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March 26, 2024

ASICS Corporation

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Corporate Governance Report

The status of our corporate governance is as follows:

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

1. Basic Policy

The Company aims for sustainable growth of the Company and its subsidiaries and affiliates (“Group”) and long-term continuous improvement of corporate value by building firm relations of trust with our stakeholders including our shareholders, customers, the society, and our employees under the founding philosophy “ASICS SPIRIT”. In addition, the Company aims to contribute towards a sustainable society by continuously providing attractive and eco-friendly products and services that please our customers under the Group-wide value of “Sound Mind, Sound Body” that embodies the Company’s founding philosophy.

As a result, the Company is committed to continuing its efforts to have a corporate governance structure that promotes transparent management through enhanced supervision of management, robust audit functions, internal controls, strict compliance, and improved transparency in management activities.

[Reasons for not implementing each principle of the Corporate Governance Code]

The Group implements all of the principles set forth in the Corporate Governance Code (Revised in June 2021; including principles for the Prime markets applicable from April 2022).

[Disclosure Based on Each Principle Set Forth in the Corporate Governance Code]

1. Management Philosophy [Principle 3-1(i)]

The Company will have transparent management and will continuously improve its corporate value in the long term under the founding spirit of “ASICS SPIRIT”, which includes the following founding philosophy, spirit, and visions, etc.

Founding philosophy

“Anima Sana In Corpore Sano: A sound mind, in a sound body.”

ASICS Spirit

1. Provide valuable products and services through sports to all our customers.
2. Fulfill our social responsibility and help improve conditions for communities around the world.
3. Share profits with our shareholders, communities and employees.
4. Maintain a spirit of freedom, fairness and discipline, while being respectful of all individuals.

Our Vision

Create a Quality Lifestyle through Intelligent Sport Technology

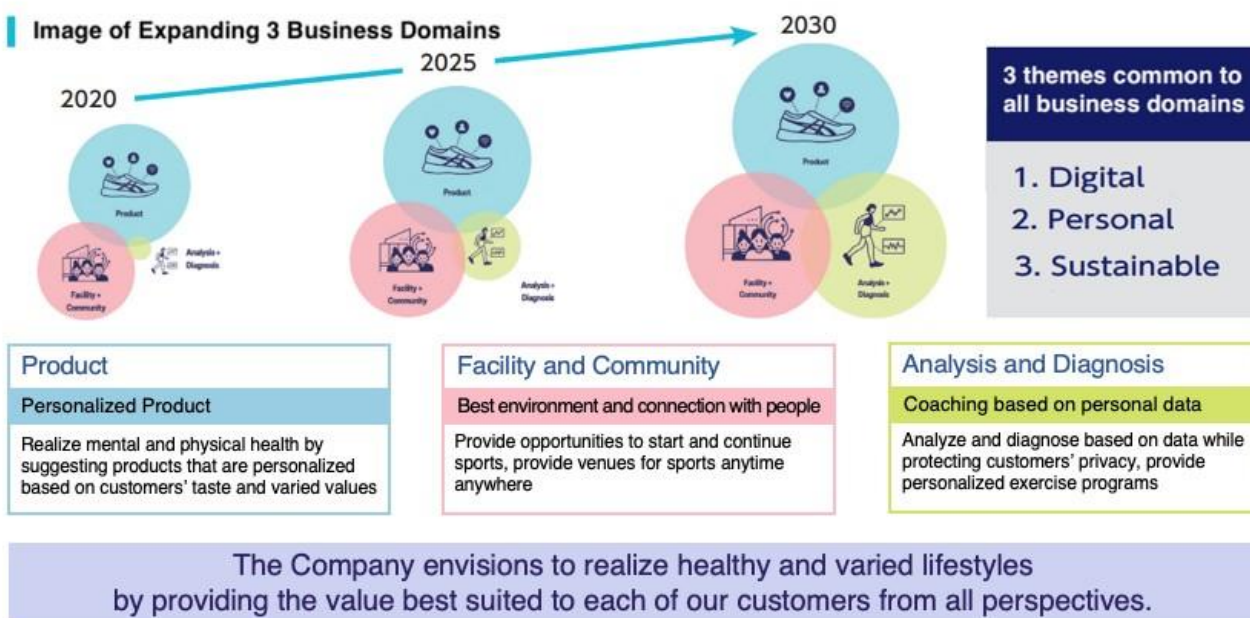
Sportsman Spirit

1. A sportsman obeys the rules.
2. A sportsman commits to the spirit of fair play.
3. A sportsman always tries his best
4. A sportsman must compete until his team achieves the highest victory.
5. A sportsman must always continue to expand the limits of capabilities.
6. A sportsman should get up if he falls. He must keep trying until he succeeds.

2. Management Strategy

(1) “VISION2030”, “Mid-Term Plan 2023”, and “Mid-Term Plan 2026” [Principle 3-1(i)]

In its “VISION2030”, the Company keeps the founding philosophy of “A sound mind in a sound body” at its core and envisions to “create a world in which we can all live healthy both mentally and physically, maintaining involvement with exercise and sports over our entire lifetime”. In order to realize such vision, the Company will further develop its business model and will, in 2030, provide various solutions to satisfy customers’ needs through the three business domains of (i) “Product” which are the current source of profit; (ii) “Facility and Community” to provide environments for sports; and (iii) “Analysis and Diagnosis,” soft services including provision of programs based on analysis and diagnosis utilizing data. The Company plans to expand its businesses in all business domains under the common themes, “digital,” “personal,” and “sustainable.”



In the “Mid-Term Plan 2023”, the Company set “digital” and “sustainable” as strategic drivers, and aimed to improve its profitability and to build a stable financial base. To this end, the Company adhered to the following three strategic priorities.

- (i) “Expand profit drivers”: The Company further expanded the already profitable businesses (including performance running, Onitsuka Tiger, China business);
- (ii) “Transform to profitable business”: The Company transformed businesses that were not fully profitable but were potentially profitable (including apparel business, Japan/North America) into profitable businesses; and

(iii) “Reinforce business foundation”: The Company promoted (1) innovation based on the following three key words “digital, personal and sustainable,” (2) supply chain reform utilizing digital tools, (3) strengthening and revitalizing human capital and promoting diversity & inclusion, (4) further deepening its category structure, (5) enhancing its financial strategies, (6) balance sheet management, and (7) its governance system.

By implementing the above strategies, the Company achieved the operating income of 54.2 billion yen which is significantly more than the initial plan of 25 billion yen in “Mid-Term Plan 2023”. Specifically, with the the category structure properly established, the categories such as Performance Running, Core Performance Sports, Sports Style, and Onitsuka Tiger significantly exceeded their set targets. The apparel business achieved a surplus for the first time since the category structure was implemented. By region, while Europe and the Greater China are leading in terms of profit, profitability improved in Japan, and both sales and profit grew in high-growing regions. In addition, customer contact points expanded through the purchase of a race registration company and OneASICS memberships while e-commerce sales grew steadily.

In November 2023, the Company developed its “Mid-Term Plan 2026” a new three-year plan. In “Mid-Term Plan 2026”, the Company will further promote “Global x Digital” to build a more organic category system by transforming to a so-called “Global Integrated Enterprise”. To accomplish its plan, the Company has set its key strategies to be “Global Growth”, “Enhancement of Brand Experience Value”, “Operational Excellence” and the “Reinforcement of Business Foundation”.

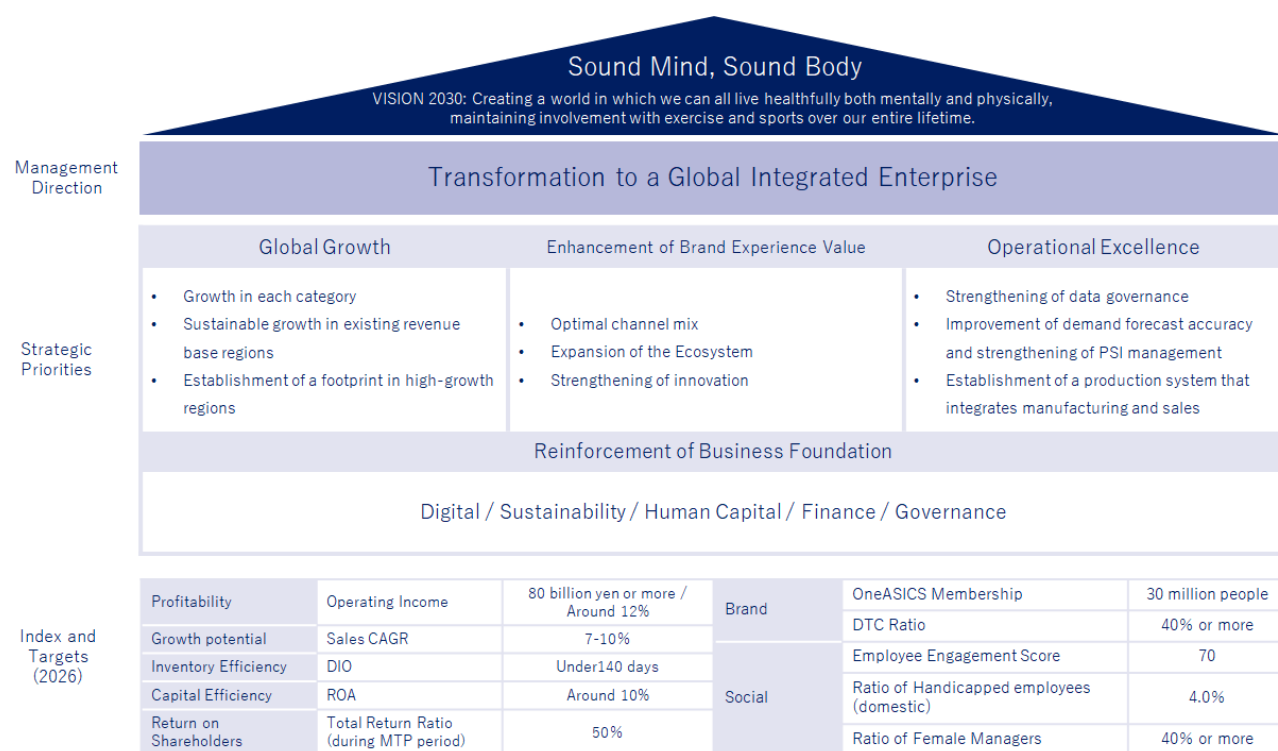
(i) “Global Growth”: The Company will accelerate its sustainable growth of the already profitable businesses and further growth of fast growing regions by further reinforcing collaboration between each category and each region.

(ii) “Enhancement of Brand Experience Value”: The Company will globally enhance the ASICS brand experience value including services other than goods, by expanding direct customer contacts and communication by enhancing DTC omni-channel retailing and the Ecosystem, in addition to continued enhancement of innovation.

(iii) “Operational Excellence”: The Company will further improve its profitability by building manufacture-retail integrated systems through data governance enhancement and improvement of demand planning accuracy based on available data as well as supply chain reform.

(iv) “Reinforcement of Business Foundation”: The Company will promote digitalization and sustainability, reinforce human capital investment, execute financial strategies with pursuit of appropriate capital allocation, and reinforce its governance system.

Through the above strategies, the Company ensures that the “Mid-Term Plan 2026” goals are achieved including an operating income of 80 billion yen or more and operating income ratio around 12% in FY2026.



For details of “VISION2030” and the “Mid-Term Plan 2026,” please see the Company’s website.
https://corp.asics.com/en/investor_relations/management_policy

(2) Efforts on Sustainability [Supplementary Principle 3-1-3]

The Company’s spirit towards sustainability is summarized in the phrase “Sound Mind, Sound Body.” To continue to realize this into the future, it will be necessary to resolve both social issues and environmental issues simultaneously. “Sustainability” is one of the common themes of “VISION2030”. This means that “Sustainability” is not a theme of just one department, but it is a theme that our business in its entirety, and each and every employee working in the Company should make effort as his/her own issues. In order to encompass such “Sustainability” further deeply in our business, the Company make wide efforts such as by holding a semi-annual meeting of the Sustainability Committee chaired by CEO, and by including “Sustainability” in individual target setting.

The Company regularly reviews our materiality (material topics) to concentrate on nine material topics themed around “People/Society,” “Products and Services,” “Environment,” and “Governance.” Among these topics, “mental and physical health” has been unanimously identified as the most material issue for ASICS, and all other material issues were essential to support “mental and physical health.”

The Company’s Sustainability framework stands on two main pillars: “Contribution to People and Society” to help people to improve their mental and physical fitness and health through our business, and “Environmental Consideration” to protect the global environment where our future generations can enjoy sports.

(i) Contribution to People and Society

ASICS is thoroughly ensuring labor environment that is safe, hygienic, and respects human rights throughout its entire supply chain including its suppliers. The Company was one of the first Japanese companies to join the global initiatives such as the Cascale (formerly known as SAC, Sustainable Apparel Coalition), an international sustainability alliance for the fashion industry, and the Better Work Program of the International Labor Organization (“ILO”), and is promoting its efforts by the global standards.

With regard to our suppliers in more than 20 countries around the globe mainly in the South East Asia, the Company is implementing a supply chain management program in compliance with the international standards of the ILO, etc.

(ii) Environmental Consideration

ASICS supports the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures (TCFD) and, as the first sporting goods company to set “Science Based Target,” the Company is promoting its effort towards the goal of net-zero carbon emissions aiming to keep the temperature rise due to global warming under 1.5°C.

As for our products, the Company developed and released in September 2023 “GEL-LYTE III CM 1.95” sneaker with the lowest CO2 emissions (the lowest CO2 emissions among the sneakers on the market for which CO2 emissions are disclosed as of September 2023). In addition, the Company is promoting recycle-based manufacturing such as using recycled materials as main materials for more than 90% of new performance running shoe products starting from 2021.

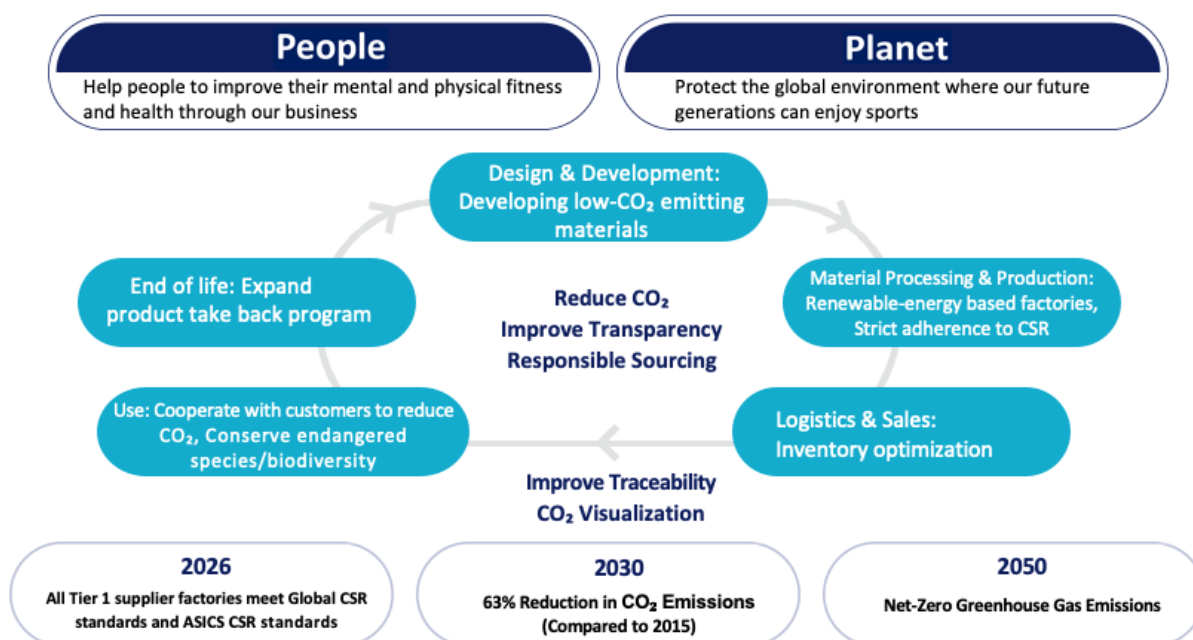
For details of our sustainability efforts, please see the Company’s website.

- VISION2030, Mid-Term Plan 2026: https://corp.asics.com/en/investor_relations
- Sustainability website: <https://corp.asics.com/en/csr>
- Sustainability Report 2022: https://corp.asics.com/en/csr/csr_reporting
- Integrated Report 2022: https://corp.asics.com/en/investor_relations/library/integrated_report

Overview of Sustainability Strategy

Sound Mind, Sound Body

—Realizing mental and physical health —



(3) HR Strategy

(i) Investment in Human Capital [Supplementary Principle 3-1-3]

In the intensifying global competition, the Company believes that “Organizational Diversity” is essential in order to respond accurately to the diversifying market needs and to continue to create new business and additional values.

To realize “VISION2030,” the Company aims to enhance its management foundation through “Organizational Diversity,” by “strengthening and utilizing human capital and promoting diversity, equity, and inclusion.” In Mid-Term Plan 2026, the Company will make efforts from three viewpoints in order to “establish an environment where talented individuals with diverse backgrounds can fully utilize their abilities”:

1. Realize “Sound Mind, Sound Body” by employees

- Achieve the industry’s highest level compensation system
- Achieve a highly engaged workplace by promoting employee well being
- Provide diverse working styles and growth opportunities utilizing digital technology

2. Utilize human resources globally and dynamically

- Discover, nurture, and promote talented individuals who can work globally from around the world
- Achieve the optimal number of personnel based on operational excellence
- Place talented individuals in suitable positions and achieving a personnel expense ratio of 13%

3. Diversity, Equity and inclusion (DE&I)

- Improve the ratio of female in management positions
- Promote the employment of people with disabilities and improve their work environment
- Realize a multinational executive composition

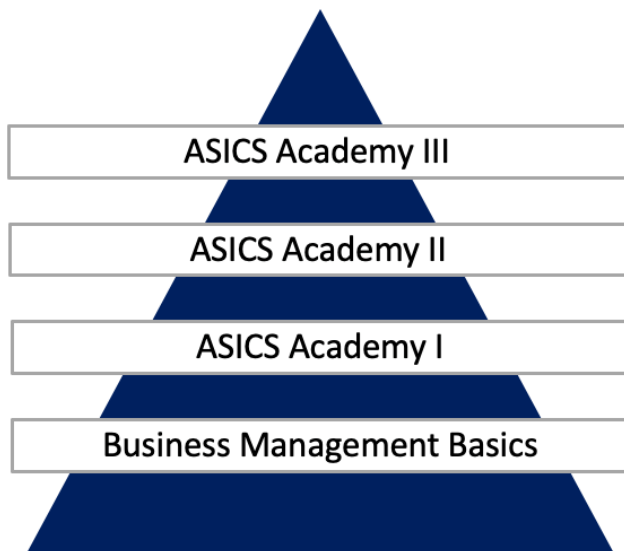
The Company has been focusing on developing people based on the belief of our founder, Kihachiro Onitsuka, “A company is its people.” The Company continues its efforts in hiring human capital who will realize global management and diversity merits through continuously hiring new graduates and mid-career workers as well as handicapped, and in its human capital development and growth enhancement policies through cultivating a “culture of growth and development” by Career Development Support, Newly Promoted Training Program, and Global Leader Training Program, etc.

In Mid-Term Plan 2026, as it is necessary to further grow globally and to realize operational excellence in pursuit of transformation into Global Integrated Enterprise, the Company will reinforce its global communication capability and digital human resources measures.

For more details of HR Strategies, please see the Company’s website:

- Application and Training website: <https://corp.asics.com/en/career>
- Learning & Development Program website: <https://corp.asics.com/en/career/training>

ASICS Academy (Developing human resources to lead business globally)



(ii) Ensuring diversity within the Company including promotion of women’s participation [Supplementary Principle 2-4-1]

As mentioned in the above section on “Investment in Human Capital,” the Company is aiming to foster satisfying-work corporate culture where diverse employees realize “Sound Mind, Sound Body.” For this end, the Company has the following views and targets, and is in the following situation with regard to promoting women, non-Japanese, and mid-career hires.

<Basic Ideas on Ensuring Diversity>

- The Company ensures diversity of its core human capital by actively developing and promoting female employees to accurately respond to the diverse needs of the market, among other things. The Company actively promotes non-Japanese employees as well in order to enhance global management system. In addition, the Company actively promotes employees with prior career (mid-career hired employees) who have professional skills in order to continue creating new businesses and new added values among other things.

<Voluntary and Measurable Targets in Ensuring Diversity>

- Increase the ratio of female managers to 25% by 2026 (ASICS Corporation alone)
- Maintain the current ratio (stated below) or increase the ratio of non-Japanese and mid-career hired employees

<Current Status of Diversity> (2023 records of ASICS Corporation alone)

- Ratio of female managers: 14.7%
- Ratio of non-Japanese managers: 2.9%
- Ratio of mid-career hired managers: 42.4%

* Not including managers who belong to ASICS but have no subordinates.

<Policy on Development of Human Capital and Policy on Improving Internal Environment to Ensure Diversity, and Status thereof>

1. The Company will promote Diversity, Equity, and Inclusion (“DE&I”) as its company-wide strategy.
2. The Company will provide its executives and managements with training opportunities on DE&I.
3. The HR and each business division will cooperate in implementing OFF-JT and OJT that will promote further empowerment and development of female employees.
4. Actively develop and promote talented human capital regardless of their background (female, non-Japanese, mid-career hired).

For more details of the Company’s diversity, equity, and inclusion, please see the website:

<https://corp.asics.com/jp/csr/diversity>

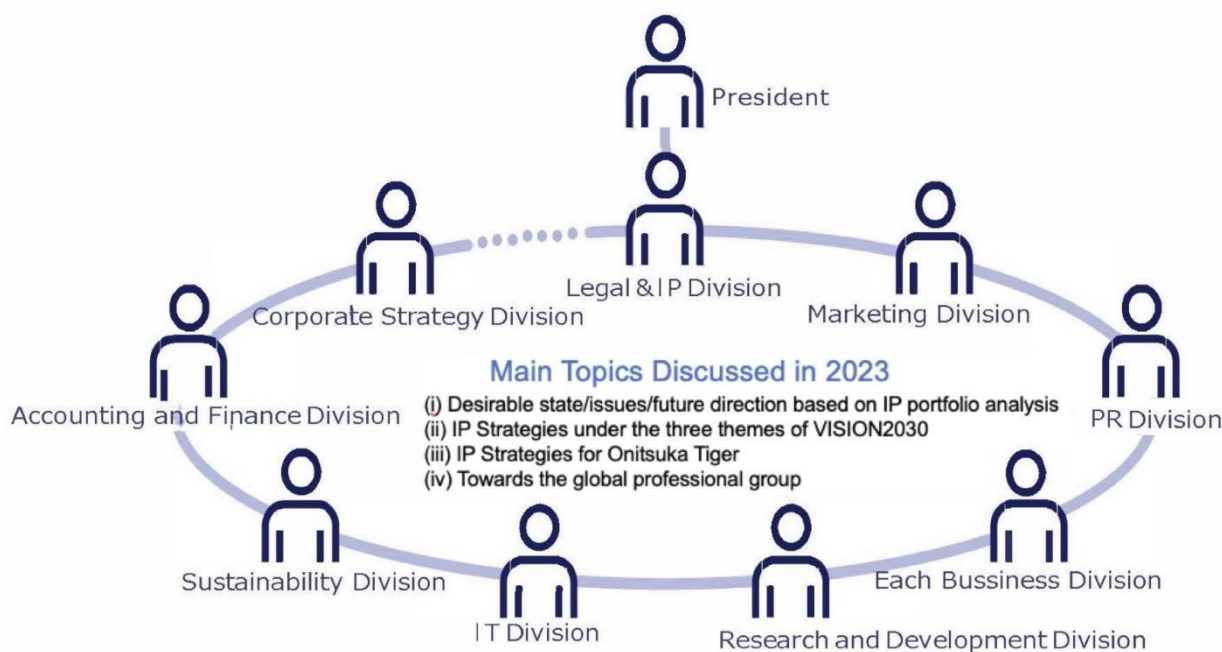
(4) Intellectual Property Strategy [Supplementary Principle 3-1-3]

As mentioned in the Company’s vision “Create Quality Lifestyle through Intelligent Sport Technology,” technology is the source of competitive power of the Company’s businesses, and the Company is working on its businesses utilizing the latest technologies so as to provide products and services with which people of the world can realize healthy and happy life.

The Company does not just protect its technologies with strong patents, but it also elevates them into “intellectual technologies” and strategically attain and utilize them as important tools that would strategically contribute to improve the Company’s corporate value. This encompasses business suggestions and management suggestions to ensure competitiveness in the aspect of intellectual properties though analysis of competitors’ strategies using IP landscape, not only traditional protection of rights by obtaining patents and trademarks for products developed by the Company.

The Company continues to implement so-called “Intellectual Property Management” integrating these intellectual properties and management.

To further promote this “Intellectual Property Management,” the Company plans to regularly discuss and incorporate into its management the intellectual strategies concerning the three themes of digital, personal, and sustainable raised in the Mid-Term Plan through “IP Strategy Committee,” an advisory board directly controlled by President and composed of company-wide management executives (chief executives of each department). The Company believes that the “ASICS” brand is the strongest intellectual property of the Company above all else, and will continuously aim to strengthen its intellectual property strategies based on the recognition that implementing “Intellectual Property Management” will protect the brand and improve the brand value, and will strategically contribute to improve the corporate value.



3. Basic Ideas and Basic Policy on Corporate Governance [Principle 3-1 (ii)]

The Group has established the “Basic Policy on Corporate Governance” in accordance with the “ASICS SPIRIT” and “ASICS CSR Policy” to realize sustained improvement of corporate value at a global level.

For details of Basic Policy on Corporate Governance, please see the Company’s website:
https://corp.asics.com/en/investor_relations/management_policy/corporate_governance

4. Roles and Responsibilities of the Board of Directors [Supplementary Principle 4-1-1]

The Board of Directors clearly sets forth the responsibilities of each Director, and the procedures for the performance of their duties in the Rules on the Segregation of Duties and the Limits of Authority or by the assigning of duties to Directors, etc. The Board of Directors also ensures that the Representative Director, and Executive Officers perform their duties.

Based on the long-term vision and the mid-term plan established by the Board of Directors and the management plan for each business year, the Representative Director and Executive Officers set objectives for the whole company and also detailed objectives for each department and each subsidiary, and manage the achievement of objectives on a monthly and quarterly basis.

Board of Directors meetings are held regularly to determine certain matters that legally require a resolution of the Board of Directors, important management policies of the Group, and important operational performance issues, as well as to supervise the performance of duties by Representative Director and Executive Officers, among other things.

In order to discuss the matters requiring a resolution of the Board of Directors and other important management issues of the Group, as well as to enhance the functions of the Board of Directors and achieve

a flexible management decision-making system, the Company holds an Executive Board meeting regularly which Chairman, President and Executive Officers, etc. attend. The Company will hold a so-called “Global Summit” twice a year, which is attended by all of the Officers of the Headquarter and CEO’s of all regional business companies to discuss overall optimization from a global perspective.

5. Structure to Ensure the Effectiveness of the Board of Directors

(1) Expertise and experiences of Directors [Supplementary Principle 4-11-1]

When the Board of Directors nominates candidates for Directors, it is necessary to select and nominate suitable individuals who can realize the Company’s management philosophy and execute business strategies, who are well versed in the Company’s business and possess abundant experience and knowledge.

The Company also prepares a skill matrix that comprehensively shows experiences and expertise held by each Director when selecting Director candidates. Such matrix is disclosed in the notice of convocation of the General Meeting of Shareholders and Integrated Reports.

With respect to Outside Directors, the Company has independently established the qualification standards and independence requirements in the “Selection Criteria for Independent Outside Directors” to ensure appropriate corporate governance, and candidates are nominated accordingly.

Note that two (2) of the five (5) Outside Directors have experiences of management in other companies.

Diversity on the Board of Directors

| | Name | Position and areas of responsibility | Company Management | Internationality | Digital | Finance/Accounting | Legal | Sports Business |
|---|--------------------|---------------------------------------------------------|--------------------|------------------|---------|--------------------|-------|-----------------|
| 1 | Yasuhito Hirota | Chairman and CEO, Representative Director | ● | ● | | | | ● |
| 2 | Mitsuyuki Tominaga | President and COO, Representative Director | ● | ● | ● | | | ● |
| 3 | Kazuo Sumi | Outside Director | ● | | | | | |
| 4 | Mitsuru Murai | Outside Director | ● | ● | | | | ● |
| 5 | Miwa Suto | Outside Director | | ● | ● | ● | | ● |
| 6 | Manabu Kuramoto | Director Full-time Audit & Supervisory Committee Member | | ● | | | | ● |
| 7 | Yasushi Yokoi | Outside Director Audit & Supervisory Committee Member | | | | ● | | |
| 8 | Mariko Eto | Outside Director Audit & Supervisory Committee Member | | | | | ● | |

(2) Evaluation of Effectiveness of Board of Directors [Supplementary Principle 4-11-3]

To further ensure the effectiveness of the Board of Directors and to improve the functions thereof, the Company has formed a PDCA cycle to conduct a survey (self-evaluation) of each Director, to analyze and evaluate the effectiveness of the Board of Directors, and the results thereof are reported to the Board of Directors and discussed in detail as points for improvement in the upcoming fiscal year.

In 2023, the Company promoted the efficient operation of the Board of Directors through enhancing progress reports on important proposals to be discussed at Board of Directors meetings, continued enhancing opinion exchange among Outside Directors, Executive Officers, and next generation leader candidates based on evaluation of effectiveness of Board of Directors held in 2021.

Highly Independent Outside Directors actively gave opinions from their professional viewpoint, contributing to constructive discussions. The Company continued to enhance the reporting of IR and SR activities to reflect the shareholders' opinions. These resulted in a positive evaluation that the Board of Directors has adequately fulfilled its supervisory function.

The Nomination and Compensation Committee was held seven times. The Committee nominated and evaluated the performance of Directors and Executive Officers and continued to discuss material topics such as Executive Officers' compensation system, appointment of the next President and COO, and succession plans. The Board of Directors of the Company ensures fairness and transparency in its resolutions on nomination and compensation by respecting the opinions of the Nomination and Compensation Committee.

On the other hand, the Company recognized that it should further enhance monitoring on the mid-term plan, discussion of major issues, exchange of opinions with Outside Directors and Executive Officers, etc.

The company will improve these matters and endeavor to ensure the further effectiveness and to enhance the functionality of the Board of Directors.

(3) Policies and Procedures for Determining the Amount of Compensation for Senior Management and Directors [Principle 3-1 (iii)]

The Company has established a compensation system that will provide incentives to contribute to the sustainable growth of the Company and to improve corporate value, and it is the Company's basic policy to ensure fairness and transparency through the Board of Directors' decision on respective compensation for each Director, respecting the opinions of the Nominating and Compensation Committee.

Compensations for non-executive directors are composed of the fixed compensation only. Compensations for executive directors and senior management are composed of the fixed compensation, performance-linked bonus, and the Restricted Share Compensation Plan, and the level of the overall compensations shall be determined appropriately taking into consideration the market level. The ratio of the performance-linked bonus and the Restricted Share Compensation Plan shall be set so that such ratio will be greater as their degree of contribution to the business performance becomes larger in line with their job responsibilities and roles.

Policies for determining the amount of compensation for Directors are indicated at this Report.

(4) Policies and Procedures for Appointing or Dismissing Senior Management and Nominating Candidates for Directors (including those Who are Audit & Supervisory Committee Members) [Principle 3-1 (iv)]

When the Board of Directors nominates senior management, it is necessary to select and nominate suitable individuals who can realize the Company's management philosophy, execute business strategies, are well versed in the Company's business, and possess abundant experience and knowledge.

With respect to Audit & Supervisory Committee members, the Company has selected individuals who possess suitable level of insight regarding finance, accounting and legal affairs.

With respect to Outside Directors, the Company has independently established the qualification standards and independence requirements in the "Selection Criteria for Independent Outside Directors" to ensure appropriate corporate governance, and candidates have been nominated accordingly. The details of nomination are described in the Corporate Governance Report (Other Matters Related to Independent Officers).

The Company's criteria for dismissing senior management are as follows:

1. Where a senior management has performed any act contrary to public order and morality;
2. Where a senior management has difficulty in continuing the performance of duties due to health reasons;
3. Where a senior management has seriously damaged the corporate value by negligence of duty; or
4. Where a senior management is not qualified to be a manager.

The Board of Directors of the Company ensures fairness and transparency in its resolutions on nomination and compensation by respecting the opinions of the Nomination and Compensation Committee composed by the majority of Independent Outside Directors and chaired by an Outside Director.

(5) Nomination, Appointment and Dismissal of Each Individual [Principle 3-1 (v)]

The information on nomination, appointment and dismissal of each individual is published on the Company's website. https://corp.asics.com/jp/investor_relations

(6) Criteria for Independence and Qualification of Independent Outside Directors [Supplementary Principle 4-9]

The Company has independently established its own criteria "Selection Criteria for Independent Outside Directors" in addition to the relevant requirements under the Companies Act, and candidates are nominated accordingly. Reasons for selecting each Independent Outside Director are described in this Report (Other Matters Related to Independent Officers).

(7) Utilization of Voluntary System [Supplementary Principle 4-10-1]

The Company's Board of Directors currently consists of eight Directors, the majority, five, of which is Independent Outside Directors.

To ensure fair and transparent processes, the Company has established the Nomination and Compensation Committee composed by the majority of Independent Outside Directors. The Board passes resolutions on appointment of and compensation for Directors and Executive Officers and successor planning by respecting the opinions of the Nomination and Compensation Committee, including the viewpoints of skills and diversity.

The Chair of the Nomination and Compensation Committee is appointed from among the Independent Outside Directors by resolution of the Committee.

(8) Preconditions for Ensuring the Effectiveness of the Board of Directors and the Audit & Supervisory Board [Supplementary Principle 4-11-2]

The Company ensures that individual Directors fulfill their roles and responsibilities, regardless of whether they are holding multiple offices, by taking the following measures:

- The Company decides on an annual schedule for holding Board of Directors meetings and Audit & Supervisory Committee meetings at an early juncture and gives notice to Directors;
- The Company distributes reference materials for Board of Directors meetings at least three days prior to the date set for the meeting, in principle; and
- The Company explains the details of important matters to Outside Directors in advance or takes other measures to activate discussions at Board of Directors meetings.

The concurrent holding of positions by Directors is disclosed every year in the notice of convocation of the General Meeting of Shareholders. For more details, please see the Company's website:

https://corp.asics.com/en/investor_relations

(9) Training for Directors and Audit & Supervisory Board Members [Supplementary Principle 4-14-2]

The Company is actively communicating with each Director by setting opinion exchange opportunities and by providing information so that each of them can appropriately perform his/her roles and responsibilities. For Outside Directors, the Company provides, in addition to prior explanation of the important proposals to the Board of Directors meetings, opportunities to enable them to understand the unique characteristics of its business, such as exchanging opinions with Chairman and President at individual meetings, exchanging opinions with those responsible for each regional business company and each category, interviewing and exchanging opinions for developing Mid-Term Plan 2026, participating in internal training as lecturers, attending the Investment Day, attending the Institute of Sports Science tour for newly appointed Directors, observing Product Exhibitions, and observing sports events.

As for newly appointed Officers, the Company provides training opportunities in and outside the Company with regard to businesses (finance/accounting, evaluation of corporate value, leadership, organizational innovation, management strategy, enterprise creation), the Companies Act and related laws, and risk management.

After their appointment, the Company provides to each Director opportunities to learn the latest knowledge about revisions of laws and other matters through seminars conducted by lawyers or other experts, as well as other opportunities to supply information in response to Directors' request.

The Company will continue strengthening the content of training to ensure more meaningful learning.

6. Policy for Constructive Dialogue with Shareholders [Principle 5-1]

(1) Basic approach

Under the value "Sound Mind, Sound Body," the Company will, in order to sustainably develop along with the society and improve its corporate value in the long run, report and disclose timely and appropriately its decisions and business activities as well as their social and environmental impact, thereby fulfilling its accountability as a company.

The Company believes that it is important to build mutual relationship of trust and a partnership with stakeholders including shareholders and investors that is beneficial for both parties through listening to them, and having dialogues with them, and understanding and respecting the respective interests and expectations for the Company.

(2) IR/SR Structure

The Company has established the Disclosure Policy to disclose information to stakeholders including shareholders speedily, accurately and fairly, thereby contributing to constructive dialogue. In dialogues with and disclosing information to shareholders and investors, the department in charge of IR/SR liaise closely with CEO, COO, CFO, and related departments to provide sufficient information. In addition, the Company has established an IR/SR system, and CEO, COO, CFO, the General Manager of Finance Department and others as for IR, and CEO, CAO, the General Manager of Legal Department and others as for SR, clearly divide their roles according to the characteristics of shareholders/investors and the number of shares owned, and endeavor to conduct effective interviews.

(3) Manner of Dialogue

CFO and Finance Division in charge of IR are endeavoring to explain the management policy and business activities in accurate and easy-to-understand manner in liaison with the relevant departments such as Corporate Strategy Department, Legal Department, IP Department, Marketing Division, Public Relations Department, Sustainability Department, and each category, etc.

In addition to individual interviews and telephone conferences, the Company holds Financial Results Presentation Meetings quarterly, as well as facility tours, investment days (business strategy meetings), small meetings, etc., from time to time. Most recently, the Company is trying to diversify and deepen communication such as holding a business strategy meeting where a management of the local business subsidiary spoke for the first time in response to high capital market interest in strategies in growth markets such as Southeast and South Asia or conducting an oversea local inspection tour for capital market participants. In addition, the Company is actively responding to the needs of overseas institutional investors including active hosting of small meetings for overseas institutional investors, more disclosures in English of financial results presentation materials and Q&A sessions, introducing simultaneous J-E interpretations at investment days. For individual investors, the Company announces its management policy and business activities at its website, and holds Company Presentations for individual investors from time to time. The Company continues to endeavor to further strengthen its disclosure taking into consideration opinions of the shareholders and investors.

(4) Feedback to the Management

Opinions submitted from shareholders and investors in interviews, etc. are shared with the management promptly, and the Company endeavors to reflect them in management, business strategy and disclosure operations of the Company timely and appropriately.

Based on the opinions of the shareholders and investors, CFO and others are having constructive discussions for better disclosure, and promptly and flexibly proposing to the management potential improvements based on them. At the Board of Directors meetings, the Directors are regularly briefed on feedbacks from the capital market including questions from analysts and investors. The Company is issuing and providing all of its Executive Officers with “IR Monthly” summarizing opinions and interests of the capital markets and IR activity results, and thus has built a structure where expectations to ASICS and awareness of issues are directly brought to the management.

By building such internal feedback system, the Company has a cycle where feedbacks from the shareholders and investors are reflected to the IR activities each time.

(5) Insider Information management

To manage insider information, the Company has established and is implementing internal rules including the Disclosure Policy and the Rules on Insider Transaction Restriction, and based on these rules, the Company is seeking appropriate management of information including preventing divulge of insider information in dialogues with the shareholders.

(6) Status of Dialogues with Shareholders

(i) Records of Activities of FY2023

| Contents | Main Speakers | # held | Main themes and subjects of interests |
|--------------------------------------------------------------------------------|------------------------------------------------------------------|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IR | | | |
| Financial Results Presentation Meetings | CEO, COO, CFO | 4 | |
| Investment Day | CEO, COO, CFO, General Manager of Corporate Strategy, and others | 2 | |
| Dialogues with domestic and international institutional investors and analysts | CEO, COO, CFO, General Manager of Finance Department | 906 (*) | <ul style="list-style-type: none"> • Overall review of management reform for the past few years; backgrounds for effects of management reform becoming apparent • Direction of medium-term management and business strategy • Global competitive advantages and competitive challenges • Certainty of achievement of earnings forecasts • Sales strategies for each category and region • Digital strategies • Capital management, Shareholder returns • Financial strategy • Initiatives to optimize inventory levels, etc. |
| Domestic and international institutional investors (long only) | CEO, COO, CFO, General Manager of Finance Department | 171 | |
| Sell-side analysts | CEO, COO, CFO, General Manager of Finance Department | 55 | |
| Other shareholders | CFO, General Manager of Finance Department | 680 | |
| Presentations for individual investors | CFO, General Manager of Finance Department | 2 | |
| General Meeting of Shareholders | CEO, COO, CAO, CFO | 1 | |

(*) Total number of meetings held; including number of investors participating in small meetings, etc.

SR

| | | | |
|-------------------------------------------------------------------|----------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dialogues with domestic and international institutional investors | CEO, CAO | 18 | <ul style="list-style-type: none"> • Governance (succession plans, share compensation plan reform, etc.) • Human capital strategies • Sustainability strategies |
|-------------------------------------------------------------------|----------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

(ii) Feedbacks to Management

| Feedback method | Reported to | Frequency | Contents |
|----------------------------------------------------|------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IR | | | |
| Regular reports at the Board of Directors meetings | BOD | As needed | Reporting on the status of financial results meetings and comments and questions from analysts and investors as feedback from the capital markets |
| IR Monthly | All Executive Officers | Every month | Providing information on matters of interest to capital market participants, analyst consensus, trends in stock price-related indicators, and IR activities via e-mail. |
| SR | | | |
| Regular reports at the Board of Directors meetings | BOD | Annually | Report on comments, questions, etc. regarding governance, human capital, sustainability, etc. from investors at the meeting. |

(iii) Major feedbacks and responses to them

| Feedbacks | Actions taken in response to the feedbacks |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Explanatory needs on topics of interest to investors (Profit restructuring in North America, foreign exchange impact, shareholder return, CPS/SPS strong background, human capital, etc.) | Prepare explanatory materials according to the topic at each time and display them on the financial results supplementary materials |
| English disclosure expansion needs from overseas institutional investors | Active holding of 1-on-1 and small meetings for international investors, expansion of the display of financial results presentation materials (including scripts) and Q&A sessions at briefings in English, and introduction of simultaneous Japanese-English interpretation at investment days. |
| Explanation needs for business expansion potential in growing markets | Local business company management made its first appearance on the stage at the June 2023 Investment Day; Conducted a tour of Southeast and South Asia and guide sell-side analysts, etc. |
| Need for more explanation of medium- to long-term growth strategies | Detailed explanation of the Mid-Term Plan 2026 at the Investment Day on November 2023 |

7. [Cross-Shareholdings Principle 1-4]

(1) Policy on Cross-Shareholdings

The Company engages in cross-shareholdings to build and strengthen business relationships and generate synergies. In addition, the Company may newly purchase shares out of expectation for sustained growth and medium- to long-term increase of corporate value. The Company's Board of Directors will conduct a quantitative review of individual stocks held by cross-shareholding every year, and consider selling the stocks of which annual trading amount falls below the prescribed amount and for which the cost of capital outweighs the return on investment. Stocks considered for selling shall be reviewed in a comprehensive manner, taking into account the purpose and significance of holding.

As of the end of December 2023, the Company held 14 different stocks by cross-shareholding (a decrease of 10 stocks from the end of December 2016), and the amount recorded on the balance sheet was 8.4 billion

yen (a decrease of 400 million yen from the end of December 2016). As the Company established “Basic Policy on Corporate Governance” on March 25, 2016, the status of reduction from the end of December 2016 has been recorded.

Note that the Company will consider reviewing cross-shareholding from the viewpoints of realizing advanced corporate governance and improving capital efficiency.

(2) Policy on Exercising Voting Rights

When exercising voting rights associated with cross-shareholdings, the judgment will be based on whether or not the decision would lead to sustainable growth and medium- to long-term improvement in corporate value of both the Company and the investee company. In particular, with respect to resolutions which may have material influence on the economic profit of the Company, including but not limited to private equity placement through offering at low price and corporate reorganization, the Company will exercise its voting rights prudently, conducting dialogue with the investee company on the proposed resolution and other related matters if necessary.

8. Related Party Transactions [Principle 1-7]

When conducting transactions with Company officers that involve conflicts of interest as defined by the Companies Act, the Company will obtain approval from the Board of Directors and report back the results of the transaction.

Moreover, when the Company transacts with close relatives of its officers or with major shareholders, the Board of Directors will be informed beforehand depending on the size and importance of the transaction.

In addition, the Company has established the Conflict of Interest Management Rules which determine the matters related to preventing overall acts that involve conflicts of interest, including interested transactions. The Company strives to strengthen the system of preventing acts involving conflicts of interest that are performed by officers and employees.

9. Exhibition of Functions as the Corporate Pension Asset Owner [Principle 2-6]

The Company has a defined contribution pension plan for the welfare of its employees. The Company is not directly involved in management, etc. of corporate pension funds as the asset owner. However, to provide an environment allowing employees to form their assets stably, the department in charge of the corporate pension plan coordinates with the management company to maintain appropriate assortment of products and inform thereof, and also continuously provides training on asset management.

【Action to Implement Management that is Conscious of Cost of Capital and Stock Price】

With regard to the cost of capital, the Company endeavors to understand the expected values from the capital market of the time by actively discussing the cost of capital with investors, analysts, as well as the financial institutions, and develops management plans and business strategies and decides on various investment in light of the above. In addition, the Company has introduced Global Profit Share System, among other things, to reimburse to all employees of the Group a part of its consolidated net income exceeding the cost of capital so that all employees have the same perspective as the capital market and view the cost of capital as their own business. Furthermore, the Company has set ROA as a management index, that enables all employees to participate in improvement activities at their respective positions. ROA has also been one of the main management index since the previous Mid-Term Plan (started in FY2021), and for each quarterly period, the actual results are disclosed after breaking down ROA by component. The Company is aware that the capital market understands why ROA is emphasized an indicator for measuring capital efficiency, as the Company has a background of carefully and repeatedly explaining this to investors in addition to regular disclosures. The Company has improved ROA through company-wide measures that are integrated into the regular business cycle, such as improving profitability in our core business, tightly controlling SG&A expenses, and optimizing inventory and related working capital, and we are determined to continue to work tirelessly to do so.

For details, please see Management Policy and IR Library under “Investor Relations” at the Company’s website.

Management Policy: https://corp.asics.com/en/investor_relations/management_policy

IR Library: https://corp.asics.com/en/investor_relations/library

2. Capital Structure

| | |
|-------------------------------------------------|----------|
| Percentage of shares held by overseas investors | Over 30% |
|-------------------------------------------------|----------|

[Principal Shareholders]

| Name | Number of Shares Held (Shares) | Percentage (%) |
|------------------------------------------------------|--------------------------------|----------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 28,002,700 | 15.28 |
| Custody Bank of Japan, Ltd. (Trust Account) | 12,298,500 | 6.71 |
| MUFG Bank, Ltd. | 7,858,405 | 4.29 |
| Sumitomo Mitsui Banking Corporation | 6,607,913 | 3.61 |
| GOVERNMENT OF NORWAY | 6,063,955 | 3.31 |
| Nippon Life Insurance Company | 5,679,066 | 3.10 |
| | | |
| Minato Bank Limited | 2,658,266 | 1.45 |
| STATE STREET BANK AND TRUST COMPANY 505025 | 2,596,400 | 1.42 |
| THE BANK OF NEW YORK MELLON 140044 | 2,362,428 | 1.29 |
| JP MORGAN CHASE BANK 385781 | 2,350,926 | 1.28 |

| | |
|--------------------------------------------------|------|
| Controlling shareholders (except parent company) | None |
| Parent company | None |

Supplemental Remarks

3. Corporate Attributes

| | |
|-------------------------------------------------------------------------------|------------------------------------------------|
| Listed stock market and market section | Tokyo, Prime |
| Fiscal year-end | December |
| Industry | Other products |
| Number of employees (consolidated) as of the end of the previous fiscal year | 1,000 or more |
| Sales (consolidated) as of the end of the previous fiscal year | ¥100 billion or more and less than ¥1 trillion |
| Number of consolidated subsidiaries as of the end of the previous fiscal year | 50 or more and less than 100 |

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

None

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

None

II. Organizational Structure for Managerial Decision-Making, Execution, Supervision and Other Corporate Governance Structures

1. Organizational Structure and Operational Management

| | |
|----------------------|--------------------------------------------|
| Type of organization | Company with Audit & Supervisory Committee |
|----------------------|--------------------------------------------|

[Board of Directors]

| | |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Maximum number of Directors stipulated in the Articles of Incorporation | 14 |
| Directors' term of office stipulated in the Articles of Incorporation | 1 year |
| Chairperson of the Board of Directors | Chairperson (excluding the case where the person concurrently serves as President) |
| Number of Directors | 8 |
| Appointment of Outside Directors | Yes |
| Number of Outside Directors | 5 |

Number of Outside Directors designated as Independent Directors

5

Relationship with the Company (1)

| Name | Attribute | Relationship with the Company* | | | | | | | | | | | | |
|---------------|-----------------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|--|--|
| | | a | b | c | d | e | f | g | h | i | j | k | | |
| Kazuo Sumi | From another company | | | | | | | | | | | | | |
| Mitsuru Murai | From another company | | | | | | | | | | | | | |
| Miwa Suto | Certified Public Accountant | | | | | | | | | | | | | |
| Yasushi Yokoi | Certified Public Accountant | | | | | | | | | | | | | |
| Mariko Eto | Lawyer | | | | | | | | | | | | | |

*Categories for relationship with the Company

*“○” 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. “▲” when a close relative of the director fell under the category in the past.

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

Relationship with the Company (2)

| Name | Audit & Supervisory Committee member | Independent Director | Supplemental information on corresponding items | Reason for appointment |
|------------|--------------------------------------|----------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kazuo Sumi | | ○ | — | <p>Since assuming the position of Outside Director in March 2018, Mr. Kazuo Sumi has fulfilled appropriate roles including decision-making and supervision with respect to management based on his abundant experience and professional perspective as a corporate manager in the passenger railway industry. Also, as a member of the Nomination and Compensation Committee, he has actively advised to improve the fairness and transparency of the Company's management.</p> <p>The Company and Mr. Sumi involving the receipt of cash, etc., other than the payment of compensation for Directors, there is no risk of a conflict of interest with ordinary shareholders.</p> <p>There is no conflict of interest between the Company and the principal companies he serves concurrently.</p> <p>Therefore, Mr. Sumi satisfies the Company's "Selection Criteria for Independent Outside Directors" and is deemed to be independent.</p> |

| | | | | |
|---------------|--|---|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mitsuru Murai | | ○ | — | <p>Since assuming the position of Outside Director in March 2023, Mr. Mitsuru Murai has fulfilled appropriate roles including decision-making and supervision with respect to management based on his abundant experience and professional perspective as a corporate manager in the information services and sports business. Also, as a member of the Nomination and Compensation Committee, he has actively advised to improve the fairness and transparency of the Company's management.</p> <p>Because there is no relationship between the Company and Mr. Murai involving the receipt of cash, etc., other than the payment of compensation for Directors, there is no risk of a conflict of interest with ordinary shareholders.</p> <p>There is no conflict of interest between the Company and the companies he serves concurrently.</p> <p>Therefore, Mr. Murai satisfies the Company's "Selection Criteria for Independent Outside Directors" and is deemed to be independent.</p> |
| Miwa Suto | | ○ | — | <p>Since assuming the position of External Auditor in March 2018 and the position of Outside Director (Audit and Supervisory Committee Member) in March 2020, Ms. Miwa Suto has expressed appropriate opinions at the Board of Directors meetings and the Audit and Supervisory Committee meetings based on her abundant experience and professional perspective as a management consultant and certified public accountant. In addition, as a member of the Nominating and Compensation Committee, she has actively advised to improve the fairness and transparency of the Company's management.</p> <p>Because there is no relationship between the Company and Ms. Suto involving the receipt of cash, etc. other than the payment of compensation for Audit & Supervisory Board Member, there is no risk of conflict of interest with ordinary shareholders.</p> <p>Although the Group has entered into official supplier contracts, etc. with Japan Volleyball Association, for which she acts as Senior Vice President, for popularization and promotion of volleyball, the Group has entered into TEAM JAPAN Gold Partnership Agreement with the Japanese Olympic Committee for which she acts as Executive Board Member, she is not an executing person of the Association or the Committee. Moreover, there is no conflict of interest between the Company and the other companies she serves concurrently.</p> |

| | | | | |
|---------------|---|---|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | Therefore, Ms. Suto satisfies the Company's Independency Criteria and is deemed to be independent. |
| Yasushi Yokoi | ○ | ○ | | <p>Since assuming the position of Outside Director (Audit and Supervisory Committee Member) in March 2020, Mr. Yasushi Yokoi has expressed appropriate opinions at the Board of Directors meetings and the Audit and Supervisory Committee meetings based on his abundant experience and professional perspective as a certified public accountant. In addition, as a member of the Nominating and Compensation Committee, he has actively advised to improve the fairness and transparency of the Company's management.</p> <p>Although he has not been directly involved in the management of a company other than as an outside director, the Company believes he is capable of appropriately fulfilling the duties of an Outside Director given his experience and expertise as referred to above.</p> <p>Because there is no relationship between the Company and Mr. Yokoi involving the receipt of cash, etc., other than the payment of compensation for Audit & Supervisory Board Member, there is no risk of conflict of interest with ordinary shareholders.</p> <p>There is no conflict of interest between the Company and the companies he serves concurrently.</p> <p>Therefore, Mr. Yokoi satisfies the Company's Independency Criteria and is deemed to be independent.</p> |

| | | | | |
|------------|---|---|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mariko Eto | ○ | ○ | — | <p>The Company believes Ms. Mariko Eto will be able to appropriately conduct audits and supervision based on her abundant experience and professional perspective related to corporate legal affairs as an attorney at law, and thus proposes her election as Outside Director (Audit and Supervisory Committee Member).</p> <p>Although she has not been directly involved in the management of a company other than as an outside director, the Company believes she is capable of appropriately fulfilling the duties of an Outside Director (Audit and Supervisory Committee Member) given her experience and expertise as referred to above.</p> <p>Because there is no relationship between the Company and Ms. Eto involving the receipt of cash, etc., there is no risk of conflict of interest with ordinary shareholders.</p> <p>Although the Company separately consigns legal work to other attorneys at law at TMI Associates, at which Ms. Eto serves as Partner, the compensation paid by the Company to TMI Associates amounted to less than 1% of the law office's total compensation, which is the Independency Criteria for judging on independence. Therefore, TMI Associates does not fall in an organization that receives large amounts of money or other financial assets from the Group. Moreover, there is no conflict of interest between the Company and the other companies she serves concurrently.</p> <p>Therefore, Ms. Eto satisfies the Company's Independency Criteria and is deemed to be independent.</p> |
|------------|---|---|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

[Audit & Supervisory Committee]

Committee Composition and Attributes of the Chairperson

| | All committee members | Full-time members | Inside Directors | Outside Directors | Chairperson |
|-------------------------------|-----------------------|-------------------|------------------|-------------------|-----------------|
| Audit & Supervisory Committee | 3 | 1 | 1 | 2 | Inside Director |

| | |
|--------------------------------------------------------------------------------------------------------------|-----|
| Any Directors and employees who are to assist the performance of duties of the Audit & Supervisory Committee | Yes |
|--------------------------------------------------------------------------------------------------------------|-----|

Matters concerning Independence of these Directors and Employees from the Executive Directors

To assist the performance of duties of Audit & Supervisory Committee members and the Audit & Supervisory Committee, the Audit & Supervisory Committee Secretariat (2 members as of the date of submission of this document) has been established under the Audit & Supervisory Committee.

The Audit & Supervisory Committee Secretariat may, based on instructions from the Audit & Supervisory Committee, request each department or each subsidiary to provide information necessary for audit, etc. The Audit & Supervisory Committee Secretariat liaise with and makes adjustments between the Internal Audit Department and the audit & supervisory board members of subsidiaries based on instructions from the Audit & Supervisory Committee, and assists the sharing of information on audit, etc.

An employee of the Audit & Supervisory Committee Secretariat is not subject to the instructions and orders of any Director (excluding those who are Audit & Supervisory Committee members) regarding the operations within the scope of an order given by Audit & Supervisory Committee members. Furthermore, before any such employee is subject to transfer, personnel evaluation or disciplinary action, the prior approval of the Audit & Supervisory Committee is required.

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

(1) Cooperation with the Internal Audit Department The Audit & Supervisory Committee, which endeavors to cooperate with the Internal Audit Department, hosted regular liaison meetings to share issues known to the full-time Audit & Supervisory Committee members and to check progress of establishment and operation of internal reporting system. The details of the Internal Audit Department's audits were reported to the Audit & Supervisory Committee, and the Audit & Supervisory Committee opinions and recommendations were presented in response to the reports.

(2) Cooperation with the Accounting Auditor

The Company monitored and verified whether the Accounting Auditor maintained their independence and conducted appropriate audits, received regular reports from the Accounting Auditors on the performance of their duties, and requested explanations as necessary. With respect to the provision of non-guarantee services in accordance with the revised JICPA Ethics Rules, the Audit & Supervisory Committee received the necessary information in advance, reviewed it as an Audit & Supervisory Committee, and gave its prior approval (10 cases in the subject fiscal year). In addition, the Company discussed key audit matters (KAMs) with the Accounting Auditor, received reports on the status of their audits, and requested explanations as necessary.

[Voluntary Committees]

| | |
|----------------------------------------------------------------------------------------------|-----|
| Any voluntary committee equivalent to the Nomination Committee or the Compensation Committee | Yes |
|----------------------------------------------------------------------------------------------|-----|

Establishment of Voluntary Advisory Committees, Committee Composition, and Attributes of the Chairperson

| | Committee | All committee members | Full-time members | Inside Directors | Outside Directors | Outside experts | Others | Chairperson |
|--------------------------------------------------------------|---------------------------------------|-----------------------|-------------------|------------------|-------------------|-----------------|--------|------------------|
| Voluntary committee equivalent to the Nomination Committee | Nomination and Compensation Committee | 8 | 0 | 3 | 5 | 0 | 0 | Outside Director |
| Voluntary committee equivalent to the Compensation Committee | Nomination and Compensation Committee | 8 | 0 | 3 | 5 | 0 | 0 | Outside Director |

Supplemental Remarks

The Company has the Nomination and Compensation Committee to ensure fairness and transparency in decisions on nominating and compensating Directors and Executive Officers. The majority of the members of the Nomination and Compensation Committee shall be Independent Outside Directors, and when the Board of Directors adopts a resolution to nominate and compensate Directors and Executive Officers, it shall do so respecting the opinions of the Nomination and Compensation Committee.

Specifically, during 2023, the Nomination and Compensation Committee interviewed candidates for President multiple times, and appointed the new President and COO upon adequately considering the suitability.

(Activities in 2023)

Number of meetings held: 7

Main items for deliberation:

- Deliberation related to appointment of new President and COO
- Performance evaluation and performance-linked bonus for Directors and Executive Officers in FY2022
- Setting of objectives for Directors and Executive Officers in FY2023
- Selection of Director candidates and Executive Officer candidates
- Review of the compensation systems for Directors and Executive Officers
- Examination of succession plans

The Chairperson shall be appointed from among Independent Outside Directors by a resolution of the Nomination and Compensation Committee.

The Nomination and Compensation Committee is composed as follows.

(Composition of the Nomination and Compensation Committee)

(Independent Outside Directors)

Miwa Suto (Chairperson of the Committee)

Kazuo Sumi

Mitsuru Murai

Yasushi Yokoi

Mariko Eto

(Internal Directors)

Chairperson and CEO, Representative Director Yasuhito Hirota

President and COO, Representative Director Mitsuyuki Tominaga

Director Manabu Kuramoto

[Independent Officers]

| | |
|--------------------------------|---|
| Number of independent officers | 5 |
|--------------------------------|---|

Other Matters Relating to Independent Officers

The Company designates all of outside officer who satisfies the qualification as an independent officer.

In order to ensure proper corporate governance, the Company prescribes its own unique “Selection Criteria for Independent Outside Directors” concerning the aptitude and independence of outside Directors. The contents of these provisions are as follows.

Article 1 (Requirements of Outside Directors)

1. The requirements of an Outside Director the Company are prescribed herein.
2. The requirements of Outside Directors shall be satisfied at the time of election and during the period of office.

Article 2 (Requirements concerning the Aptitude of Outside Directors)

An outside officer shall possess a proven track record, abundant experience and expertise as a corporate executive, attorney at law, certified public accountant, or an academic, as required to carry out business expansion at a global level while strengthening corporate governance in the Company and its subsidiaries and affiliates (“Company Group”) that operates its business globally.

Article 3 (Requirements concerning the Independency)

1. In order to secure the outside officer’s independence from the Company Group, each of the following items shall be satisfied.
 - (1) The Outside Director shall have never been an officer, executive officer (“Officer”), accounting advisor, or employee of the Company Group.
 - (2) The outside officer shall not be and have not been over the past five years;
 - a. (i) A major shareholder of the Company Group (a shareholder who holds 10% or more of total voting rights, including indirect holding), or an employee, etc. (i.e., executive Director or employee who executes business) of an organization that is a major shareholder of the Company Group
 - (ii) An employee, etc. of an organization for which the Company Group is a major shareholder (the same shall apply hereinafter)

- b. A main lender of the Company Group (a lender to whom the Company Group owes, at the end of respective fiscal year, the amount equivalent to or more than 2% of the value of the Company's consolidated total assets; the same shall apply hereinafter), or an employee etc. of a main lender of the Company Group (if the main lender is a corporate group, then the group shall satisfy this item; the same shall apply hereinafter)
 - c. An employee, etc. of a lead-manager securities company of the Company Group
 - d. (i) A major business partner of the Company Group (a business partner with 2% or more of consolidated net sales during one fiscal year; the same shall apply hereinafter) or an employee, etc. of a major business partner
(ii) A person for whom the Company Group is a major business partner or an employee, etc. of an organization for whom the Company Group is a major business partner
 - e. A person belonging to the auditing firm that is the Accounting Auditor of the Company Group
 - f. A person who receives from the Company Group large amounts of money or other financial assets (10 million yen or more in one fiscal year) as a consultant, accounting specialist or legal expert besides the remunerations as an outside Director, or a person belonging to an organization that receives large amounts of money or other financial assets (1% or more of net sales for one fiscal year of the aforesaid organization) from the Company Group
 - g. A person who receives a large donation (10 million yen or more in one fiscal year) from the Company Group or a person belonging to an organization that receives a large donation from the Company Group
 - h. A person in a reciprocal relationship with the Company Group concerning the status as officers
- (3) The outside officer shall not be a close relative (i.e., spouse or relative within two degrees of kinship) of the following persons.
- a. A person who is currently or was an officer or important employee of the Company Group
 - b. A person who falls under any items listed in Sub-paragraph (2), Paragraph 1 of Article 3 (excluding unimportant employees and those who belong to such an organization)
2. Notwithstanding the Paragraph above, if a person is recognized as not having any conflict of interest with ordinary shareholders were the person to become an outside Director, and unanimously agreed by other outside Directors who satisfy the requirement stipulated in the Paragraph above, such person may be appointed outside Director, pursuant to the Companies Act. In this case, such facts and the reasons for appointment shall be stated in the Reference Documents for General Meeting of Shareholders, the Securities Report and other relevant documents.

[Incentives]

| | |
|---------------------------------------------------------------|--------------------------------------------------------------------------------|
| Implementation of measures to provide incentives to Directors | Introduction of a performance-linked compensation plan and stock option system |
|---------------------------------------------------------------|--------------------------------------------------------------------------------|

Supplemental Remarks on This Item

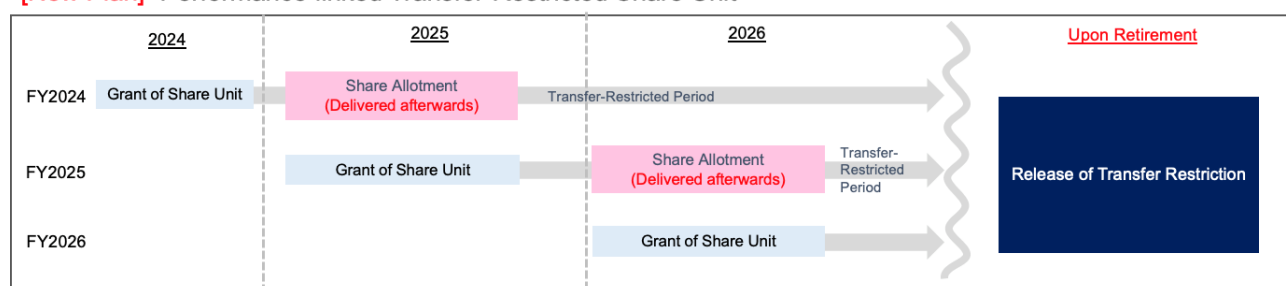
The 70th Ordinary General Meeting of Shareholders held on March 22, 2024 revised the Restricted Share Compensation plan. The content of this plan is as follows.

[Reference] Revisions from the Current Transfer-Restricted Share Compensation Plan

| | Current | After Revision |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Type | Performance-linked transfer-restricted shares | Performance-linked transfer-restricted share units* |
| Timing of granting shares | In advance | After the performance of each fiscal year is fixed |
| Voting rights while the Plan is in operation | Yes | During the share unit period: No After allotment of shares: Yes |
| Dividends | Yes | During the share unit period: No After allotment of shares: Yes |
| Timing of releasing the transfer restriction | After achieving the performance criteria, and after a certain period of employment with the Company | Upon retirement |

*Share unit: Share unit means the right to receive the Company's transfer-restricted shares after performance of each fiscal year is fixed.

[New Plan] Performance-linked Transfer-Restricted Share Unit



Specific contents and the total number of Performance-linked Restricted Shares allotted to the eligible Directors of the Company

1. Allotment and payment of Performance-linked Restricted Shares

The Company shall, setting each fiscal year as performance evaluation period (hereinafter referred to as the "Subject Period"), pay monetary compensation claims within the range of the above-mentioned annual amount to the eligible Directors as compensation regarding Performance-linked Restricted Shares, in proportion to the degree of achievement of consolidated sales and operating income ratio, and other indicators provided by the Company's Board of Directors during such Subject Period, and the eligible Directors shall receive allotment of Performance-linked Restricted Shares, by conferring all of such monetary compensation claims through contribution in kind. Therefore, at the beginning of the Subject Period, it has not been determined whether monetary compensation claims will be paid to the eligible Directors, or the number of

shares to be delivered (hereinafter referred to as the “Number of Shares to be Delivered”).

The amount to be paid in for Performance-linked Restricted Shares shall be determined by the Board of Directors of the Company based on the closing price of the Company's common shares at the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors of the Company regarding the issuance or disposal of such shares (or, if no trading is effected on that date, the closing price on the immediately preceding trading day), within an amount not particularly favorable to the Directors who will subscribe for such shares.

In addition, the above-mentioned monetary compensation claims shall be paid on the condition that the Company's Directors agree to the above-mentioned contribution in kind and that the Performance-linked Restricted Share Allotment Agreement including the details set forth in (2) below has been executed.

The initial Subject Period is from January 1, 2024 to December 31, 2024, and subsequently, for each fiscal year, the Company may allot Performance-linked Restricted Shares with the corresponding period as a new Subject Period.

2. Total number of Performance-linked Restricted Shares

The maximum total number of Performance-linked Restricted Shares to be allotted to the Company's eligible Directors in each fiscal year shall be 900,000 shares.

However, in case of a stock split of common shares of the Company (including a gratuitous allotment of common shares of the Company) or a reverse stock split after the date of resolution of this agenda item, or in other cases that the total number of restricted shares to be allotted require adjustment pursuant to such cases, the total number of such restricted shares may be adjusted in a reasonable manner.

3. Calculation method of the number of shares to be delivered

The Board of Directors of the Company shall determine indicators required for specific calculation of the number of shares to be delivered, including numerical targets to be used in the allotment of Performance-linked Restricted Shares, etc.

After the end of the Subject Period, the number of shares to be delivered to the eligible Directors shall be determined in proportion to the degree of achievement of the Company's consolidated sales and operating income ratio and other indicators determined by the Board of Directors of the Company during such Subject Period, in accordance with the following formula (any fraction less than 1 share will be rounded up to the nearest one share).

By allotting the Performance-linked Restricted Shares according to the number of shares to be delivered which are calculated based on the formula for eligible Directors, if the number or amount of Performance-linked Restricted Shares to be allotted to the Subject Director exceeds the above-mentioned total number of Performance-linked Restricted Shares or the total amount of monetary compensation claims to be paid, the number of Performance-linked Restricted Shares to be allotted to each Subject Director and the total amount of monetary compensation claims shall be adjusted by a reasonable method determined by the Board of Directors of the Company, such as proportional distribution, to the extent not exceeding such total number and total amount.

Number of shares to be delivered to each Subject Director

Standard number of shares to be delivered (*1) × Achievement rate (*2)

*1 The Board of Directors of the Company shall determine the number in accordance with the subject Director's position, duties, etc.

*2 The Board of Directors of the Company shall determine the achievement rate of each numerical target, etc., for each Subject Period within the range of 0 to 150%.

4. Requirements for delivery

During the duty performance period subject to allotment of Performance-linked Restricted Shares (from January 1 to December 31) (hereinafter referred to as the “Subject Duty Performance Period”), if any of the following causes for loss of rights occurs regarding each Subject Director, such Subject Director shall lose the right to receive Performance-linked Restricted Shares, and the Company shall neither pay monetary compensation claims nor deliver Performance-linked Restricted Shares to such Subject Director.

- (i) The Subject Director resigns or retires from any position as a director, executive officer or employee of the Company or its subsidiaries (except when the Subject Director assumes or is reappointed to any of these positions upon resignation or retirement, or when the Subject Director’s term of office expires or for any other reason deemed justifiable by the Board of Directors, or due to death.)
- (ii) Certain illegal acts
- (iii) Occurrence of any event that falls under any of the other grounds set forth by the Board of Directors of the Company

If each Subject Director resigns from a position of director of the Company or its subsidiaries for reasons deemed justifiable by the Board of Directors of the Company and assumes positions other than director of the Company or its subsidiaries during the Subject Duty Performance Period, the Company shall deliver the number of Performance-linked Restricted Shares reasonably adjusted in accordance with the period during which he/she held the position of Director of the Company and its subsidiaries. In addition, if, during the same period, each Subject Director resigns or retires from his/her position as director, executive officer or employee of the Company or its subsidiaries due to the expiration of his/her term of office or other reasons deemed justifiable by the Board of Directors, or due to death, or if the Company enters into a merger agreement or other reorganization in which the Company becomes an extinct company, the Company shall deliver reasonably determined amount of money instead of Performance-linked Restricted Shares.

5. Details of the Performance-linked Restricted Share Allotment Agreement

Upon allotment of Performance-linked Restricted Shares, the Restricted Share Allotment Agreement shall be made and entered into by between the Company and a Director who will receive allotment thereof pursuant to a resolution of the Board of Directors of the Company. The agreement shall include the following details:

(1) Details of restrictions on transfer

Directors who have received the allotment of Performance-linked Restricted Shares may not transfer to any third party, establish the right of pledge on, creation of mortgage on, donate inter vivos, bequeath or otherwise dispose of such Performance-linked Restricted Shares (hereinafter referred to as the “Allotted Shares”) during the period from the date of delivery thereof to the time of resignation or retirement from any of the position as director, executive officer or employee of the Company or its subsidiaries (hereinafter referred to as the “Restricted Transfer Period”).

(2) Gratuitous acquisition of Performance-linked Restricted Shares

If a Director who received the allotment of Performance-linked Restricted Shares resigns or retires from any of the position as a director, executive officer or employee of the Company or its subsidiaries prior to the expiration of the Restricted Transfer Period, the Company shall, as a matter of course, acquire gratuitously the Allotted Shares, unless there is a reason that the Board of Directors of the Company deems justifiable.

In addition, if any portion of the Allotted Shares has not been released from the restrictions on transfer in accordance with the provisions of (3) below as the grounds for release from the restrictions on transfer at the time of expiration of the Restricted Transfer Period set forth in the above-mentioned (1), the Company shall, as a matter of course, acquire gratuitously such Allotted Shares.

(3) Release from the restrictions on transfer

The Company shall release the restrictions on transfer of the whole of Allotted Shares at the expiration of the Restricted Transfer Period, on condition that a Director who received allotment of Performance-linked Restricted Shares held continuously any of the position as director, executive officer or employee of the Company or any of its subsidiaries during the Restricted Transfer Period.

However, if such Director resigns or retires from any of the position as a director, executive officer or

employee of the Company or its subsidiaries prior to the expiration of the Restricted Transfer Period for reasons deemed justifiable by the Board of Directors of the Company, the number of the Allotted Shares to be released from the restrictions on transfer and the timing of the release therefrom shall be reasonably adjusted as necessary.

(4) Treatment in reorganization, etc.

If, during the Restricted Transfer Period, any agenda item regarding a merger agreement under which the Company becomes an extinct company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary, or other reorganization, etc. is approved at a General Meeting of Shareholders of the Company (or the Board of Directors of the Company, if approval by a General Meeting of Shareholders of the Company is not required for such reorganization, etc.), the number of the Allotted Shares to be released from the restrictions on transfer and the timing thereof shall be reasonably adjusted by resolution of the Board of Directors of the Company, as necessary.

(5) Other matters to be determined by the Board of Directors

Other matters regarding the Performance-linked Restricted Share Allotment Agreement shall be determined by the Board of Directors of the Company and such matters shall be included in the Performance-linked Restricted Share Allotment Agreement.

| | |
|---------------------------------------------|-------------------------------------------------------------------------------------|
| Personnel eligible to receive stock options | Internal Directors, Directors of Subsidiaries, Employees of Subsidiaries, Others |
|---------------------------------------------|-------------------------------------------------------------------------------------|

Supplemental Remarks on This Item

At the 59th Ordinary General Meeting of Shareholders held on June 21, 2013, it was approved to allot stock acquisition rights as stock compensation-type stock options to the Directors of the Company (excluding Outside Directors). The details of the plan are as follows.

Note that no new stock compensation-type stock option has been issued to the Directors of the Company after the introduction of Restricted Share Compensation plan in 2019.

1. Class of shares subject to the stock acquisition rights Ordinary shares

2. Number of shares

The total number of the Stock Acquisition Rights allotted to Directors within one year from the date of an Ordinary General Meeting of Shareholders of each business year shall not exceed 1,500. The number of shares subject to each Stock Acquisition Right shall be 100.

Note that the Company shall adjust the number of shares as deemed necessary if the Company's common shares are split or consolidated (including allotment of the Company's common shares without consideration).

3. Payment at the time of Exercising the Stock Acquisition Rights

The amount to be paid upon the exercise of the Stock Acquisition Rights shall be 1 yen per share granted times the number of the shares granted.

4. Exercise Period of the Stock Acquisition Rights

The exercise period shall start from the date following three years past the allotment of the Share Acquisition Rights to the date within 30 years from the date following the allotment and as determined by the Board of Directors.

5. Conditions for Exercising the Stock Acquisition Rights

Conditions for exercising the Stock Acquisition Rights shall be determined by the Board of Directors meeting at which offering of the Share Acquisition Rights is determined.

6. Matters concerning Transfer of the Share Acquisition Rights

Acquiring the Share Acquisition Rights by transfer requires approval by the resolution of the Board of Directors.

[Compensation of Directors]

| | |
|------------------------------------------------------|------------------------------------------------------------------------|
| Disclosure (of compensation of individual Directors) | The amount of compensation for some individual Directors is disclosed. |
|------------------------------------------------------|------------------------------------------------------------------------|

Supplemental Remarks on This Item

With respect to the persons who receive a total of 100 million yen or more as compensation, etc., the total amount and breakdown of compensation, etc. for such persons are described in the Annual Securities Report.

| | |
|----------------------------------------------------------------------------------------------|-----|
| Are there decision-making policies relating to compensation amounts and calculation methods? | Yes |
|----------------------------------------------------------------------------------------------|-----|

Disclosure of Decision-making Polices Relating to Compensation Amounts and Calculation Methods

Matters relating to resolutions of the Ordinary General Meeting of Shareholders on the Compensation, etc. of Directors

(i) a. Compensations for Directors (excluding those who are Audit & Supervisory Committee members) is no more than 800 million yen per year (100 million yen for Outside Directors) as approved at the 66th Ordinary General Meeting of Shareholders held on March 27, 2020. The amount of such Compensations does not include employee salaries for Directors who are also employees. The number of Directors (excluding those who are Audit & Supervisory Committee) eligible for such Compensation at the conclusion of the Ordinary General Meeting of Shareholders is five (including three Outside Directors).

b. Furthermore, the Company provides the Directors (excluding those who are Audit & Supervisory Committee and Outside Directors) with monetary compensation claims not exceeding the amount of compensation abovementioned as compensation concerning Restricted Shares, based on the resolution of the 70th Ordinary General Meeting of Shareholders held on March 22, 2024. The maximum total number of Restricted Shares to be allotted by contribution of such monetary compensation claims in kind is 900,000 shares per year.

The number of Directors (excluding those who are Audit & Supervisory Committee and Outside Directors) eligible for such Compensation at the conclusion of the Ordinary General Meeting of Shareholders is two.

(ii) The amount of compensation for Directors who are Audit & Supervisory Committee members shall be determined by consultation of Directors who are Audit & Supervisory Committee members within the compensation range (within 80 million yen per year) approved at the 66th Ordinary General Meeting of Shareholders held on March 27, 2020. The number of Directors (the Audit & Supervisory Committee members) eligible for such Compensation at the conclusion of the Ordinary General Meeting of Shareholders is three.

Policy regarding determination of each Director's Compensation

1. Basic Policies regarding Compensation, etc. for individual Directors (excluding those who are Audit & Supervisory Committee members)

The Company shall have a compensation system for Directors (excluding those who are Audit & Supervisory Committee members) that provides them with incentives to contribute to the sustainable growth of the Company and ensure fairness and transparency in determining compensation for Directors, respecting the opinions of the Nominating and Compensation Committee, to the extent described above in (i) of "Matters relating to resolutions of the Ordinary General Meeting of Shareholders on the Compensation of Directors".

Based on this policy, the Company, at the Board of Directors' Meetings held on February 18, 2021 and on January 24, 2023, established the following policy regarding determination of each Director's compensation pursuant to the provision of Article 361, Paragraph 7 of the Companies Act.

In addition, the Board of Directors has determined that each Director's Compensation, etc. for the current fiscal year is in line with such policy, having ensured that the method of determining the details of Compensation and the details of Compensation determined are consistent with such policy and that the opinions of the Nomination and Compensation Committee have been respected.

2. Outline of policies on determining components (ratio) and details of compensations, etc. for respective Directors (excluding those who are Audit & Supervisory Committee members) and details of each compensation

(1) Compensation, etc. for Executive Directors

Compensations for Executive Directors are composed of the fixed compensation, performance-linked bonus, and the Restricted Share Compensation Plan, and the level of the overall compensations shall be determined appropriately taking into consideration the market level. The ratio of the performance-linked bonus and the Restricted Share Compensation Plan shall be set so that such ratio will be greater as their degree of contribution to the business performance becomes larger in line with their job responsibilities and roles, and the details of each compensation, etc. shall be determined as follows:

(i) Basic compensation (for a single fiscal year)

It is a monetary compensation paid monthly in the fixed amount as determined based on the range of compensation amounts set according to grades, considering the market standard and inflation rate.

(ii) Performance-linked bonus (for a single fiscal year)

It is a monetary compensation paid annually at a certain time as a general rule to provide with incentives to improve corporate value, which is calculated in accordance with each individual's quantitative and qualitative evaluation.

The quantitative evaluation takes into account each individual's performance index (operating income ratio and net sales), and the qualitative evaluation takes into account the rate of achieving the targets set for each individual.

If the level of achieving quantitative targets is below the level set by the Board of Directors, the performance-linked bonus is not paid.

In addition to the performance-linked bonus mentioned above, the Company pays profit-share type bonus to reimburse a part of its income if a certain criteria set by the Board of Directors (consolidated net income after tax that exceeds the target cost of capital and consolidated operating income that exceeds the previous year) is achieved.

(iii) Restricted share compensation (medium- to long-term)

It is a compensation paid in share in order for Directors to share benefits with shareholders and provide them with incentives to contribute to the sustainable growth of the Company and improve corporate value. Upon resolution by the Board of Directors, annually at a certain time of a year as a general rule, the Company allots shares of the number in proportion to the degree of achievement are allotted, but with transfer-restriction period that lasts until retirement from Officer, provided in accordance with the degree to which actual record targets (operating income ratio, net sales, ROA) are achieved. Target achievement rate shall be 70% - 150%, and if it is below 70%, shares will not be allotted.

(2) Compensation, etc. for Non-Executive Directors

Compensations for Non-Executive Directors are composed of the fixed compensation only.

3. Compensations, etc. for Audit & Supervisory Committee members

Compensation for Audit & Supervisory Committee members shall be composed solely of basic compensation, to the extent described above in (ii) of "Matters relating to resolutions of the Ordinary General Meeting of Shareholders on the Compensation of Directors".

[Support System for Outside Directors]

(Outside Directors excluding Audit & Supervisory Committee members)

The Board of Directors Secretariat performs administration for the Board of Directors meetings as well as communication with Outside Directors.

(Outside Directors who are Audit & Supervisory Committee members)

To assist with the performance of duties by Audit & Supervisory Committee members, the Audit & Supervisory Committee Secretariat has been established under the Audit & Supervisory Committee.

The Audit & Supervisory Committee Secretariat may, based on instructions from Audit & Supervisory Committee members, request each department or each subsidiary to provide necessary information for an audit by Audit & Supervisory Committee members.

The Audit & Supervisory Committee Secretariat communicates and coordinates with the Internal Audit Department and the audit & supervisory board members of subsidiaries based on instructions from Audit & Supervisory Committee members and assists with the sharing of information on audits and supervision.

[Status of Persons Who Have Retired as President and Representative Director, etc.]

Name, etc. of the Consultants, Advisors, etc. who Formerly Served as President and the Representative Director, etc.

| Name | Title and position | Content of duties | Type and conditions of employment (full-time, part-time, paid or unpaid, etc.) | Date of retirement as President, etc. | Term of office |
|-------------|--------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------|----------------|
| Motoi Oyama | Advisor | Advises on or supports solving various management problems of the Company | Part-time | March 22, 2024 | 1 year |

Total number of consultants, advisors, etc. who formerly served as President and the Representative Director, etc.

1

Other Matters

The Company may appoint a person who has retired from the office of Director as a consultant or advisor (hereinafter “Consultant, etc.”) in accordance with the internal rules.

Duties of a Consultant, etc. are to provide advice or support to solve various management problems of the Company upon request by President. A Consultant, etc. is not required to attend Board of Directors meetings after retiring from the position of a Director.

The appointment of a Consultant, etc. is determined by a resolution of the Board of Directors, respecting the opinions of the Nomination and Compensation Committee to ensure fairness and transparency in the procedure.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nominating and Compensation Decisions, etc. (Overview of Current Corporate Governance System)

The Board of Directors consists of eight Directors (including five Outside Directors), and The Board clearly sets forth the responsibilities of each Director, and the procedures for the performance of their duties in the Rules on the Segregation of Duties and the Limits of Authority or by the assigning of duties to Directors, etc. The Board of Directors also ensures that the Representative Director, and Executive Officers perform their duties.

Based on the long-term vision and the mid-term plan established by the Board of Directors and the management plan for each business year, the Representative Director and Executive Officers set objectives for the whole company and also detailed objectives for each department and each subsidiary, and manage the achievement of objectives on a monthly and quarterly basis.

The Board of Directors is held regularly to determine matters that legally require a resolution of the Board of Directors, important management policies of the Group, and important operational performance issues, as well as supervise the performance of duties by the Representative Director and Executive Officers.

In order to discuss the matters requiring a resolution of the Board of Directors and other important management issues of the Group, as well as to enhance the functions of the Board of Directors and achieve a flexible management decision-making system, the Company holds an Executive Board meeting regularly that includes Chairman, President, Executive Officers, Senior General Managers and those who are appointed by President.

In addition, a “Global Summit” is held twice a year, which is attended by all of the Officers of the Headquarter and CEO of all regional business companies to discuss overall optimization from a global perspective. In order to respond to the expansion of our business and changes in the global management environment, the Company aims to accelerate management and strengthen systems for business operations by using the Global Summit or the executive officer system. There are twenty-one Executive Officers.

The Company is one with Audit & Supervisory Committee, and two out of three Directors who are Audit & Supervisory Committee members are Outside Directors.

Audit & supervisory committee members identify the overall status of the Group’s corporate management by attending important meetings such as meetings of the Board of Directors, the Executive Board and the Risk Management Committee, by exchanging information with the Group’s officers and employees, and by reading internal approval documents and reports, etc. In addition, the Audit & Supervisory Committee consults with Accounting Auditors as necessary and receive necessary reports on the following matters from Directors (excluding those who are Audit & Supervisory Committee members) or the Board of Directors as necessary:

- Misconduct by Directors and employees in the course of their duties, violations of the law and the Company’s Articles of Incorporation, and other compliance issues;
- Facts that may cause serious loss or damage to the Company;
- Important information to be disclosed; and
- Matters of which the Global Whistleblowing System has been informed.

The Company has executed an audit agreement with Ernst & Young Shin Nihon LLC and receives an Accounting Audit. The name of the certified public accountants who performed the duties, name of their audit corporation, and the number of years of continuous audit are as follows:

Number of years of continuous audit: 60 years

The above number of years of continuous audit is a period trackable by the Company, and the actual number of years of continuous audit may exceed the above period

Designated limited liability partner and executive partner Certified Public Accountant Naotaka Sasayama

Designated limited liability partner and executive partner Certified Public Accountant Daiji Tokuno

Composition of assistants for Accounting Audit operations: 11 certified public accountants and 34 others.

3. Reasons for Selecting the Current Corporate Governance System

The Company adopts a company with Audit & Supervisory Committee, promoted prompt decision making by clearly separating the supervision and execution functions of management, and increased the vigilance of management and strengthening the supervisory function of the Board of Directors with Outside Directors holding the majority.

Based on the responsibilities and accountability entrusted to it by the shareholders, the Company's Board of Directors, in addition to executing important businesses, supervises business execution mainly through the actions of the Independent Outside Directors in order to realize the sustainable growth of the Company and to increase corporate value in the medium- and long-term. The Board of Directors consists of nine Directors, the majority, six, of which is Outside Directors. Note that the term of office is one year for Directors (excluding those who are Audit & Supervisory Committee members) and two years for Directors who are Audit & Supervisory Committee members in order to clarify the management liability of each Director and establish a management system that swiftly responds to changes in the business environment.

The Company's Audit & Supervisory Committee undertakes the following roles from an independent and objective standing, in light of its fiduciary duty to the shareholders. The Audit & Supervisory Committee consists of three members, and the majority, two, of which are Independent Outside Directors, to further enhance auditing and supervising functions.

- (i) Audit and supervision of execution of duties of the Board of Directors and Executive Officers;
- (ii) Determination of opinions on the appointment and dismissal of Directors (excluding those who are Audit & Supervisory Committee members) or on their Compensation, etc.
- (iii) Determination of the content of proposals concerning the appointment, dismissal, and non-reappointment of Accounting Auditor; and
- (iv) Exercising the authorities relating to audit compensation.

The Board of Directors adopts a resolution to nominate and compensate Directors and Executive Officers respecting the opinions of the Nomination and Compensation Committee. The majority of the members of the Nomination and Compensation Committee are Independent Outside Directors to ensure fairness and transparency. The Chairperson is appointed from among Independent Outside Directors by a resolution of the Nomination and Compensation Committee.

III. Implementation Status of Measures Concerning Shareholders and Other Interested Parties

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

| | Supplemental remarks |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Early sending of the notice of convocation of the General Meeting of Shareholders | The notice of convocation of the General Meeting of Shareholders is sent three weeks prior to the date set for the meeting, and the relevant disclosure is made on the Company's website and the Tokyo Stock Exchange's website four weeks before the date. |
| Avoidance of a peak day when scheduling the General Meeting of Shareholders | In 2024, the General Meeting of Shareholders was held on March 22. |
| Electronic voting | The Company has adopted electronic voting since the 59th Ordinary General Meeting of Shareholders (in June 2013). |
| Participation in the Electronic Voting Platform and other measures to improve the environment in which institutional investors can exercise their voting rights | The Company has registered with the Electronic Voting Platform managed by ICJ, Inc. since the 59th Ordinary General Meeting of Shareholders (in June 2013). |
| Provision of a convocation notice (summary) in English | It is posted on the Company's website and registered with the Tokyo Stock Exchange. |

2. IR-related Activities

| | Supplemental remarks | Explanation by the representative |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Preparation and publication of the disclosure policy | The Company determines the Basic Disclosure Principle and publishes it on its website. | |
| Regular briefing sessions for individual investors | The Company holds a briefing session for individual investors. | Yes |
| Regular briefing sessions for analysts and institutional investors | The Company holds a briefing session for institutional investors and securities analysts after publishing the results of the term-end settlement of accounts and the second-quarter settlement of accounts. | Yes |

| | | |
|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Posting of IR materials on website | The Company posts the information on settlement of accounts (in Japanese and English), materials to be disclosed in a timely manner other than the information on settlement of accounts (in Japanese and English), annual securities reports, integrated reports (in Japanese and English), etc. | |
| Establishment of IR-related department (person in charge) | IR Team of Finance Department | |

3. Measures for Respecting the Position of Stakeholders

| | Supplemental remarks |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Provisions of the Internal Rules, etc. concerning due respect for the position of stakeholders | The Company has stipulated respect for the position of stakeholders in the ASICS CSR Policy, the ASICS Global Code of Conduct, and the Basic Policy on Corporate Governance. |
| Implementation of environment preservation activities, CSR activities, etc. | The Company has prepared a sustainability report describing the content of environment preservation activities and corporate social responsibility and has posted the report on its website. |
| Formulation of policies on the provision of information to stakeholders | The Company has determined the policy, etc. for providing information to stakeholders in the ASICS Global Code of Conduct, the Basic Policy on Corporate Governance, and the Basic Disclosure Principle, and has posted it on its website. |
| Other | <p>(Promotion of Diversity, Equity and Inclusion)</p> <p>By promoting diversity, equity, and inclusion, in which employees recognize and make the most of each other's differences, the Company Group aims not only to provide better products and services to customers with diversifying needs, but also to develop systems and human resources that allow each employee to maximize his or her abilities and to leverage diversity for sustainable growth. In addition, the Company has established the Global DE&I Steering Committee, which develops the Group-wide DE&I strategies and sets policies and supports implementation of each strategy.</p> <ol style="list-style-type: none"> (1) To utilize varied human resources as power for innovation. (2) To develop a culture in which different opinions are appreciated and encouraged. (3) To revitalize of human resources by increase the ratio of female managers to 40.0% |

IV. Matters Related to Internal Control Systems

1. Basic Approach and Development and Operation Status Related to the Internal Control

The Group maintains and develops the following systems to ensure the appropriateness of its operations in accordance with the following, which collectively form the basis of the Company's corporate philosophy: the ASICS SPIRIT, the ASICS Corporate Social Responsibility Policy and ASICS Basic Policy on Corporate Governance and based on the Companies Act, and the Ordinance of Enforcement of the Companies Act.

1. Basic Policy on Corporate Activities

The Group operates its business with the objective of realizing its vision, "Create Quality Lifestyle through Intelligent Sport Technology," which is based on the Company's business philosophy as described in the ASICS SPIRIT, "Anima Sana In Corpore Sano (a sound mind in a sound body)," and the following corporate philosophy:

- Provide valuable products and services through sport to all our customers;
- Fulfill our social responsibility and help improve conditions for communities around the world;
- Share profits brought by our sound services with our shareholders, communities and employees; and
- Maintain a spirit of freedom, fairness and discipline, respectful of all individuals.

2. Ensuring that the Performance of Duties by the Group's Directors and Employees Complies with the Law and the Company's Articles of Incorporation

Based on the basic policy above, the Group has sets forth its ideal for corporate behavior in the ASICS Corporate Social Responsibility Policy mainly with regard to compliance and corporate ethics, and also has provided the ASICS Global Code of Conduct and the Global Policies which regulate the behaviors of individual officers and employees. These policies and code are the basis for our achieving corporate behavior that can be accepted and respected by people all over the world.

In order to ensure compliance with the ASICS Corporate Social Responsibility Policy, the ASICS Global Code of Conduct and the Global Policies, the Compliance Committee both comprehensively and cross-departmentally manages compliance measures of the Group under the Global Compliance Policy, supports officers and employees in operating in an appropriate manner, and gives education and guidance through training and other means.

The Internal Audit Department is directly controlled by President of the Company and audits the status of compliance of the Group individually or in cooperation with Audit & Supervisory Committee members and the Accounting Auditor, and reports the result directly to President, the Directors, Executive Officers, and the Audit & Supervisory Committee, or Audit & Supervisory Committee members selected by the Committee ("Selected Audit & Supervisory Committee Members").

The Group has established a Global Whistleblowing System under the Global Policy on Protected Disclosure (Whistleblowing). Officers, employees and business partners who have become aware of any act violating the ASICS Corporate Social Responsibility Policy, the ASICS Global Code of Conduct or the Global Policies, or of any other important compliance-related matter can directly send information to and consult with the internal or external contact via e-mail, telephone or in writing and so forth.

In response to the internal or external contact then the Compliance Committee will investigate promptly and takes corrective actions. The Compliance Committee reports the situation to the Audit & Supervisory Committee or the Selected Audit & Supervisory Committee Members. Furthermore, the Company takes care to ensure that people providing it with information are not mistreated.

In addition, the Group will never enter in any form of relationship whatsoever with anti-social forces and other organizations that threaten public order and safety.

3. Ensuring the Efficient Performance of Duties by the Group's Directors, etc.

The Board of Directors clearly sets forth the responsibilities of each Director, and the procedures for the performance of their duties in the Rules on the Segregation of Duties and the Limits of Authority or by the assigning of duties to Directors, etc. The Board of Directors also ensures that the Representative Director and Executive Officers etc. perform their duties.

Based on the long-term vision and the mid-term plan established by the Board of Directors and the management plan for each business year, the Representative Director and Executive Officers set objectives for the whole company and also detailed objectives for each department and each subsidiary, and manage the achievement of objectives on a monthly and quarterly basis.

The Executive Board Meeting is held regularly to determine certain matters that legally require a resolution of the Board of Directors, important management policies of the Group, and important operational performance issues, as well as supervise the performance of duties by President and Executive Officers.

In order to discuss in the matters requiring a resolution of the Board of Directors and other important management issues of the Group, as well as to enhance the functions of the Board of Directors and achieve a flexible management decision-making system, the Company holds an Executive Board meeting regularly that includes Chairman, President, Executive Officers, Senior General Managers and those who are appointed by President.

In addition, "Global Summit" is held twice a year, where all of the Officers of the Headquarter and CEO of all regional business company participate in to discuss the overall optimization from the global viewpoint. In order to respond to the expansion of our business and changes in the global management environment, the Company aims to accelerate management and strengthen systems for business operations by using the Global Summit and the executive officer system.

4. Rules on Crisis and Risk Management of the Group

Pursuant to the Risk Management Policy, the Group has established the Risk Management Committee chaired by President and the Risk Management Team. To avoid crisis and mitigate losses arising from it, the Risk Management Committee manages the risks comprehensively by identifying business risk that needs to be dealt with priority and assigning the division in charge. The Committee reports its activities to the Board of Directors twice a year. The Risk Owners, appointed by each division, lead to mitigate the assigned risks and manage their progress. The Risk Management Team monitors the effectiveness and appropriateness of our Risk Management operations.

The Group appoints an Officer in charge of crisis management in accordance with the Crisis Management Policy. When the Officer in charge of crisis management becomes aware of an incident and accident that can potentially develop into a crisis, the Officer promptly reports it to Chairperson and President in the methods and procedures provided in such Policy and establishes a Crisis Management Center depending on the emergency level predetermined in such Policy.

The Officer in charge of crisis management decides anti-crisis measures and communication strategies, and so forth, and supervises negotiations with external bodies and publication, and directs the implementation of measures to deal with the crisis and remedial measures.

The Internal Audit Department periodically audits the risk management status.

5. Storage and Management of Information on the Performance of Duties by the Group's Directors

The Group stores information on the performance of duties, minutes and relevant materials, and other important information and documents in accordance with the law and internal rules. These documents are always available to Directors, the Audit & Supervisory Committee, and the Selected Audit & Supervisory Committee Members.

Information management is performed in accordance with the Global Information Security Policy and other internal rules on information management.

Under the Limits of Authority, certain matters are approved through *ringi*, a process in which an internal memo is circulated to the Board of Directors and other persons with approval authority, who then authorize the matter in question by signing off on it. In regards to such matters, the Group has created a computerized system that visualize contents of application and situation of decision, and also stores records of approvals by those with approval authority as electronic data.

6. Ensuring the Appropriate Performance of Operations by the ASICS Group

The directors, auditors and heads of each department for each Group company are assigned from the Company's Executive Officers or heads of departments. This is done so that the Group companies operate in an appropriate manner and so that the group can exert its strength collectively and that such strength is controlled. Group companies may make decisions on important matters at their respective Board meeting. However, regarding the important matters for the entire Group at a global level and each company's management plan and, the Group companies are required to report to the Company, and obtain the Company's approval. In addition, the representative of each Group company has the authority and responsibility to operate that business efficiently in accordance with the Limits of Authority provided by each company in compliance with the Company's standards, but each Group company president must report to the Company itself and obtain its approval on individual important issues whose reporting is required by the Company.

The Internal Audit Department conducts internal audits on the status of control over the general operations of the Group, and reports its audit results directly to President, the Directors, Executive Officers, and the Audit & Supervisory Committee or the Selected Audit & Supervisory Committee Members.

Furthermore, in order to ensure the appropriateness of financial reporting, the Company has developed and maintains an internal control system for the Group's financial reporting, carries out regular and continuous assessments of this system's operations, and has established mechanisms for the maintenance and improvement of the system.

7. Employees Requested to Assist with the Audit & Supervisory Committee' Duties and the Independence of Such Employees from Directors (Excluding Those Who Are Audit & Supervisory Committee Members), etc.

To assist the performance of duties of the Audit & Supervisory Committee Members and the Audit & Supervisory Committee, the Audit & Supervisory Committee Office has been established under the Audit & Supervisory Committee.

The Audit & Supervisory Committee Office may, based on instructions from the Audit & Supervisory Committee, request each department or each subsidiary to provide necessary information for an audit. The Audit & Supervisory Committee Office liaise with and makes adjustments between the Internal Audit Department and the audit & supervisory board members of subsidiaries based on instructions from the Audit & Supervisory Committee and assists with sharing information on audits.

An employee of the Audit & Supervisory Committee Office is not subject to the instructions and orders of any Director (excluding those who are Audit & Supervisory Committee members) regarding the operations within the scope of the order given by the Audit & Supervisory Board Members.

Furthermore, before any such employee is subjected to transfer, personnel evaluation or disciplinary action, the prior approval of Audit & Supervisory Committee is required.

8. Reporting to Audit & Supervisory Committee by the Group's Directors (Excluding Those Who Are Audit & Supervisory Committee members) and Employees, Other reporting to Audit & Supervisory Committee, and Ensuring the Effective Performance of Audit & Supervisory Committee's Duties

The Selected Audit & Supervisory Committee Members identify the overall status of the Group's corporate management by attending important meetings (including those of the Board of Directors, the Executive Board and Risk Management Committee), by exchanging information with the Group's officers and employees, and by reading internal approval documents and reports. Audit & Supervisory Committee also consult with the Accounting Auditor accordingly and receive reports from Directors (excluding those who are Audit & Supervisory Committee members) or the Board of Directors on the matters listed below:

- Misconduct by Directors and employees in the course of their duties, violations of the law and the Company's Articles of Incorporation, and other compliance issues;
- Facts that may cause serious loss or damage to the Company;
- Important information to be disclosed; and
- Matters of which the Global Whistleblowing System has been informed.

The Group has developed a system that enables officers and employees to provide information speedily and seamlessly in response to request from the Audit & Supervisory Committee or the Selected Audit & Supervisory Committee Members, and does not mistreat any officer or employee who has provided information.

Upon request of the Audit & Supervisory Committee or the Audit & Supervisory Committee Members, the Company pays in advance the expenses incurred for the execution of duties by the Audit & Supervisory Committee Members (limited to those in relation to execution of duties of the Audit & Supervisory Committee) (including the expenses incurred for obtaining advices from lawyers, certified public accountants and other external experts), reimburses such expenses and settles the payment of debts.

2. Basic Approach to Excluding Antisocial Forces and Establishment of Relevant Structures

In the ASICS Global Code of Conduct, the Group states “ASICS refuses to have any relationships with antisocial forces or groups that may disturb the order and safety of civil society.” The Compliance Committee supervises it in a comprehensive and cross-sectional manner by ensuring compliance by relevant departments within the Company and cooperation with external expert organizations.

V. Other

1. Anti-takeover Measures

| | |
|------------------------------------|----|
| Adoption of anti-takeover measures | No |
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Supplemental Remarks on This Item

Basic Policy Regarding Control of the Company

(i) Basic Policy Regarding Control of the Company

The Company, as a listed company, respects freedom to trade the shares of the Company on the market. Therefore, the Company does not necessarily reject even the so-called “hostile takeover,” which is carried out without the consent of the Board of Directors, as long as the takeover contributes to the corporate value and the common interests of the shareholders of the Company. The Company considers that the decision whether the shares of the Company should be sold in response to a large-scale purchase, etc. of the Company’s shares by a specific person or not should be in the end entrusted to the shareholders of the Company.

Meanwhile, rooted in the good relationships built with stakeholders, including shareholders, customers, business partners and employees, the Company and the Group considers its strength to be trust in its “technology,” “products,” and when making such judgment, the Company shall take into consideration the opinions of outside professionals, etc. sufficiently assess and examine the provided Necessary Information, and give full respect to the recommendations of the Independent Committee. In addition, except in cases where it is extremely difficult to hold a General Meeting of Shareholders before taking countermeasures, the Board of Directors shall convene a General Meeting of Shareholders to confirm the will of shareholders with respect to such countermeasures. No countermeasures will be taken unless the Company obtains the approval of a majority of the voting rights of the shareholders present at the above meeting to confirm “brand” cultivated over many years in business fields centered on sports, and believes its maintenance and promotion will contribute to ensuring and improving the corporate value and the common interests of the shareholders of the Company. As a result, the Company believes that it would be inappropriate for a person who controls the decision-making of financial and business policies of the Company not to have sufficient information and understanding concerning these matters, since the corporate value and the common interests of the shareholders of the Company that can be realized in the future may be damaged in such case.

(ii) Status of the Company and Measures to Improve Corporate Value

The Company has developed a long-term vision “VISION2030” for a ten-year period to 2030. This pictures the desirable ASICS in the future from a long-term viewpoint.

The founding philosophy of “A sound mind in a sound body.” exactly describes our hope that people all over the world will live mentally and physically healthy lives. The Company is confident that this founding philosophy is, in this changing world, needed even more than ever for society and people.

Keeping this aspiration as the core, the Company will provide products, services, and environments that will contribute to improve physical and mental health from a wider perspective.

Over the next ten years, ASICS plans to grow its business in three business domains: “Product: Personalized products;” “Facility and Community: Best environment and connection with people;” and “Analysis and Diagnosis: Coaching based on personal data.”

All three business domains share common themes, “digital,” “personal,” and “sustainable.” The Company will develop and provide, utilizing evolving “*digital*,” products and services “*personalized*” for individuals, in “*sustainable*” and environment-conscious methods.

Through these three themes, the Company will develop each of the three business domains, which, when overlapped with each other, will create synergy, thereby maximizing their value. The Company envisions to realize healthy and varied lifestyles by providing the value best suited to each of our customers from all perspectives.

Furthermore, targeting beyond 2020, in order to realize ASICS’ vision “Create Quality Lifestyle through Intelligent Sport Technology,” the Company is promoting management reform to improve the mid-long term corporate value by setting new business fields “Training & Service” and “Health” in addition to the existing product field.

The Group aims for corporate governance so that it can continually raise corporate value and realize an expeditious and highly transparent management conducive to a company that can be relied on by all its stakeholders, particularly its shareholders.

As part of this, while working on the development of business management systems, the Group strives for enhancement of supervision and the audit function of corporate management and internal control, the rigorous application of compliance, the improvement of transparency of management activities, and other efforts, and it exercises care to reflect the viewpoint of shareholders in management.

(iii) Measures to prevent control over the Company’s financial and business policies by inappropriate parties in accordance with the Basic Policy Regarding Control of the Company

Although the Company passed a resolution at the Board of Directors Meeting held on January 24, 2023 not to continue “Policy toward Large-Scale Purchase of Shares of the Company” (the “Policy”) and the Policy was abolished at its expiration as of the conclusion of the 69th Ordinary Meeting of Shareholders held on March 24, 2023, if there is any large-scale purchase that may potentially damage the Company’s corporate value and the common interest of the shareholders, the Company will request the large-scale purchaser to provide sufficient time and information necessary for the shareholders to appropriately judge whether or not to approve such large-scale purchase, and will continue to take appropriate measures as necessary from time to time within the scope allowed by the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and orders, respecting the opinions of the independent outside directors.

(iv) The fact that the above measures are taken in accordance with the Basic Policy Regarding Control of the Company and are consistent with the Company's corporate value and common interests of the shareholders of the Company, and are not for the purpose of maintaining the status of the Company's officers

The above measures are taken for the purpose of realizing the above Basic Policy and of improving the Company's corporate value and common interests of the shareholders. Therefore, the Company believes that the above measures are taken in accordance with the Basic Policy Regarding Control of the Company and are consistent with the Company's corporate value and common interests of the shareholders of the Company. They are not for the purpose of maintaining the status of the Company's officers.

2. Matters Related to the Corporate Governance System, etc.

(Outline of the Timely Disclosure System)

The Company's internal system for timely disclosure of corporate information is described in the Basic Disclosure Principle as follows:

I. Basic Principle

The Company has established the Basic Disclosure Principle and the Disclosure Policy and ensures timely, correct and fair release and disclosure of company information from the viewpoints of all stakeholders, including but not limited to shareholders and investors, for the purpose of compliance with the Companies Act, the Financial Instruments and Exchange Act, the rules stipulated by the Tokyo Stock Exchange, and other laws and regulations relating to the disclosure of company information. In addition to disclosure required by the laws and regulations and other applicable rules, the Company also ensures timely and appropriate release and disclosure of information that has material influence on investment decisions and/or is beneficial to stakeholders.

II. Disclosure Committee

The Company has established the Disclosure Committee chaired by the Disclosure Officer, to manage and disclose material information in an integrated manner. The responsibilities and duties of the Disclosure Committee are as follows:

- to establish the Group level strategies concerning release and disclosure of information;
- to ensure the establishment and operation of an information disclosure system pursuant to the Basic Disclosure Principle and the Disclosure Policy; and
- to propose revision and abolishment of the Basic Disclosure Principle and the Disclosure Policy.

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III. Methods of Disclosure

1. Disclosure of Timely Disclosure Information

Pursuant to the Disclosure Policy, Disclosure Officer will determine whether or not certain information reported by the Information Manager of the Company division or a Group company constitutes Timely Disclosure Information. Then, in case of applicable, Disclosure Officer makes timely disclosure with the approval of President or the Board of Directors and the Management Meeting.

2. Disclosure of Information other than Timely Disclosure Information

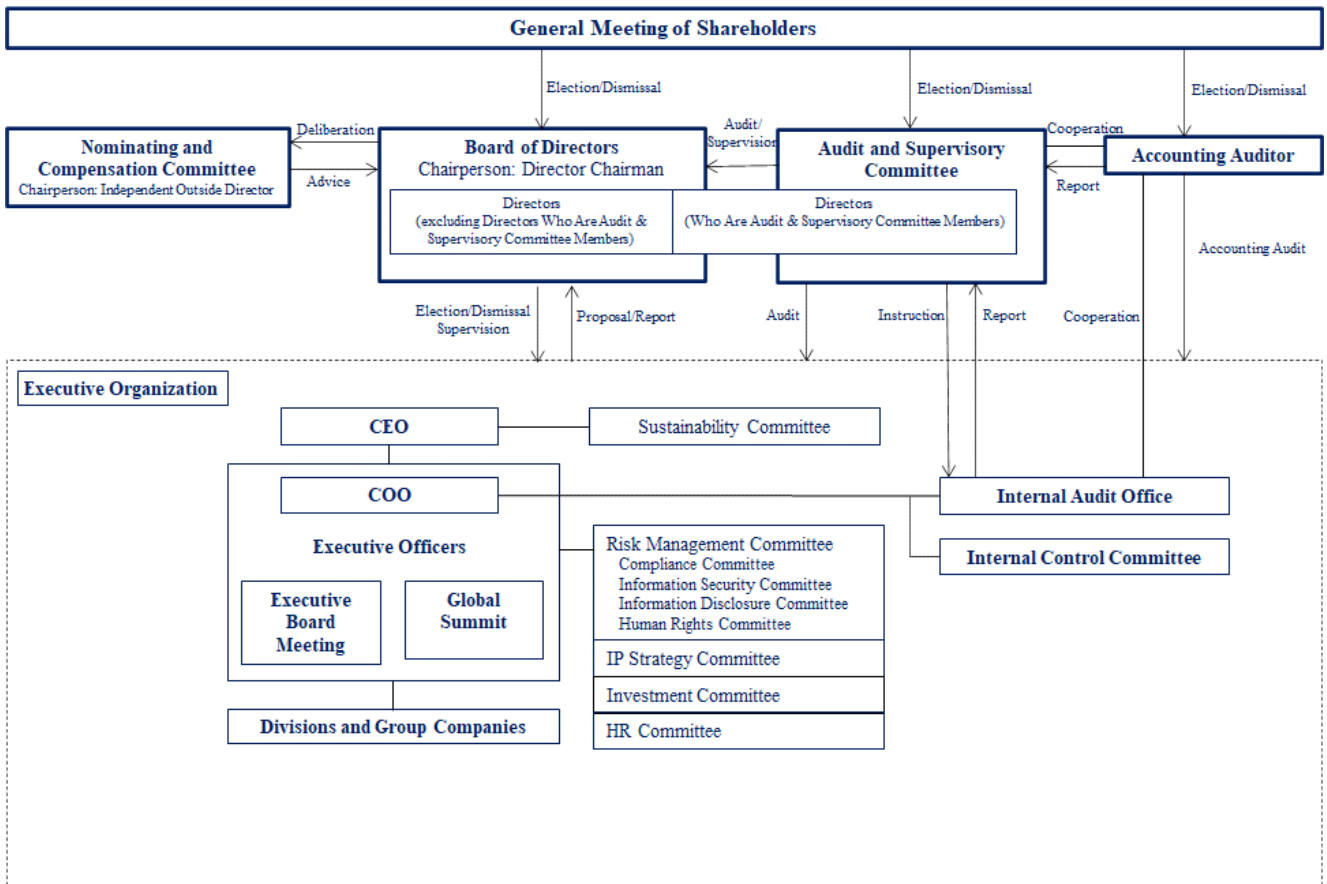
In addition to disclosure required by the laws and regulations and other applicable rules, the Company will also disclose via the Company's website information that does not constitute Timely Disclosure Information but has material impact on investment decisions and/or is beneficial to stakeholders.

IV. Silent Period

The Company will not respond to any inquiries regarding financial result and other related matters for the period from the day immediately following the closing day of each fiscal quarter to the day of public announcement of the quarterly financial result. However, in case the performance forecasts are anticipated to be greatly revised during the period stated above, the Company will make a timely disclosure.

V. Future Performance Forecasts

The performance forecasts and other information about the future is based on the information available as of the date thereof and certain assumptions believed to be reasonable. The forecasts are not meant to warrant the achievement of such forecasts. Moreover, actual financial results may differ from stated forecasts due to changing business conditions or other factors.



(The Outline of System for Timely Disclosure)

