3) Promotion of mid-career hires to managerial positions

Since the announcement of the "TOHO VISION 2032 TOHO Group Management Strategy" in April 2022, the Company has strategically expanded mid-career recruitment. As a result, as of the end of February 2026, mid-career hires accounted for 45.9% of the Company's total workforce (up from 38.1% in the previous year) and 29.4% of positions of section manager or higher (up from 24.6% in the previous year). This demonstrates that the Company is successfully building a structure where diverse perspectives are integrated into management decision-making.
The Company will continue to actively recruit individuals from diverse backgrounds and remains committed to developing and promoting them as core human resources, including to executive and management roles.

Policy for talent development to ensure diversity:

In the TOHO VISION 2032 Group Management Strategy, the Group has established the basic policy for its "People & Culture

Strategy": to strengthen the recruitment of diverse, high-caliber external talent who will drive its growth strategies, and to develop talent and put in place the working environment to evolve into a more creative organization.

In addition, in the TOHO Mid-Term Plan 2028, announced in April 2025, the Group has set "Investing in Our People and Enhancing Engagement" as a key point and formulated a new "Vision for People & Culture" to become "A Fulfilling Workplace Where Inspiration Comes Full Circle."

Furthermore, to realize this vision, the Group has set forth two key concepts of "Scaling Excellence: Creating a company-wide network of experts" and "Growth, ownership, and well-being."

Specifically, we will pursue the following four policies:

1. Recruiting versatile talent capable of driving change,

2. Training top talent who embody TOHO's spirit of excellence and creative vision,

3. Promoting people policies that leverage employee strengths, and

4. Creating a culture of well-being that empowers employees to take ownership and act with autonomy and integrity.

With the above as the Group's basic strategy for human capital, the Group will pursue the creation of an organization in which all employees can thrive with a calm sense of confidence, energizing openness and positivity.

Policy for developing an internal environment to ensure diversity:

The Group has set "Creating a healthy work environment where everyone feels valued for their contributions" as one of its key sustainability issues, and is implementing various initiatives. The Group believes that fostering a workplace where employees are physically and mentally healthy—and able to fully utilize their abilities—is essential for the shared growth of both the company and its people.

In addition, the TOHO Mid-Term Plan 2028 highlights "Investing in Our People and Enhancing Engagement" as a key point. To realize its "Vision for People & Culture" of "A Fulfilling Workplace Where Inspiration Comes Full Circle", the Group has adopted the following policy:
"Creating a culture of well-being that empowers employees to take ownership and act with autonomy and integrity" Specific initiatives undertaken by the Company are as follows:

Initiatives for health management:

The Company views its employees as human capital and actively promotes its "Hogaraka health management." With the President, CEO as the chief manager in charge of the promotion, the Human Resources Department, in close cooperation with industrial physicians and medical clinics, is working to improve the health of employees and the working environment. It has set target metrics in the following areas: mental health and job satisfaction, lifestyle improvement, health checkups, and work styles, with progress reviewed annually.

Believing that advancing health and well-being management in a sustained manner enables it to make a lasting contribution to its employees' health, the Company has set "SUSTAIN" as the 2025 theme for its Hogaraka Health Approach.

As a specific initiative for mental health, the Company formulated the Three-Year Mental Well-Being Plan, establishing a system that covers everything from primary prevention (preventing issues before they arise) to tertiary prevention (support for returning to work). For physical health, the Company has expanded practical, daily support that employees can comfortably sustain, such as posting the "Landolt C" around the office to reduce eye strain, promoting light exercises in the workplace, and encouraging the use of partner sports gyms. Moving forward, the Company will continue to analyze these initiatives alongside engagement surveys and stress checks, striving to realize an even better working environment.

Improving work styles and work environment:

The Company is promoting the development of a flexible and highly productive working environment. In addition to operating "Project Yuyu," an initiative to encourage the use of paid leave, and the "Wellness Leave Program" to support employees dealing with menopause symptoms and infertility treatments, the Company has introduced a company-led babysitter utilization support program. This creates an environment where employees can choose flexible working styles tailored to their diverse life stages. Furthermore, under the concept of "Move & Connect," the Company combines a telework system with a flextime system that has no core hours. Since last year, the Company has also expanded access to shared office spaces, putting in place an environment where each employee can choose their flexible and creative ways of working.

To support this workplace environment, the Company is continually expanding office space and updating layouts to accommodate the growing workforce driven by its strengthened mid-career recruitment.

Improving employees' engagement:

The TOHO Group has identified "creating a healthy work environment where everyone feels valued for their contributions" as one of its key sustainability issues and is advancing a range of initiatives to address it.

At the core of these efforts are the employee engagement surveys that have been conducted continuously since 2021. Based on the insights gained from these surveys, the Company holds the "TOHO CHALLENGE AWARD" to shine a light on and celebrate efforts that might otherwise go unnoticed across the company. The Company also holds "town hall meetings" where top management and employees engage in two-way dialogue.

Furthermore, in October 2025, the TOHO Group established its new Group Slogan, “Moments for Life.” At the “ALL EMPLOYEE MEETING 2025,” held that same month, the management team directly shared the vision and aspirations behind this slogan, fostering a stronger sense of unity across the Group and a shared commitment to its mission. For daily initiatives, the Company encourages engagement through “Moments Cafe”—a space designed to generate dialogue and empathy across different positions and departments—and “TOHO University,” its in-house corporate university that serves as a platform for human resources and organizational development.

Furthermore, the employee engagement score has been adopted as a key performance indicator for the executive remuneration system “performance-linked share remuneration plan,” which was introduced as part of the TOHO Mid-Term Plan 2028. The Company strives to encourage its officers (executive directors and corporate officers) to commit to improving employee engagement, thereby functioning as an appropriate incentive. The Company will continue pursuing various initiatives to further raise employee engagement across the organization.

Principle 2.6: Roles of Corporate Pension Funds as Asset Owners

While the Company has a defined-benefit corporate pension plan, the management of the pension assets has been entrusted to a specialized institution. We monitor the status of asset management in an appropriate manner.

Principle 3.1: Full Disclosure

(1) Company objectives (e.g., business principles), business strategies and business plans

As for the Group’s corporate philosophy and strategy, we have formulated the TOHO VISION 2032 TOHO Group Management Corporate Strategy consisting of the Long-term Vision 2032 established in preparation for our 100th-anniversary milestone and the specific initiatives for three years outlined in the Mid-term Management Plan 2028. This strategy is disclosed on the Company’s website below:

Corporate Philosophy: https://www.toho.co.jp/en/brand/philosophy

Corporate Strategy: https://www.toho.co.jp/en/ir/management/plan

(2) Basic views and guidelines on corporate governance

The TOHO Group upholds the spirit passed down from our founder, Ichizo Kobayashi, whose words still resonate today. He championed our mission “to widely provide inspiring entertainment to the general public” and reminded us that “We owe our business to the happiness of the customers.” Guided by this legacy, we have established our Group Slogan: “Moments for Life.” Our Group Purpose is to “create moments that move hearts and enrich lives,” and our group values are embodied in our motto: to always act with vivacity, modesty, fairness, and grace. Based on these principles, the TOHO Group remains committed to earning the continued trust of all our stakeholders.

To this end, the Company has positioned the enhancement of its corporate governance as one of its top management priorities and endeavors to ensure the transparency and fairness of corporate management by achieving prompt and appropriate decision-making by the Board of Directors and strengthening the supervisory and audit functions of independent outside Directors.

With the TOHO Charter, TOHO Group Code of Conduct, Sustainability Policy, and TOHO Group Human Rights Policy established as the Group’s policies, the Company has made sure that every employee of the Group is informed of these policies and constructed a Group-wide internal control system and risk management system, thereby striving to achieve its sustainable growth and enhance its corporate value over the medium to long term.

Note that the TOHO Charter, TOHO Group Code of Conduct, Sustainability Policy, and TOHO Group Human Rights Policy are disclosed on the Company’s website linked below:

https://www.toho.co.jp/en/company/group-policy

(3) Board policies and procedures in determining the remuneration of the senior management and directors

The Company’s basic policy on remuneration for Directors is to ensure the compensation level commensurate with their positions and responsibilities within the limit resolved at a general meeting of shareholders and to provide them with appropriate incentive to contribute to the enhancement of the Group’s corporate value and business performance.

The procedure thereof is that Representative Directors prepare a draft proposal, and the Governance Committee, consisting of Representative Directors and independent outside Directors, deliberates on the proposal. The Board of Directors decides the remuneration amount within the limit of remuneration resolved at a general meeting of shareholders based on the details of deliberations by the Governance Committee.

For remuneration of Directors who are Audit & Supervisory Committee Members, including outside Directors, the remuneration amount is decided through consultation among Audit & Supervisory Committee Members within the limit of remuneration resolved at a general meeting of shareholders.

Note that the policy for deciding the details of remuneration for individual Directors determined by the Board of Directors is described in “II-1. Director Remuneration, Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” below.

(4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and corporate auditor's candidates

The Officers' Rules provide the criteria for nominating Director candidates (excluding outside Directors) who are recommended in a general meeting of shareholders as follows: (i) the candidate must have expert knowledge on the business and services of the TOHO Group; (ii) the candidate must have an excellent management sense that can meet the demands of the times; (iii) the candidate must have excellent managerial judgment ability with a Company-wide perspective and ability to execute duties; and (iv) the candidate must have character, discernment, and high ethical standards appropriate as Director.

The procedure thereof is that Representative Directors prepare a draft list of candidates, and the Governance Committee, consisting of Representative Directors and independent outside Directors, deliberates on the reasons and appropriateness of the appointment. The Board of Directors decides candidates based on the details of deliberations by the Governance Committee.

As for outside Director candidates, Representative Directors prepare a draft list of appropriate candidates based on the criteria described in Supplementary Principle 4.11.1 below, including those for experience, discernment, and expertise.

Please note that the consent of the Audit & Supervisory Committee is required for nominating a Director who is an Audit & Supervisory Committee Member.

A proposal on the dismissal of a Director shall be submitted to a general meeting of shareholders after full deliberation by the Governance Committee and the Board of Directors if there is a reasonable reason to make a judgment that said Director is unfit to be entrusted with authority to perform duties as Director.

(5) Explanations with respect to the individual appointments/dismissals and nominations

Information on the career summary, positions, and responsibilities of each candidate for Director is provided in the Reference Documents for General Meeting of Shareholders, and we give explanations on the reasons for the appointment of each candidate (and reasons for dismissal if any) based on such information.

Supplementary Principle 3.1.3: Sustainability Policy and Implementation Status of Sustainability Initiatives

The Company discloses information on its sustainability initiatives and investments in human capital and intellectual properties in the TOHO VISION 2032 TOHO Group Management Corporate Strategy announced in April 2022.

Investments in human capital and intellectual properties: https://www.toho.co.jp/en/ir/management/plan

Sustainability initiatives: https://www.toho.co.jp/en/sustainability

Sustainability initiatives:

The Company has set out its Sustainability Policy in the TOHO VISION 2032 TOHO Group Management Corporate Strategy as "The TOHO Group is committed to enriching society through entertainment, fostering a world where everyone can experience fulfillment and well-being—contributing with openness, integrity, and grace," with four important issues: (i) creating a healthy work environment where everyone feels valued for their contributions; (ii) promoting environmentally friendly business practices that are protective of our planet; (iii) Respecting human rights and fostering a sound and fair corporate culture; and (iv) creating a rich film and theater culture and passing it on to the next generation. The Company also discloses the targets for specific initiatives to address these important issues. As a system to promote these initiatives, we have established the Sustainability Committee, chaired by President and Executive Officer, with Management Committee Members as its members and a Full-time Audit & Supervisory Committee Member as its observer; and Corporate Sustainability, Corporate Communication Department as a dedicated department under the Management Committee. The Sustainability Committee meets around two times a year.

The Sustainability Committee identifies risks and opportunities associated with the aforementioned four important issues set out in the Group's Sustainability Policy including (i) human capital, (ii) climate change, (iii) human rights, and (iv) culture inheritance; formulates targets and initiatives for each of these issues; and checks on the progress, among other activities. The matters discussed by the Committee are reported to the Board of Directors, and the Board determines and supervises the entire Group's sustainability-related policies and checks on the progress thereof.
Additionally, in our commitment to respecting human rights, we have established the "TOHO Group Human Rights Policy" and formed the Group Human Rights Committee, chaired by President and Executive Officer, with Management Committee Members as its members and a Full-time Audit & Supervisory Committee Member as its observer. Through this, our management is committed to continuously and effectively promoting human rights initiatives throughout the TOHO Group.

To respond to climate change, the Group expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) in October 2023, and discloses the impact of climate change on the Group's business in the form of the TOHO Group Integrated Report 2026 in accordance with the TCFD recommendations, along with information on the Group's sustainability initiatives. https://www.toho.co.jp/en/ir/disclosure/integrated-report

Investment in human capital:

In the TOHO VISION 2032 TOHO Group Management Corporate Strategy, the Company has set forth "securing and developing talent" as one of the three key points to achieve our long-term vision. In addition, in the TOHO Mid-Term Plan 2028 announced in April 2025, the Group has set "Investing in Our People and Enhancing Engagement" as a key point and formulated a new "Vision for People & Culture" to become "A Fulfilling Workplace Where Inspiration Comes Full Circle."

Furthermore, to realize this vision, the Group has set forth two keywords:

"Scaling Excellence: Creating a company-wide network of experts" and "Growth, ownership, and well-being."

Specifically, we will pursue the following four policies:

1. Recruiting versatile talent capable of driving change
2. Training top talent who embody TOHO's spirit of excellence and creative vision
3. Promoting people policies that leverage employee strengths
4. Creating a culture of well-being that empowers employees to take ownership and act with autonomy and integrity

As specific measures to achieve these goals, the Company will strengthen its investment in human capital by planning to hire approximately 200 people over the next three years, increase education and training expenses per employee by 300%, redesign our personnel systems, and promote our brand strategy, etc. In addition, we will promote various measures to put in place the work environment to increase employee engagement. We will also promote various environmental improvements to enhance employee engagement.

Investment in intellectual properties:

The Company's main business is to provide entertainment contents, such as movies, theatrical performances, and animation, to many customers. Therefore, needless to say, various content-related "intellectual properties (IPs)" are the most important business resources for the TOHO Group, along with "human resources" who create such IPs.

In the TOHO VISION 2032 TOHO Group Management Corporate Strategy, we have positioned "growth through strategic investment" as one of the three key points to achieve our long-term vision, and stated that we will "double down on investment in planning and development of content and in creating and developing IPs." In addition, we have placed "planning and IPs" at the top of the four key areas of focus for our growth strategy, clearly stating that "we will heavily invest in developing plans of attractive content, such as movies, animation, theatrical performances, and characters, as our revenue sources and creating and developing IPs, as well as in securing human resources who create such IPs." Furthermore, the TOHO Mid-Term Plan 2028 has set numerical targets for growth investment of approximately ¥70.0 billion over three years for the creative development and production of movies, animation, theatrical plays, games, and other content and IP creation, and ¥100.0 billion over three years for M&A and strategic investments in the content and IP areas.

Supplementary Principle 4.1.1: Scope and Content of Matters Delegated to Management

At the General Meeting of Shareholders held in May 2021, the Company decided to review the composition of the Board of Directors and introduce an officer system in order to adapt to coming changes in business environment over the medium to long term and enhance its corporate governance system. By doing so, we intended to increase the ratio of outside Directors in the Board of Directors to strengthen its supervisory function, while delegating the decision-making authority related to business execution to the Management Committee consisting of Executive Officers to an appropriate extent. As above, we seek to clarify the roles and responsibilities of supervisory functions over management and business execution functions, thereby speeding up decision-making.

Specifically, management policies and management plans of high importance for the Group's management shall be determined after being brought to the Board of Directors for discussion in accordance with the provisions of the Board of Directors' Rules. Meanwhile, important matters other than those to be brought to the Board of Directors for discussion shall be determined after being brought to the Management Committee, which, in principle, meets once a week, in accordance with the provisions of the Management Committee's Rules. In addition, important matters determined by the Management Committee must be reported to the Board of Directors so as to ensure the effectiveness of governance by the Board of Directors.

Principle 4.9: Independence Standards and Qualification for Independent Directors Disclosure

The Company judges that an outside Director who falls under any of the following items 1. to 6. is not independent of the Company.

1. An entity where the TOHO Group is a major business partner (Note 1) or a business executive thereof
2. A major business partner with the TOHO Group (Note 2) or a business executive thereof
3. A consultant, accounting expert, or legal expert who receives a considerable amount of cash or other assets from the TOHO Group (Note 3) other than compensation received from the Company as an officer (or a person who belongs to an incorporated entity or other organization that receives such assets)
4. A person who is a major shareholder of the Company (Note 4) (or a business executive of an incorporated entity that is such a shareholder)
5. A person who fell under any of the above items 1. to 4. in the most recent three fiscal years
6. A person who is a relative within the second degree of kinship to a person who falls under any of the above items 1. to 5. or a business executive of the TOHO Group

Note 1: "An entity where the TOHO Group is a major business partner" refers to an entity that has a business relationship with the TOHO Group and receives payment from the TOHO Group that exceeds 2% of operating revenue of the entity per year based on such relationship.

Note 2: "A major business partner with the TOHO Group" refers to an entity that has a business relationship with the TOHO

Group and whose annual payment to the TOHO Group based on such relationship exceeds 2% of operating revenue of the Company.

Note 3: "Considerable amount of cash or other assets" refers to the case in which regular remuneration exceeds ¥10,000,000 per year.

Note 4: "A major shareholder" refers to an entity who owns at least 10% of the total of voting rights of the Company directly or indirectly.

Supplementary Principle 4.10.1: Composition of Nomination Committee and Remuneration Committee and Policy Regarding Independence Thereof

To ensure the objectivity and transparency of decisions on personnel affairs and remuneration of Directors and Executive Officers, the Company has established the Governance Committee under the Board of Directors. The Governance Committee consists of two Representative Directors and three independent outside Directors, and independent outside Directors constitute a majority of the Committee. The Governance Committee's Rules stipulate that the Chairperson of the Committee shall be elected by mutual vote of the Committee members who are independent outside Directors, and that the Board of Directors and Representative Directors must respect deliberations, reports, and advice of the Governance Committee in the course of business execution.

The Governance Committee deliberates and gives advice on the appointment and dismissal of Directors and Executive Officers, the appointment and removal of Representative Directors and Executive Officers with special titles, decisions on officer remuneration, and other important matters related to corporate governance taking into account diversity in gender and other aspects and appropriate skills for officers. Meanwhile, agenda items concerning personnel affairs and remuneration of Directors and Executive Officers are determined by the Board of Directors based on deliberations by the Governance Committee.

Supplementary Principle 4.11.1: View on Appropriate Balance between Knowledge, Experience and Skills of the Board as a Whole, and Diversity and Appropriate Board Size

The Company has adopted the form of organizational structure of a "company with an audit & supervisory committee."

As to the size of the Board of Directors, the Board of Directors consists of nine members including Directors who are Audit & Supervisory Committee Members. We believe that the size of the Board is appropriate to deliberate on important policies and management strategies. Also, the Company seeks to clarify the roles and responsibilities of supervisory functions over management and business execution functions by introducing an officer system, thereby speeding up decision-making.

By composing the Company's business execution structure with Representative Directors and all Executive Officers, the Company endeavors to ensure well-balanced member assignment and composition of the structure so that the members who possess specialized knowledge, extensive experience, and high capabilities to perform their duties in the Company's main businesses and corporate operations and those who know what is happening on the ground can complement their respective areas of expertise or responsibility each other without excess or deficiency. Note that Executive Officers may include representative directors and presidents of significant subsidiaries.

The Audit & Supervisory Committee consists of one full-time Director and three independent outside Directors. To ensure the effectiveness of information gathering and the Audit & Supervisory Committee, at least one full-time Audit & Supervisory Committee Member must be appointed without fail. We also endeavor to appoint outside Directors who possess expertise in each of the areas of "corporate management," "finance and accounting," and "laws and corporate ethics" in a balanced manner. Furthermore, the Company has appointed two female Directors who have experience in corporate management in industries different from its own from the perspective of diversity. Note that information on expertise and experience of all Directors (skills matrix) is provided in the Notice of the 137th Annual General Meeting of Shareholders held in May 2026.

As stated above, independent outside Directors constitute one-third of the Company's Board of Directors. With such composition, the Company has constructed an effective corporate governance system along with an efficient business execution structure enabled by the monitoring function of the Audit & Supervisory Committee and the officer system.

Supplementary Principle 4.11.2: Concurrent Positions Held in Other Organizations by Directors

Information on concurrent positions held in other listed companies by Directors is as described in a convocation notice of a general meeting of shareholders.

Supplementary Principle 4.11.3: Analysis and Evaluation of Effectiveness of the Board of Directors and Summary of Results Thereof

In March 2026, the Company conducted a questionnaire survey of all Directors regarding the effectiveness of the Board of Directors. The questionnaire comprised 15 questions about the composition, administration, and discussions of the Board of Directors, and the respondents were asked to select answers from "Appropriate," "Largely Appropriate," and "Some improvement required," and give comments in the free-description columns.

The results showed that 99.2% of all responses were "Appropriate" or "Largely Appropriate," leading the Company to evaluate that the effectiveness of the Board of Directors is well ensured. This evaluation highlighted that the current size and diversity of the Board are generally adequate, and that preliminary briefings and opinion exchanges on key proposals are sufficiently conducted. On the other hand, several areas for further improvement were noted, including enhancing the diversity of the Board's composition to align with changes in business strategies, clarifying the director nomination process, and deepening opinion exchanges and discussions at the individual business unit level.

Supplementary Principle 4.14.2: Training Policy for Directors

The Company's training policy for officers is as follows.

1. When an internal officer assumes his/her position, said officer must participate in external seminars deemed necessary for newly assigned officers according to his/her previous career, knowledge, and other qualifications.
2. Once internal officers assume their position, our policy is to basically leave it to their own discretion to work for self-improvement. At the same time, the Company shall hold group training for officers and provide information on external seminars and training as necessary, while actively subsidizing training-related expenses. The Company conducts training sessions inviting external lecturers multiple times a year, and it held training sessions focused on sustainability and human rights in 2025.
3. For outside Directors, the Company shall strive to constantly provide information on the Company's corporate profile, industry trends, external seminars and training and offer opportunities such as for on-site visit to business places, and the necessary expenses shall be borne by the Company.

Principle 5.1: Policy for Constructive Dialogue with Shareholders

The Company's policy for the initiatives and organizational structures aimed at facilitating constructive dialogue with shareholders is as follows:

1. Representative Director, Executive Vice President, CFO shall assume the role of Director who supervises the Company's overall IR policies and keep an eye on initiative to facilitate dialogue with shareholders.
2. Investor Relations, Corporate Communications Department shall serve as a contact point for IR-related inquiries from shareholders and be responsible for preparing major IR tools, and engage in IR operations in cooperation with Finance & Accounting Department, Corporate Planning Department and President's Office.
3. The Company shall, in principle, hold financial results briefings for analysts and institutional investors twice a year in April and October with the attendance of President, CEO, providing briefings on progress in our long-term vision and mid-term management plan.
4. Investor Relations, Corporate Communications Department shall gather and summarize IR-related information, including opinions identified through dialogue with shareholders and analyst reports, and report such information to top executives and the Board of Directors as necessary.
5. Personnel engaged in IR operations, including those responsible for meetings with analysts and institutional investors, have sufficient knowledge on insider information management. As a general rule, the Company sets the period from the end of each quarter to the day of disclosing financial results as a quiet period and refrains from answering questions or making comments on the Company's financial results and business performance during the period.

The dialogue engaged between the Company's management team and shareholders in the previous fiscal year is outlined below.

The Company holds approximately 100 to 120 meetings with analysts and investors each quarter, amounting to a total of 450 to 500 meetings annually. Furthermore, in 2025, the Company also began holding SR meetings with domestic institutional investors. Representative Director, Executive Vice President, CFO or IR representatives from Corporate Communications Department mainly attend such dialogues on behalf of the Company

The main topics of the dialogues cover a wide range, from the recent financial results and future business performance trends to progress on the long-term vision and mid-term management plan, shareholder returns and other capital policies, policy on strategically-held shares, gaps between earnings forecasts and expected levels, future outlook of the anime business, and redevelopment of real estate amid surging construction and other costs, among other topics. The implementation status and details of such dialogues are reported to the Management Committee on a quarterly basis. The overview of dialogues held in the previous fiscal year was reported at the Board of Directors meeting held in February 2026, giving feedback to the management team and the Board of Directors.

In recent dialogues, while most of the questions were about the future prospects of the anime business and overseas expansion, there were also many discussions about expectations for the Mid-term Management Plan, capital policy (for capital allocation, shareholder return, and cost of capital), M&A strategy, the policy on strategic-shareholdings, and other management-related policies, as well as requests about the real estate business as a business portfolio. The TOHO Mid-Term Plan 2028, released in April 2025, reflects many of the issues raised in these dialogues, and the Company endeavored to provide easy-to-understand disclosure of its analysis of the Company's current situation and direction for the future. The Company will continue to strengthen and enhance its investor relations framework, while striving to improve both disclosure and dialogue.

Actions to Implement Management that is Conscious of Cost of Capital and Stock Price

Description	Updated	Disclosure of Initiatives (update)
Availability of English Disclosure	Updated	Disclosed
Update Date	Updated	November 17, 2026

Supplementary Explanation	Updated

(1) Current assessment

The Company believes that generating return on equity (ROE) in excess of the cost of shareholders' equity is important for improving corporate value. The Company evaluates the cost of shareholders' equity to be around 4.5–6.5% in its external assessment (*) based on the CAPM. The Company recognizes that there is a gap between this figure and certain investors' expectations, and will work to bridge this gap through dialogue with investors. Meanwhile, the Company's ROE against this was 10.4% in the previous fiscal year (fiscal year ended February 28, 2026), and the Company has been able to achieve return on capital that exceeds the cost of shareholders' equity. In addition, the Company's PBR currently stands at around 2.5–3x and its PER has trended around 30x, exceeding the Prime Market average. The Company believes that it has received a certain degree of recognition from the stock market in terms of growth potential and other factors.

* The evaluation by Plutus Consulting Co., Ltd.
Details regarding the parameters used for this calculation are disclosed on our company website below:
https://www.toho.co.jp/en/ir/management/action

(2) Targets and initiatives

Based on the above evaluation, the Company believes that promoting various initiatives in line with the goals and strategies set forth in the TOHO VISION 2032 Group Management Strategy and the TOHO Mid-Term Plan 2028 will lead to further enhancement of the Group's corporate value. The TOHO VISION 2032 Group Management Strategy has set a target ROE of over 10% on a sustainable basis in the Long-term Vision 2032, while the TOHO Mid-Term Plan 2028 has set a numerical target of achieving ROE of 9% or higher. To achieve these ROE targets, we have clarified our policies on growth investments and shareholder returns, and outlined our capital allocation approach in the TOHO Mid-Term Plan 2028. In addition, from 2025, the Company has introduced a "performance-linked share remuneration plan" into its executive remuneration, linking it to the respective targets for ROE and operating profit, as well as ESG goals, set out in the TOHO Mid-Term Plan 2028. Furthermore, the Company will further strengthen its IR framework and enhance its disclosure materials, while the leadership team takes the lead in engaging in dialogue with investors, aiming to reduce the cost of shareholders' equity. In addition to improving profitability by promoting growth strategies, we will continue to improve capital efficiency through appropriate shareholder returns and strive to achieve sustainable return on capital that exceeds the cost of shareholders' equity.

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Hankyu Hanshin Holdings, Inc.	22,807,820	13.58
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,846,140	10.03
Hankyu Hanshin Properties Corp.	15,150,710	9.02
Custody Bank of Japan, Ltd. (Trust Account)	9,831,560	5.85
H2O RETAILING CORPORATION	7,097,852	4.22
FUJI MEDIA HOLDINGS, INC.	4,940,000	2.94
TOKYO BROADCASTING SYSTEM TELEVISION, INC.	4,521,500	2.69
TAKENAKA CORPORATION	3,785,000	2.25

MARUI GROUP CO., LTD.	2,578,800	1.53
STATE STREET BANK AND TRUST COMPANY 505001	2,464,455	1.46

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	――
Name of Parent Company, if applicable	Not applicable

Supplementary Explanation

- Information in "Status of Major Shareholders" above is based on the shareholders' register as of February 28, 2026.
- The Company holds 8,129,533 treasury shares as of February 28, 2026, which are not included in the "Status of Major Shareholders" above.
- Effective March 1, 2026, the Company implemented a share split at a ratio of five shares for each common share. The number of shares stated above reflects the number of shares as of February 28, 2026, before the share split.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange; Main Board, Fukuoka Stock Exchange
Fiscal Year-End	February
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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

Listed Subsidiaries

The Company has a listed subsidiary Subaru Enterprise Co., Ltd. (listed on the Standard Market, Tokyo Stock Exchange).

(1) Views and policies on group management

Subaru Enterprise Co., Ltd. (hereinafter, "Subaru Enterprise") is positioned in the Road business segment under the Real Estate business in the Group's business portfolio. The Road business segment consists of Subaru Enterprise and its consolidated subsidiaries (hereinafter collectively, the "Subaru Enterprise Group") alone, and has no competing relationships with any of the other businesses of the Group. Although there are some operational overlaps in the Lease of Land and Buildings business with the Company, they are fully compartmentalized and not competing against each other in terms of business because they are different in business size and policies for property holdings/acquisition, among other matters.

The business environment surrounding the Subaru Enterprise Group is enjoying increasing demand for the maintenance and repair of aging infrastructure such as roads and bridges, coupled with support from the execution of relevant budgets including the government's national resilience plan, resulting in a stable profit level. With the expectation that the Subaru Enterprise Group will continue to grow sustainably, we believe that retaining Subaru Enterprise as a consolidated subsidiary will greatly contribute to our consolidated operating profit, one of the Group's key performance indicators (KPIs). Therefore, the Company intends to maintain the company as its consolidated subsidiary at this point.

In the Group Management Rules, the Company has stipulated decision-making process and segregation of authority between the Company as a parent company and subsidiaries in the Group. However, these rules shall not be applied to listed subsidiaries. Accordingly, the Company has built a cooperative framework considered to be usually necessary for the Group with the Subaru Enterprise Group, which requires regular business performance reports and advance notice of important matters in the course of business management, among others. However, there is no stipulation that requires pre-approval of the Company or preliminary consultation with the Company to the Subaru Enterprise Group in the process of making business decisions. In addition, the Subaru Enterprise Group has not participated in the Group's cash management system to manage its cash.

(2) Significance of having listed subsidiaries

Subaru Enterprise Co., Ltd. was originally founded in 1946 for the purpose of operating movie theaters and other entertainment facilities and had a long-term business relationship with the Company in the cinema business. After it went public in 1949, Subaru Enterprise entered into the road maintenance business in 1960s and is currently engaged in the road-related business as its core business after withdrawing from the cinema business. Since the ratio of voting rights in Subaru Enterprise held by TOHO REAL ESTATE CO., LTD. (then a subsidiary of the Company and now absorbed by the Company) exceeded 50% in 1977, Subaru Enterprise became and has been a listed subsidiary of the Company to date.

Keeping Subaru Enterprise listed has greatly benefited the Company in terms of social credibility and name recognition in the road-related business, resulting in maintaining and expanding business partnerships, securing talented professionals, and increasing the motivation of employees. Therefore, we believe that it is fully reasonable for Subaru Enterprise to seek to strengthen its business foundation and develop its business, while maintaining its management's independence as a listed company. Accordingly, the Company and the Subaru Enterprise Group will continue to work together to operate multilateral businesses, while respecting the independence of each other's management as listed companies, thereby aiming to enhance the Group's corporate value as a whole.

(3) Measures to ensure the effectiveness of the governance systems of listed subsidiaries

Subaru Enterprise has nine directors, including one director who concurrently serves as Director of the Company. In appointing directors of Subaru Enterprise, candidates are selected after full deliberation by the Nomination and Compensation Committee, which is chaired by an independent outside director and where independent outside directors constitute a majority of the Committee. Moreover, the director who concurrently serves as Director of the Company is not included in the members of the Nomination and Compensation Committee. Therefore, we believe that the Subaru Enterprise's independence from the Company has been ensured in the process of appointing directors, and that the effectiveness of the company's governance system has also been fully ensured from the perspective of protecting minority shareholders.

Other Associated Companies

Hankyu Hanshin Holdings, Inc. (listed on the Prime Market, Tokyo Stock Exchange; hereinafter, "Hankyu Hanshin HD") holds 22.62% of voting rights of the Company (including indirect holding) and falls under the category of "other associated companies" as defined in the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements.

Hankyu Hanshin HD, together with the Company and H2O RETAILING CORPORATION, plays a central role in the Hankyu Hanshin Toho Group, and is a pure holding company with five core companies: HANKYU CORPORATION, HANKYU ELECTRIC RAILWAY CO., LTD., Hankyu Hanshin Properties Corp., HANKYU TRAVEL INTERNATIONAL CO., LTD., and HANKYU HANSHIN EXPRESS CO., LTD.

The Company has engaged in a certain volume of building lease and other transactions with HANKYU CORPORATION and Hankyu Hanshin Properties Corp., and a little volume of ordinary transactions with HANKYU TRAVEL INTERNATIONAL CO., LTD., and HANKYU HANSHIN EXPRESS CO., LTD.

In addition, while President and Representative Director, Group CEO of Hankyu Hanshin HD concurrently serves as a Non-executive Director of the Company, there are no other secondees from the company.

As companies founded by the same founder, the Company and Hankyu Hanshin HD have ensured a high degree of independence between the companies by forming a modest partnership rather than through involvement by means of establishing a capital relationship. Furthermore, the Company is not included in the scope of group management of Hankyu Hanshin HD and shares neither management policies nor management strategies with the company. Therefore, there are no particular constraints on the Group's business administration or transactions, among others, from the relationship with the company.

As stated above, the Company believes that it has ensured a high degree of independence in the relationship with Hankyu Hanshin HD, and that although the Company has a certain business relationship with the Hankyu Hanshin Group, the impact of such relationship is not so influential as to cause disadvantages to minority shareholders.

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 & supervisory committee

Directors

Number of Directors Stipulated in Articles of Incorporation	20
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
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
Satoshi Ando	Lawyer								○			
Masako Orii	From another company											
Izumi Okoshi	From another company											

* Categories for "Relationship with the Company"
Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for or is a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. 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/corporate auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. 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)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Satoshi Ando	○	○	Mr. Satoshi Ando belongs to Onishi Shoichiro Law Office. While the Company has concluded a legal counsel agreement with the office, we have judged that the agreement neither violates the Company's Independence Criteria for Outside Directors nor affect his execution of duties.	Mr. Satoshi Ando has a wealth of achievements and a wide range of insight cultivated through his career as an attorney at law well-versed in the TOHO Group's business, providing objective and appropriate advice and recommendations, particularly regarding corporate governance and corporate legal affairs. With the expectation that he will supervise and provide advice regarding the Directors' execution of duties from a fair standpoint based on his professional expertise as an attorney at law, the Company has elected him as an outside Director who is an Audit & Supervisory Committee Member of the Company. He has also been designated as an independent officer as the Company judged that he has no potential conflicts of interest with general shareholders in accordance with the independence criteria for outside directors stipulated by the stock exchanges and the Company. In addition, he was elected as a lead outside Director.
Masako Orii	○	○	——	Ms. Masako Orii has rich experience in promoting marketing and human resource development in the corporate management of different industries and has a wide range of insight based on that experience, providing active advice and recommendations from a professional and objective perspective, particularly regarding our management strategy, human resource development, diversity, and the supervisory function of the Board of Directors. With the expectation that she will supervise and provide advice regarding the Directors' execution of duties, the Company has elected her as an outside Director who is an Audit & Supervisory Committee Member of the Company. She has also been designated as an independent officer as the Company judged that she has no potential conflicts of interest with general shareholders in accordance with the independence criteria for outside directors stipulated by the stock exchanges and the Company.
Izumi Okoshi	○	○	——	Ms. Izumi Okoshi joined DENTSU INC. after working for a private think tank and a foreign-affiliated manufacturer. She possesses rich experience in promoting business transformation and has a wide range of insight with respect to global corporate management and business operations, providing valuable advice and recommendations from a professional and objective perspective, particularly regarding the Company's digital strategy and risk management system.

				With the expectation that she will contribute to the Company's sustainable growth and enhancement of corporate value, the Company has elected her as an outside Director who is an Audit & Supervisory Committee Member of the Company. She has also been designated as an independent officer as the Company judged that she has no potential conflicts of interest with general shareholders in accordance with the independence criteria for outside directors stipulated by the stock exchanges and the Company.

Audit & Supervisory Committee

Composition of Audit & Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit & Supervisory Committee	4	1	1	3	Inside Director

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

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers

The Company has assigned employees who assist the Audit & Supervisory Committee in their duties. To ensure the independence of such employees, the appointment, transfer, and other personnel matters related to the employees shall be determined with prior consent of the Audit & Supervisory Committee. If such employees concurrently serve in the position involved in business execution, they shall give priority to their duties to assist the Audit & Supervisory Committee so as to ensure the effectiveness of instructions given by the Audit & Supervisory Committee.

Cooperation among the Audit & Supervisory Committee, Financial Auditor and Internal Audit Department

The Company has established the Internal Control Audit Department as an organization under the direct control of President, and stipulated methods, procedures, and standards for internal control evaluation in the Internal Audit Rules and Guidelines for Internal Control Evaluation. The Internal Control Audit Department has five staff members who evaluate the implementation status of internal control systems for ensuring the appropriateness of the Group's business operations.

The Internal Control Audit Department evaluates the effectiveness of internal control over financial reporting throughout the fiscal year, while reporting the status of internal audits and exchanging opinions with the Financial Auditor whenever necessary based on discussions on the scope of evaluation, evaluation items, and evaluation procedures with the Financial Auditor. The Department also selects themes about the Group's potential risks in light of the impact and frequency of occurrence of each risk to evaluate the implementation status of countermeasures taken based on the results of risk assessment. The evaluation results on the effectiveness of internal control over financial reporting and the implementation status of risk management are reported to the Company's Board of Directors after discussed by the Risk Management Committee chaired by President of the Company.

General Manager of the Internal Control Audit Department attends important internal meetings to keep track of the status of defensive lines and attends quarterly review report briefings to exchange information and opinions with a full-time Audit & Supervisory Committee Member(s) and the Financial Auditor, thereby sharing their recognition on key audit items and other matters through cooperation under the three-pillar audit system among the Audit & Supervisory Committee, the Financial Auditor, and the Internal Control Audit Department. The Internal Control Audit Department reports the results of and issues identified in internal audits to a full-time Audit & Supervisory Committee Member(s) on a monthly basis, while accompanying Audit & Supervisory Committee Members on visits to business places for on-site audits and assisting their investigations.

In addition, the Company has secured a route for the Internal Control Audit Department to directly report the results of internal audits to the Board of Directors or the Audit & Supervisory Committee in order to ensure the effectiveness of internal 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

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Governance Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Governance Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

To ensure the objectivity and transparency of decisions on personnel affairs and remuneration of Directors and Executive Officers, the Company has established the Governance Committee under the Board of Directors.

The Governance Committee consists of two Representative Directors and three independent outside Directors, and independent outside Directors constitute a majority of the Committee. The Governance Committee's Rules stipulate that the Chairperson of the Committee shall be elected by mutual vote of the Committee members who are independent outside Directors, and that the Board of Directors and Representative Directors must respect deliberations, reports, and advice of the Governance Committee in the course of business execution.

The Governance Committee deliberates and gives advice on the appointment and dismissal of Directors and Executive Officers, the appointment and removal of Representative Directors and Executive Officers with special titles, decisions on officer remuneration, and other important matters related to corporate governance taking into account diversity in gender and other aspects and appropriate skills for officers. Meanwhile, agenda items concerning personnel affairs and remuneration of Directors and Executive Officers are determined by the Board of Directors based on deliberations by the Governance Committee.

Matters Concerning Independent Directors

Number of Independent Directors	3

Other Matters Concerning Independent Directors

The Company has designated all persons who satisfy the requirements for independent officers as independent officers. In addition, to further strengthen the supervisory function of the Board of Directors and ensure its effectiveness, the Company has appointed a lead independent outside Director and is enhancing collaboration with management.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of a performance-linked remuneration plan and other

Supplementary Explanation for Applicable Items

The Company's basic policy on remuneration for Directors is to ensure the compensation level commensurate with their positions and responsibilities within the limit resolved at a general meeting of shareholders and to provide them with appropriate incentive to contribute to the enhancement of the Group's corporate value and business performance.

The remuneration system thereof consists of (1) "base compensation" (monetary) paid according to position and individual performance; (2) "stock based remuneration" (restricted stock) (non-monetary) paid with the aim of sharing profits with our shareholders by increasing corporate value in the long term; (3) "performance bonuses" (monetary) paid with the aim of giving incentives for achievement of performance targets in a single fiscal year; (4) "performance-linked share remuneration plan" (non-

monetary) paid based on the achievement ratios of numerical targets set forth in the Mid-term Management Plan, and has a highly objective and transparent design. However, the Company only pays fixed cash remuneration to Non-executive Directors including Audit & Supervisory Committee Members and outside Directors taking into account the nature of their duties. The details of remuneration for Directors shall be decided based on deliberations by the Governance Committee on the formulation of the base compensation table, criteria for allotment of restricted stock, payment standards for performance bonuses, numerical targets and achievement ratios for "performance-linked share remuneration plan," among other issues, thereby making sure to ensure a highly objective and transparent decision-making process.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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Director Remuneration

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

Supplementary Explanation for Applicable Items

The Company discloses the total amount of remuneration by officer position, the total amount of remuneration by type of remuneration, and the number of recipients in an Annual Securities Report.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The policy for deciding the details of remuneration for individual Directors determined by the Board of Directors is as follows:

Basic Policy

The Company's basic policy on remuneration for Directors is to ensure the compensation level commensurate with their positions and responsibilities within the limit resolved at a general meeting of shareholders and to provide them with appropriate incentive to contribute to the enhancement of the Group's corporate value and business performance. The remuneration system thereof consists of (1) "base compensation" (monetary) paid according to position and individual performance; (2) "stock-based remuneration" (restricted stock) (non-monetary) paid with the aim of sharing profits with our shareholders by increasing corporate value in the long term; (3) "performance bonuses" (monetary) paid with the aim of giving incentives for achievement of performance targets in a single fiscal year; (4) "performance-linked share remuneration plan" (non-monetary) paid based on the achievement ratios of numerical targets set forth in the Mid-term Management Plan.

However, the Company shall only pay fixed cash remuneration to Non-executive Directors and Directors who are Audit & Supervisory Committee Members taking into account the nature of their duties.

1. Policy for deciding the amount of basic remuneration for individual Directors
   The basic remuneration shall be decided in May based on the remuneration table for each position after taking into consideration responsibilities and individual performance, among other factors, and paid as monthly fixed remuneration in June every year.
2. Policy for deciding the details and the calculation method for the amount or number of stock-based remuneration (restricted stock)
   The non-monetary remuneration in the form of shares with transfer restrictions shall be granted annually in a fixed amount based on the director's position. The restricted transfer period shall be the period from the date of grant until the director retires or resigns from his/her position as a director of the Company or any other position determined by the Board of Directors of the Company. If the director violates laws, internal regulations, or the Restricted Stock Grant Agreement (the "Grant Agreement"), or if other circumstances arise that warrant forfeiture, the Company may reclaim the shares without compensation. However, if any event occurs for which it is reasonable for the Company to acquire such shares without consideration, such as the subject Director's violation of laws and regulations, internal rules, or the Restricted Share Allotment Agreement separately concluded with the subject Director (hereinafter, the "Allotment Agreement"), the Company shall acquire such shares without consideration. Furthermore, in the event of serious misconduct or a breach of the Allotment Agreement within a certain period of time after the Restricted Period, the Company may demand the return of all or part of the number of shares of the Company's common stock equivalent to the shares concerned, or the equivalent amount of money. The number of shares to be granted for each position shall be determined annually by the Board of Directors after deliberation at the Governance Committee meeting held in May, and shares shall be allotted to each director in the following June.
3. Policy for deciding the details of performance-linked remuneration (monetary) and the method for determining the amount thereof

Performance achievement bonuses, which are performance-linked remuneration, shall be paid in cash if single-fiscal-year performance targets are reached. The Board of Directors shall determine the payment standards for the bonuses based on deliberation by the Governance Committee's meeting held in May every year. With consolidated operating profit as a performance indicator, the bonuses shall be paid within a range of 0–300% of basic monthly remuneration depending on the profit level for the relevant fiscal year. The bonuses shall be paid to each eligible Director after the general meeting of shareholders held in the following year when the financial results for the relevant fiscal year are finalized.

4. Policy for deciding the details of performance-linked remuneration (non-monetary) and the method for determining the amount or number thereof
   Stock-based remuneration, which is performance-linked remuneration, shall be granted in the form of shares calculated based on the percentage of achievement of numerical targets set in the Mid-term Management Plan and other factors. The benchmark indicators are determined by the Board of Directors following deliberation by the Governance Committee. The indicators shall be financial indicators of consolidated operating profit and return on equity (ROE), and non-financial, or ESG, indicators. The number of shares to be granted to each director shall be determined by the Board of Directors after the end of the evaluation period, and the shares shall be granted as restricted shares. However, in the case of mid-term retirement or retirement at the end of the final year, payment shall be made in cash. However, if any event occurs for which it is reasonable for the Company to acquire such shares without consideration, such as the subject Director's violation of laws and regulations, internal rules, or the Restricted Share Grant Agreement separately concluded with the subject Director (hereinafter, the "Grant Agreement"), the Company shall acquire such shares without consideration. Furthermore, in the event of serious misconduct or a breach of the Grant Agreement within a certain period of time after the Restricted Period, the Company may demand the return of all or part of the number of shares of the Company's common stock equivalent to the shares concerned, or the equivalent amount of money.
5. Policy for deciding the ratio of the amount of basic remuneration, non-monetary remuneration, or performance-linked remuneration to the total amount of remuneration for individual Directors
   The remuneration system for Executive Directors shall be designed in a way that the higher the position of a Director, the heavier the weight of share-based remuneration and performance achievement bonuses, which respectively have characteristics of medium- to long-term and short-term incentives, than the weight of basic remuneration paid in a fixed amount. The Board of Directors shall determine the details of such system based on deliberation by the Governance Committee.
6. Policy for deciding the details of remuneration for individual Directors
   The decision-making authority on the amount of basic remuneration for individual Directors shall be delegated to Representative Directors in accordance with resolution at the Board of Directors meeting held in May every year. Representative Directors shall comprehensively evaluate the responsibilities, individual performance, and other factors of each Director and decide the remuneration amount for individual Directors appropriately within the range set forth in the remuneration table for each position formulated based on deliberation by the Governance Committee. Note that the amount of fixed remuneration for individual Directors who are Audit & Supervisory Committee Members shall be decided through consultation among Directors who are Audit & Supervisory Committee Members.

Support System for Outside Directors

To allow outside Directors to smoothly execute supervision and monitoring over management and play a full part in the enhancement of the Company's corporate governance, the Company has established a system where outside Directors are provided with necessary information materials and briefings through the Board of Directors Secretariat or a full-time Audit & Supervisory Committee Member(s) as needed, thereby seeking to enhance the supervisory and monitoring functions of outside Directors.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Yoshishige Shimatani	Corporate Adviser	• Provides advice based on experience and expertise in response to requests from the Company. • Serves in key positions within industry organizations.	Full-time Paid	May 28, 2026	1 year

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	1 person

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

The Company has adopted the form of organizational structure of a "company with an audit & supervisory committee."

The Company's Audit & Supervisory Committee consists of three independent outside Directors and one full-time inside Director. The other five Directors include four Executive Directors and one Non-Executive Director.

As for the supervisory and audit functions over management, the Company will enhance the effectiveness of corporate governance by placing emphasis on the roles and responsibilities of the Audit & Supervisory Committee, a majority of which is composed by independent outside Directors, and by utilizing the Committee's functions multilaterally.

The Company will also endeavor to ensure the transparency and fairness of corporate management by, for example, making decisions in the processes of nominating Director candidates and deciding Directors' remuneration based on deliberations by the Governance Committee, which is chaired by an independent outside Director and where independent outside Directors constitute a majority of the Committee (consisting of two Representative Directors and three independent outside Directors).

The Company has entered into limited liability agreements with three independent outside Directors who do not execute business, one Non-Executive Director, and one full-time Audit & Supervisory Committee Member.

3. Reasons for Adoption of Current Corporate Governance System

The Company is a company with an audit & supervisory committee.

This form of organizational structure enables prompt and appropriate decision-making by the Board of Directors and the enhancement of the supervisory and audit functions of outside Directors in a balanced manner.

Under such a system, we will ensure constructive discussions by the Board of Directors and the effectiveness of governance through the utilization of outside Directors, thereby achieving the Group's sustainable growth and enhancing its corporate value over the medium to long term.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company sends a notice of a general meeting of shareholders no later than three weeks prior to the date of the general meeting of shareholders. The Company also discloses the notice on TD-net and the Company's website 8 days before the date of sending the notice.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has participated in a platform for the electronic exercise of voting rights.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company translates the full text of the Notice of the General Meeting of Shareholders into English and disclosed it via TDnet and on its website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has prepared the disclosure policy and posted on the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefings for analysts and institutional investors twice a year in April and October with the attendance of President, CEO.	Held
Online Disclosure of IR Information	The Company discloses information such as Management Policy, IR Library (Financial Results & Mid-Term Plan, Integrated Report, FACT BOOK, etc.), Financial & Business Performance, and Stock & Bond Information on its website: https://www.toho.co.jp/en/ir	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established the Investor Relations within the Corporate Communications Department, Corporate Management Group.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has stipulated such rules in the TOHO Charter and TOHO Group Human Rights Policy.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	This information is disclosed in detail in the Sustainability Policy posted on the Company's website and in the TOHO Group Integrated Report 2026 (available in Japanese only).
Other	To create an employment environment where women can play more active roles, the Company has formulated an action plan with the following targets to be achieved by the end of February 2031: (i) Increase the percentage of female employees in management positions to 30% or higher, and (ii) Reduce the average monthly overtime per employee to less than 10 hours. For details of the status of our initiatives to promote women's participation and advancement, please visit the website linked below: Database for Companies Promoting Women's Participation and Advancement (available in Japanese only) https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=1116

IV. Matters Concerning the Internal Control System

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

The Company's Board of Directors, at its meeting held on April 25, 2006, resolved the Basic Policy for Internal Control System as a system for ensuring the appropriateness of business operations stipulated in the Companies Act of Japan. Subsequently, the Company has endeavored to maintain and improve its internal control system on a consistent basis by making revisions to the policy as needed by the Board of Directors, with the aim of enhancing the Group's corporate value.

Basic Policy for Internal Control System (* revised on April 1, 2026)

1. System for ensuring that the execution of duties by the Group's directors and employees complies with laws and regulation and the Articles of Incorporation

(1) Directors, Executive Officers, and employees of the Company and its subsidiaries (hereinafter referred to as the "Group") shall endeavor to comply with laws and regulations, the Articles of Incorporation, and corporate ethics in the execution of their duties, in accordance with the Group policies consisting of the TOHO Charter, TOHO Group Code of Conduct, the TOHO Group Human Rights Policy, and the Sustainability Policy.

(2) The Company's Board of Directors shall supervise Directors and Executive Officers in accordance with the Board of Directors' Rules and Officers' Rules. Meanwhile, the Audit & Supervisory Committee shall ensure the legality and validity of the execution of duties by Directors and Executive Officers by auditing the execution of their duties.

(3) The Company shall establish an in-house Compliance Committee to develop a Group-wide compliance system in accordance with the Basic Rules for Risk Management. The Compliance Committee shall set up a secretariat within the Company's Legal Department to deal with matters related to building awareness of legal compliance and corporate ethics and those related to investigations on and handling of whistle-blowing and consultations. The details of agenda items discussed by the Compliance Committee shall be reported to the Company's Board of Directors through the Risk Management Committee.

(4) The Company shall set up whistle-blowing and consultation desks inside and outside (outside attorneys) of the Company as a Group-wide whistle-blowing system for legal violation and other compliance matters and operate such desks in a just way in accordance with the Basic Rules for Risk Management.

2. System for storing and managing information related to the execution of duties by the Company's Directors

(1) Information related to the execution of duties by Directors and Executive Officers shall be appropriately and reliably stored and managed in easily searchable state according to storage media in accordance with the Document Management Rules and Rules for Information Security Measures and retained in a state available for inspection as necessary.

3. Rules and other systems for managing the Group's risk of loss

(1) The Company shall establish the Basic Rules for Risk Management and a Risk Management Committee chaired by the Company's President to develop a Group-wide risk management system. The Risk Management Committee shall set up a secretariat within the Company's General Affairs Department to make decisions on the Group's risk management policies and systems.

(2) The Basic Rules for Risk Management shall provide for a reporting route to be followed when a risk becomes evident in the Group. The secretariat of the Risk Management Committee shall act as a point of contact for gathering all risk information to ensure a system that communicates such information without fail in accordance with the provisions of the Basic Rules for Risk Management.

(3) In case of a situation that may cause a threat to the Group's business continuity or serious economic loss, the Company shall strive to minimize the spread of damage by setting up an emergency headquarters headed by the Company's President in accordance with the Basic Rules for Risk Management.

(4) The Company shall establish an in-house Internal Control Committee to build a Group-wide internal control system over financial reporting in accordance with the Basic Rules for Risk Management. The Internal Control Committee shall set up a secretariat within the Company's Internal Control Audit Department to deal with matters related to gathering information on risks associated with financial reporting and countermeasures thereof and those related to promoting the construction and operation of the internal control system over financial reporting. The details of agenda items discussed by the Internal Control Committee shall be reported to the Company's Board of Directors through the Risk Management Committee.

(5) The Group shall establish the Basic Information Security Policy to protect its information assets and establish an in-house Information Security Committee in accordance with the Basic Rules for Risk Management. The Information Security Committee shall set up a secretariat within the Company's Information Technology & System Department to undertake and consistently implement information security measures. The details of agenda items discussed by the Information Security Committee shall be reported to the Company's Board of Directors through the Risk Management Committee.

4. System for ensuring that the Group's directors execute their duties efficiently

(1) The Company's Board of Directors shall formulate the Group's long-term visions and mid-term management plans to clarify its corporate philosophy, management strategies, numerical management targets and capital policy.

(2) To materialize the Group's long-term vision and mid-term management plan, the Group's management policies shall be communicated to Group companies primarily through the Group Presidents' Meeting every fiscal year so as to reflect such policies in their management plans.

(3) The Company's Board of Directors shall elect Executive Officers to strengthen its management decision-making and supervisory functions. The Board of Directors shall also delegate their responsible duties for each business or operation to Executive Officers and grant them a certain authority and care and custody for such duties in accordance with the Approval Rules so as to ensure efficiency in the execution of duties by Directors.

(4) The Company's Board of Directors shall, in principle, meet once a month to make decisions on important business execution in accordance with the Board of Directors' Rules. For important matters that do not fall under the matters to be resolved by the Board of Directors, the Management Committee, which, in principle, meets once a week and consists of Representative Directors and Executive Officers, shall pass resolutions on such matters in accordance with the Management Committee's Rules so as to speed up decision-making.

(5) The Company shall assign Executive Officers who take charge of subsidiaries' business management within the Company. Such Executive Officers shall report the status of business management and execution of duties by directors of subsidiaries to the President and the Board of Directors of the Company on a regular basis. In addition, the Company's Directors shall give necessary advice and guidance to directors of subsidiaries by themselves or through the Executive Officers, as appropriate, thereby ensuring the efficient execution of duties in the Group as a whole.

5. System for ensuring the appropriateness of business operations in the corporate group

(1) The Company shall establish the Group Management Rules to develop the Group's business management system. In accordance with these rules, the Company shall clarify the segregation of decision-making authority between the Company and subsidiaries, and subsidiaries must obtain the prior approval of the Company or communicate with and report to the Company in case of making decisions on important management matters of subsidiaries.

(2) The Group Management Rules shall clarify the Group-wide risk management system (including the compliance system, internal control system, and information security system) to make sure that all directors and employees of subsidiaries are informed and fully aware of such a system so that it can be implemented by the Group in an integrated manner.

(3) The Group Management Rules shall provide for a department supervising subsidiaries (Corporate Planning Department) and meeting bodies such as the Group Presidents' Meeting and Group Working Level Meeting so as to develop a mechanism that enables efficient intergroup instruction-giving, information conveyance, information-sharing, and communication.

(4) The Company's Internal Control Audit Department shall conduct internal audits on the implementation status of the Group's internal control system in accordance with the Internal Audit Rules to ensure the appropriateness of the Group's business operations. The results of internal audits shall be reported to the Company's Board of Directors through the Risk Management Committee. The Company's Internal Control Audit Department may also directly report the results of internal audits to the Audit & Supervisory Committee and the Board of Directors as necessary.

6. System for eliminating anti-social forces

(1) The TOHO Charter and TOHO Group Code of Conduct shall specify the Group's policy for eliminating anti-social forces to make sure that all directors, executive officers, and employees of the Group are informed and fully aware of such a policy. The Group shall respond resolutely to unreasonable demands from anti-social forces in close cooperation with the police, lawyers, and other experts.

7. System for ensuring the independence of employees who assist the Audit & Supervisory Committee in their duties from Directors (excluding those who are Audit & Supervisory Members) and the effectiveness of instructions given by the Audit & Supervisory Committee to such employees

(1) If the Audit & Supervisory Committee requests that employees be assigned to assist in their duties, the Audit & Supervisory Committee may appoint assistants to the Committee from among the Company's employees.

(2) The appointment, dismissal, transfer, and revision of wages, etc. of the assistants to the Audit & Supervisory Committee shall be determined with the consent of the Audit & Supervisory Committee to ensure the independence of such assistants from Directors (excluding those who are Audit & Supervisory Committee Members) and Executive Officers. At the same time, if the assistants to the Audit & Supervisory Committee concurrently serve in the position involved in business execution, they shall give priority to their duties to assist the Audit & Supervisory Committee.

8. System concerning reports to the Audit & Supervisory Committee

(1) If the Group's directors (excluding those who are Audit & Supervisory Committee members), executive officers, and employees detect any compliance violation, internal control violation, information security violation, or any other similar fact, they may directly report to the Audit & Supervisory Committee, regardless of the reporting route stipulated in the Basic Rules for Risk Management.

(2) The Group shall prohibit unfavorable treatment of the Group's directors, executive officers, and employees who made the reports described above for making such reports, and specify such policy in the Basic Rules for Risk Management.

9. System for ensuring that audits by the Audit & Supervisory Committee are conducted effectively

(1) Audit & Supervisory Committee Members may attend the Board of Directors and other important meetings and inspect necessary documents to audit the execution of duties by the Company's Directors (excluding those who are Audit & Supervisory Committee Members) and Executive Officers.

(2) Audit & Supervisory Committee Members may request the provision of reports, explanation, and relevant information materials concerning business execution directly or through the Company's Corporate Planning Department to directors and employees of subsidiaries.

(3) Audit & Supervisory Committee Members shall execute their duties efficiently and effectively in close cooperation with the Financial Auditor and the Company's Internal Control Audit Department.

(4) The Company shall bear expenses necessary for the execution of duties by Audit & Supervisory Committee Members, except for those deemed clearly unnecessary for such execution of duties, and promptly pay off such expenses.

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

With the Group Value "We always act with vivacity, modesty, fairness and grace," the Company has stated explicitly in the TOHO Charter and TOHO Group Code of Conduct that the Company shall respond to increasingly sophisticated unreasonable demands from anti-social organizations, groups, and individuals in a resolute attitude, and shall never have any relationship with such anti-social forces, and stipulated in the Basic Policy for Internal Control System that the Company shall make sure that all directors, executive officers and employees of the Group are informed and fully aware of such policy in order to ensure the soundness of management.

As a supervisory department, the Company's General Affairs Department has prepared a manual for dealing with anti-social forces and is making efforts to gather latest trends and information in close cooperation with the police, lawyers, and other experts to develop a system to prepare for a contingency.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

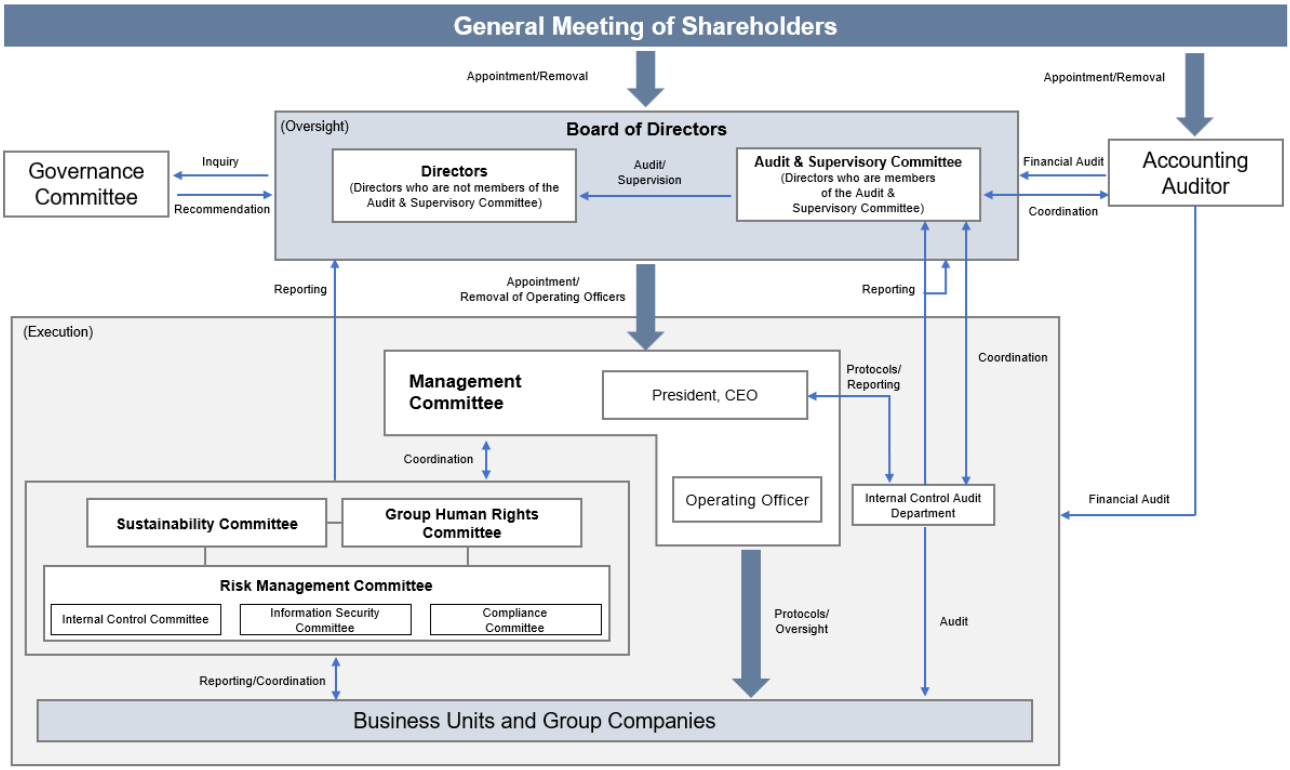
Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

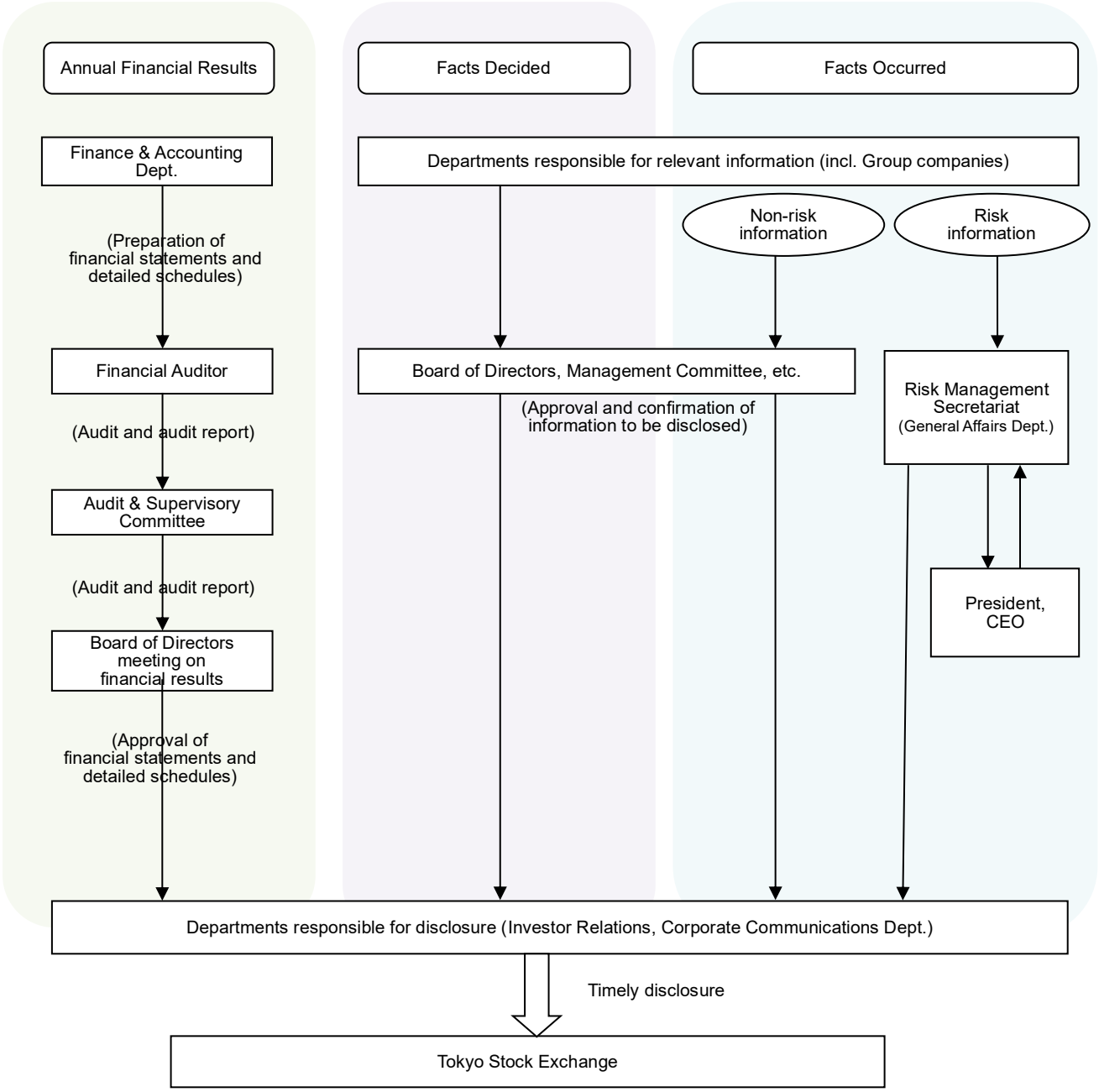
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Corporate Governance System



Overview of Timely Disclosure System

TOHO CO.,LTD.



* The Company discloses investor relations information in the form of Financial Results Presentations and FACT BOOKs on the Company's website to make such information available for public inspection.
* The Company discloses quarterly financial results in a timely manner after obtaining the approval of the Board of Directors in accordance with the timely disclosure system for annual financial results described above.

END