

## Corporate Governance Report

CORPORATE GOVERNANCE

INTRANCE CO.,LTD.

**Last Update: June 25, 2025**

**INTRANCE CO.,LTD.**

He Tongxi, President and Chief Executive Officer

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Securities code: 3237

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The corporate governance of INTRANCE 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 Company regards corporate governance as an important function of management governance and strives to strengthen and enhance its corporate governance system. In addition, our basic approach is to ensure thorough compliance, transparency and fairness in management, and maximize corporate value.

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

The Company implements all principles of the Corporate Governance Code.

### 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Inbound Investment, LLC.	7,565,000	16.27
Delight Works Co. Ltd.	6,660,000	14.33
JAPAN SECURITIES FINANCE CO., LTD.	4,380,800	9.42
BNP Paribas Singapore / 2S / JASDEC / GF Securities HK	3,621,084	7.79
Matsui Securities Co., Ltd.	2,658,200	5.72
BNP Paribas London Branch for Prime Brokerage Clearance ACC for third party	1,800,000	3.87
Find Star Group Co. Ltd.	660,000	1.42
Rakuten Securities Co., Ltd.	419,400	0.90
Seiichi Nezu	380,000	0.82
Kumiko Kato	363,200	0.78

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

#### Supplementary Explanation

At the beginning of this fiscal year, Inbound Investment LLC ("Inbound"), which was the company's "other affiliates and largest shareholder that is a major shareholder," exercised all of the 8th series of share acquisition rights issued by Inbound on April 25, 2024, which resulted in Inbound's ownership of more than 40% of the voting rights.

As a result, Inbound and its parent company, ET Mobile Japan Co., Ltd. ("ET Mobile"), are now considered parent companies of our company based on the effective control standard. However, Inbound subsequently sold the company's physical shares and simultaneously conducted cross transactions via ToSTNeT to acquire the same number of shares through margin trading, which resulted in a decrease in Inbound's physical shareholding ratio and voting rights, and the company confirmed through the shareholder register as of the end of September 2024 that Inbound and ET Mobile no longer constituted the company's "major shareholder and largest shareholder that is a major shareholder."

As a result, Inbound and ET Mobile became "other affiliated companies" as of October 29, 2024.

Subsequently, a confirmation of the shareholder's register as of the end of March 2025 showed that Inbound's voting rights ratio had increased again (voting rights ratio 16.27%), and as of the end of this fiscal year, Inbound became "other affiliated companies and largest shareholder that is a major shareholder" and ET Mobile became "other affiliated companies (parent company of other affiliated companies)."

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Growth Market
Fiscal Year-End	March
Business Sector	Real Estate
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	100 or more but fewer than 500
Net Sales (Consolidated) for the Previous Fiscal Year	Less than ¥10 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

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

Inbound Investment LLC ("Inbound"), which is one of our "other affiliates and the largest shareholder among major

shareholders," became our parent company on April 25, 2024 due to an increase in the voting rights of our shares.

Subsequently, due to a decline in Inbound's voting rights, it became an "other affiliated company" on October 29, 2024.

However, a review of the shareholder's register as of the end of March 2025 showed that Inbound became an "other affiliated company and the largest shareholder that is a major shareholder" as of the end of March 2025.

Inbound is still one of the company's "other affiliates and the largest shareholder among major shareholders" and has dispatched a manager to us, so when the company do business with this company, the company will do so under fair conditions, with reference to general transaction terms, so as not to harm our interests, and the company will carefully consider the content and appropriateness of the transaction to see if it conflicts with the interests of minority shareholders.

In addition, with regard to the decision-making process, etc., the company will ensure the fairness of transactions under the management oversight and supervision of outside directors, thereby preventing any disadvantage 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 Audit and Supervisory Board\*

\*Referred to as "Company with *Kansayaku* Board" in the Corporate Governance Code reference translation

### Directors

Number of Directors Stipulated in Articles of Incorporation	9
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	4
Election of Outside Directors	Elected
Number of Outside Directors	2
Number of Independent Directors	None

### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Ken Hibino	From another company											
Qiu Fei	From another company											

\*Categories for "Relationship with the Company".

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

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition

to remuneration as a director/Audit and Supervisory Board Member

- 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	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Ken Hibino		---	The Company has appointed Mr. Ken Hibino as an outside director so that he can appropriately supervise the Company's management by providing opinions and recommendations from an objective perspective based on his deep insight and experience as a corporate manager and his extensive knowledge of the travel industry.
Qiu Fei		---	The Company has appointed Mr. Qiu Fei as an outside director so that he can provide appropriate supervision of the Company's management by offering his opinions and suggestions on management from an objective perspective based on his deep insight and abundant experience as a corporate manager in China.

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

Not Established

#### Audit and Supervisory Board Member\*

\*Referred to as "kansayaku" in Corporate Governance Code reference translation

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	3

#### Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Internal Audit Office cooperates with the Audit & Supervisory Board Members, including the external auditors, to exchange opinions and obtain advice, and when requested by the external auditors, reports necessary matters such as the results of internal

audits and the status of internal controls. The Internal Audit Office also cooperates with the accounting auditors, reporting internal audit results and other matters related to internal controls.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	1

#### Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes			Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k	l	m
Ryuji Uwatoko	Lawyer													
Sadahiro Sugita	From another company													

\*Categories for "Relationship with the Company".

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

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

#### Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Ryuji Uwatoko	○	There are no transactions or other interests between the Company and Mr. Uwatoko, nor are there any interests that correlate with	The Company has appointed Mr. Uwatoko as an outside corporate auditor since he is a qualified attorney at law and the Company believes that he can contribute to strengthening the Company's auditing

		those of other officers of the Company.	<p>system from a professional standpoint based on his high degree of expertise and insight in legal practice.</p> <p>Mr. Uwatoko does not have any transactional or other interests with the Company, nor does have any correlative interests with other officers of the Company. Mr. Uwatoko does not fall under any of the items “a” through “m” above and has no conflicts of interest with general shareholders.</p> <p>Therefore, the Company has determined that he is qualified to serve as an independent director and appointed.</p>
Sadahiro Sugita		---	<p>The Company has appointed Mr. Sugita as an outside corporate auditor since his extensive knowledge and experience in domestic and international economic and industrial policy and venture policy at the Ministry of Economy, Trade and Industry (former Ministry of International Trade and Industry), which the company believe Mr. Sugita will contribute to strengthening our auditing system.</p>

### Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

1

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

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### Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Stock Options Scheme

Supplementary Explanation for Applicable Items

The purpose of the stock option plan is to further raise morale and motivation to contribute to the Company's performance, as well as to increase corporate value and further strengthen the management structure of the Company.

Persons Eligible for Stock Options

Inside Directors, Outside Directors, Employees, Directors of subsidiary, Employees of subsidiary

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#### Supplementary Explanation for Applicable Items

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The purpose of the stock option plan is to motivate and motivate employees to contribute to improving the Company's performance and to further promote shareholder-oriented management.

### Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No individual disclosure
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#### Supplementary Explanation for Applicable Items

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In the Annual Securities Report and Business Report, the total amount of remuneration, etc., by director classification, the total amount of remuneration, etc., by type of remuneration, etc., and the number of directors subject to such remuneration, etc., are described.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

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The Company has established the following policy regarding the determination of the content of remuneration, etc., of directors, which has been resolved by the Board of Directors.

(1) Basic Policy

The Company's basic policy in determining the remuneration of individual directors is to set the remuneration at an appropriate level based on their respective responsibilities. Specifically, the basic remuneration for executive directors and outside directors is fixed remuneration.

(2) Policy on Determining the Amount of Basic Compensation (Monetary Compensation) by Individual or its Calculation Method

The basic remuneration for the Company's Directors shall be a monthly fixed remuneration, and shall be determined by taking into consideration the level of other companies, the Company's performance, and employee salaries in accordance with their position, responsibilities, and years in office, while comprehensively taking into account the level of other companies, the Company's performance, and employee salaries.

The term of office of each director of the Company is one year, and since the Company's institutional design is subject to election by the general meeting of shareholders each fiscal year, decisions and remuneration are reviewed in consideration of the business results and business environment of the previous fiscal year.

(3) Policy for determining the content and amount or number of non-monetary compensation or the method of calculation thereof

In principle, fixed remuneration is the only basic remuneration for executive directors and outside directors.

However, in order to expand business performance and increase corporate value over the medium to long term, stock compensation-type stock options may be allocated as non-monetary remuneration, taking into consideration business performance and the business environment.

The timing and conditions of stock options shall be determined by a resolution of the Board of Directors, taking into consideration business performance and the business environment, and the number of shares to be allotted to each individual director.

#### (4) Matters Concerning Determination of Details of Individual Remuneration, etc. of Directors

With respect to the amount of remuneration for each individual director, the amount of basic remuneration for each director shall be determined by the Representative Director, who is entrusted with this responsibility in accordance with the Company's regulations, within the maximum amount of remuneration approved at the General Meeting of Shareholders, with reference to the opinions of the other directors.

Individual director compensation is determined by He Tongxi, President and Representative Director, who is entrusted by the Board of Directors with discretionary authority to determine the amount of basic compensation in accordance with the Company's regulations, with reference to the opinions of other directors.

The reason for the discretion is that it enables the most fair and impartial evaluation and judgment from the standpoint of overseeing all divisions of the Company. The Board of Directors also approves the decision by operation of said policy and its rationality.

### **Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)**

In order to establish a system that enables outside directors and outside corporate auditors to accurately and effectively supervise and monitor management from an independent standpoint, the internal audit division provides necessary management-related materials and explanations of circumstances.

The Internal Audit Department collaborates with each outside director and outside corporate auditor to exchange opinions and obtain advice, and reports the results of internal audits, the status of internal controls, and other necessary matters when requested by the outside corporate auditors.

The Internal Audit Department also collaborates with the accounting auditors and reports the results of internal audits and other matters related to internal controls.

## 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
Yuji Hamatani	advisor	Advice and support to the current management team as an experienced director	[Work schedule] Part-time [Compensation] Yes	June 22, 2021	1 year

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

1

Other Related Matters

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

The Company has adopted a company-with-auditors system.

Two of the three corporate auditors are appointed as outside corporate auditors, each of whom has a high degree of knowledge and a wealth of experience as a corporate manager and a high degree of expertise and a wealth of experience in legal practice as an attorney-at-law.

The Company has adopted the current system because the governance of the execution of business operations is ensured by the audit function of the outside corporate auditors in relation to the execution of business by directors.

With regard to compliance, the Company maintains close relationships with outside specialists such as corporate attorneys and accounting auditors, and has established a system in which legal control is exercised over management.

(Board of Directors)

Currently, the Company's Board of Directors is chaired by President and Representative Director He Tongxi and consists of four directors (including two outside directors), Shigeru Sudo, Ken Hibino, and Qiu Fei.

In principle, the Board of Directors meets once a month, and extraordinary meetings are held as necessary.

The Board of Directors resolves important matters concerning the Company's management policies and business execution, and supervises the execution of duties by the Directors, in accordance with laws, regulations, the Articles of Incorporation, and the Board of Directors' Regulations.

(Board of Corporate Auditors)

Currently, the Board of Corporate Auditors of the Company consists of three members: Kunio Hirata, a full-time Corporate Auditor, and Ryuji Uwatoko and Sadahiro Sugita, part-time Corporate Auditors, two of whom are outside Corporate Auditors.

In principle, the Board of Corporate Auditors meets once a month, and extraordinary meetings are held as necessary.

In addition to regularly exchanging opinions with the internal audit manager and accounting auditor, each corporate auditor attends Board of Directors meetings and other meetings to express opinions from a highly independent, third-party perspective. The company believe that this ensures appropriate audits of decision-making and business execution.

#### (Corporate Auditors)

Corporate auditors and accounting auditors receive reports and exchange opinions on the process of accounting audits, important accounting items for auditing, results of audits of financial statements, and the status of the development and operation of internal controls.

In addition, the full-time corporate auditor and the Internal Audit Office always cooperate in auditing operations, and the full-time corporate auditor accompanies internal audits as necessary.

In this way, a system of collaboration among corporate auditors, accounting auditors, and the Internal Audit Office has been established and is functioning properly.

#### (Internal Audit System)

Under the direct direction of the President and Representative Director, the Internal Audit Office (one person) conducts internal audits of all business execution divisions, including the maintenance and operation of the internal control system, in accordance with the internal audit plan, and internal audits are positioned as an important function to prevent risks such as misconduct and errors.

Audit results are reported in writing directly to the President and Representative Director, as well as to the Board of Directors, Corporate Auditors, and the Board of Corporate Auditors.

Based on the results of audits, the Company strives to improve the effectiveness of internal audits by giving instructions for improvement to the audited departments as necessary, monitoring the status of subsequent improvements as appropriate, and encouraging solid improvements.

#### (Investment Committee)

The Investment Committee is chaired by the President & CEO and consists of the heads of the Real Estate Business Department and the Administration Department, as well as directors of related consolidated subsidiaries and the secretariat.

The committee also has the authority to call corporate auditors and outside directors as observers when necessary.

In the case of various real estate investment projects, the Company has established an internal Investment Committee, and when making real estate investments, the Board of Directors is required to make a decision based on discussions at the Investment Committee.

#### (Risk Management Committee)

The Risk Management Committee, chaired by the President and Representative Director, consists of the heads of the Real Estate Business Department and the Administration Department, officers of related consolidated subsidiaries, and the secretariat.

The committee also has the authority to call corporate auditors and outside directors as observers when necessary.

The Risk Management Committee was established to prevent risks before they occur by instilling in all employees an awareness

of compliance with laws and regulations, internal rules, and corporate ethics, and to maintain and enhance the Company's social credibility by minimizing damage, preventing the expansion of damage, preventing secondary damage, and implementing recovery measures when risks do occur.

### 3. Reasons for Adoption of Current Corporate Governance System

By appointing two outside directors and two outside corporate auditors, the Company incorporates outside perspectives into its management through opinions and proposals from multiple perspectives.

The Company has adopted the current system since the governance of business execution functions through the auditing function of the outside corporate auditors on the execution of business by the directors.

## 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	<p>The date of the Ordinary General Meeting of Shareholders is set to avoid days when there is a large concentration of shareholders, in order to promote as many shareholders as possible attend the meeting.</p> <p>The date of the 27th Ordinary General Meeting of Shareholders was set for Monday, June 23, 2025.</p>
Other	At the general meeting of shareholders, in addition to the business report, the company explain the impact of the current environment on our business activities.

### 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's IR Policy sets forth basic policy on information disclosure to shareholders and investors.	
Online Disclosure of IR Information	Various disclosure materials, financial statements (including quarterly), and securities reports (including quarterly) are available.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Communications Section of the Administration Department is in charge.	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Timely disclosure of all information to be disclosed to all stakeholders.

## IV. Matters Concerning the Internal Control System

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

(Outline of the System to Ensure the Appropriateness of Business Operations)

1. System to ensure that the execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

- (1) The Company and its subsidiaries shall hold regular meetings of the Board of Directors to facilitate communication among directors and mutual supervision of business execution, and full-time corporate auditors and outside corporate auditors shall audit the legality of the execution of duties by directors.
- (2) The Company shall establish a Code of Conduct for Compliance, raise internal awareness of compliance, and ensure that all officers and employees of the Company and its subsidiaries comply with laws, regulations, the Articles of Incorporation, and internal rules and regulations. In addition, the person in charge of internal control shall maintain a legal compliance system for each business operation, while the internal auditor shall evaluate the status of development and operation of the internal control system to achieve company-wide internal control.
- (3) In response to the implementation of laws and regulations related to internal control, the Company will formulate a basic plan for internal control system and further enhance the internal control system of the Company and its subsidiaries.

2. System for the storage and management of information related to the execution of duties by directors

- (1) The Company and its subsidiaries shall establish internal rules for the storage and management of information, and shall implement the storage and management of information in accordance with such rules. In addition, depending on the kind of the information, the Company and its subsidiaries shall clarify where the responsibility for storage and management lies and specify the department, storage period, and storage format.
- (2) A system shall be established to allow necessary parties to access the information stored and managed.

3. Regulations and other systems for managing the risk of loss of the Company and its subsidiaries

The Company has established a Risk Management Committee in accordance with internal rules for risk management. This committee ensures that the Company and its subsidiaries are aware of the need to comply with laws and regulations, internal rules, and corporate ethics. The committee also prevents risks before they occur, minimizes damage, prevents the spread of damage, prevents secondary spread, and takes measures for recovery when risks occurred.

4. System to Ensure Efficient Execution of Duties by Directors of the Company and its Subsidiaries

- (1) The Regulations on Board of Directors, the Regulations on Division of Duties, and the Regulations on Administrative Authority shall clarify the decision-making authority and responsibilities of the Directors, and enable them to execute their duties promptly and efficiently.
- (2) The Board of Directors shall determine a vision and management plan for the Company and its subsidiaries that responds to changes in market conditions and the environment, provides guidelines for the execution of duties by directors, and ensures the efficient performance of duties.
- (3) The Board of Directors shall invite outside directors to enhance the adequacy of its decision-making.

5. Matters Concerning Reporting to the Company of Matters Related to the Execution of Duties by Directors, etc. of the Company's Subsidiaries

The Company shall establish “Regulation on Affiliate Company Management” and each subsidiary shall periodically report to the Company on the progress of its own business, the condition of its assets, and other important matters.

6. Matters related to employees who are requested by corporate auditors to assist them in their duties, matters related to the independence of such employees from directors, and matters related to ensuring the effectiveness of instructions given to such employees

- (1) When the statutory auditor requests the appointment of an employee to assist the statutory auditor in the performance of his/her duties, the Company shall assign such employee to the statutory auditor. In such cases, matters related to personnel rights, such as appointment, transfer, and evaluation of such employees, shall be conducted after respecting the opinions of the Board of Corporate Auditors, and efforts shall be made to ensure the independence of such employees and the effectiveness of instructions by the Corporate Auditors.
- (2) Employees who assist the Corporate Auditors in the performance of their duties shall follow only the instructions of the Corporate Auditors in the performance of their duties.

7. System for Reporting by Directors and Employees of the Company and its Subsidiaries to the Company's Corporate Auditors and Other Systems for Reporting to the Corporate Auditors

- (1) Directors and employees of the Company and its subsidiaries shall, without delay, report to the Company's auditors if they are requested by the Company's auditors to report on the execution of their duties, or if they become aware of any important matter that significantly affects the Company or its subsidiaries, any illegal act such as violation of laws and regulations, any serious unfair act, or any other similar fact or fact that may lead to such an act.
- (2) The internal audit division of the Company shall periodically report the status of audits, etc. to the Corporate Auditors of the Company in accordance with the “Regulation on Internal Audit.
- (3) The Company shall prohibit any disadvantageous treatment of directors and employees of the Company and its subsidiaries who have made the above report by reason of such report.

8. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by corporate auditors and other policies concerning the treatment of expenses or liabilities incurred in the execution of such duties

When a corporate auditor requests advance payment of expenses, etc. for the performance of his/her duties, the Company shall not refuse the request unless it is proved that the requested expenses or liabilities are not necessary for the performance of the corporate auditor's duties.

9. Other Systems to Ensure the Effective Implementation of Audits by Corporate Auditors

- (1) Corporate auditors shall include outside auditors in accordance with laws and regulations to ensure fairness and transparency.
- (2) Corporate auditors shall enhance the effectiveness of audits by mutually collaborating with accounting auditors and internal auditors.
- (3) Corporate Auditors shall meet regularly with the President and Representative Director to exchange opinions with each other

and establish a system to implement effective audit operations.

(Outline of Operation of the System to Ensure Appropriateness of Business Operations)

Efforts during the current fiscal year confirm that the “system to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of the company's operations” are being properly operated.

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

### 1. Basic Policy on Elimination of Antisocial Forces

The Company and its subsidiaries have adopted the corporate ethics and basic stance of never having any relationship with anti-social forces, including organized crime groups. Furthermore, in light of the increasing opacity of organized crime groups and the increasing sophistication of their fund-raising activities, the entire organization, including the President and Representative Director, as well as the management team, is making constant efforts to eliminate any relationship with anti-social forces, in cooperation with external specialized organizations as well as internal organizations in charge, in order to further promote efforts to eliminate any relationship with such forces.

### 2. Status of Maintenance for Elimination of Antisocial Forces

The Company and its subsidiaries shall establish a code of conduct to prevent any relationship with antisocial forces. In addition, in order to eliminate any relationship with antisocial forces in sales, procurement, and other operations, the Company and its subsidiaries conduct their own investigations to determine whether the counterparties to transactions have any relationship with antisocial forces, and may also request investigations by outside specialized organizations.

The results of the investigations are reported to the President and Representative Director. By conducting investigations prior to initiating transactions, the company is able to eliminate relationships with antisocial forces before they occur, thereby preventing damage from antisocial forces. Furthermore, guidance and education are provided to each department within the company on a timely basis to ensure that they are fully aware of the basic stance of eliminating relationships with antisocial forces, thereby instilling the philosophy of eliminating antisocial forces throughout the organization.

## 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

(Overview of Timely Disclosure System)

The Company has established “Information Security Management Regulations” and “Insider Trading Management Regulations” for proper management of information concerning material facts, and strives to disclose information concerning the

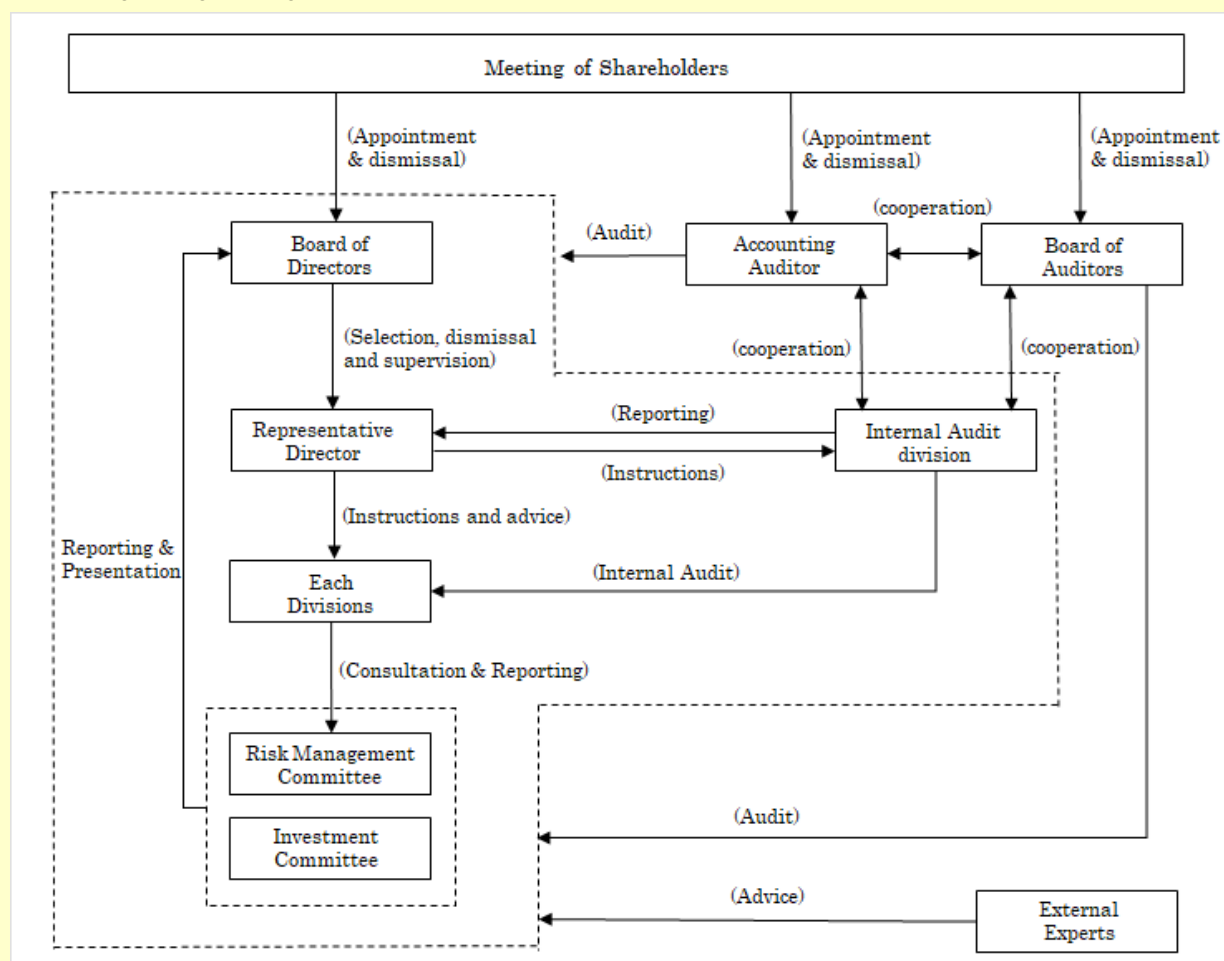
Company in a timely, fair, and impartial manner.

Timely disclosure of important management information is made public through the Tokyo Stock Exchange and the company's own website after discussion by the Board of Directors and decision by the President.

Information is handled by the person in charge of each organization in accordance with the “Information Security Management Regulations” to manage management information pertaining to that organization. Even information that is not required to be disclosed under the Timely Disclosure Rules may be disclosed if it is deemed to have an impact on investors' investment decisions. Regarding the handling of material facts prior to public disclosure, the Company ensures thorough information management in accordance with the “Rules for Management of Insider Trading.

The company will continue to monitor the latest trends and receive broad opinions from outside the company to achieve a more efficient and transparent management system.

Through these efforts, the company will continue to enhance corporate governance with the aim of further increasing corporate value through stronger management.



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