January 17, 2025

ITOHAM YONEKYU HOLDINGS INC.
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Notice Regarding Transition to a Company with an Audit and Supervisory Committee

ITOHAM YONEKYU HOLDINGS INC. (the Company) hereby announces that the Board of Directors resolved at their meeting today that the Company will transition from a "Company with a Board of auditors" to a "Company with an Audit and Supervisory Committee," subject to approval at the 9th Ordinary General Meeting of Shareholders (hereinafter referred to as "this Ordinary General Meeting of Shareholders") scheduled to be held in late June 2025.

1. Purpose of the Transition

The Company has established voluntary "Nomination Advisory Committee" and "Compensation Advisory Committee," and has ensured that external directors compose half of the Board of Directors, thereby enhancing management transparency and strengthening the corporate governance system.

Now, by transitioning to a Company with an Audit and Supervisory Committee and including directors who serve as audit and supervisory committee members in the Board of Directors, we aim to further strengthen the supervisory function of the Board and enhance management transparency and objectivity.

Additionally, to promote the separation of business execution and supervision, we will significantly delegate the authority to make important business execution decisions from the Board of Directors to executive directors, thereby accelerating decision-making and business execution.

As a result, the Board of Directors will be able to focus on discussing medium- to long-term management strategies, sustainability, and other highly important management issues.

Through these initiatives, we aim to further strengthen our corporate governance system and achieve sustainable growth and increase corporate value for our group.

2. Transition schedule

At this Ordinary General Meeting of Shareholders, we plan to obtain approval for the necessary amendments to the Articles of Incorporation and other related requirements for the transition. We intend to transition to a Company with an Audit and Supervisory Committee as of the date of this Ordinary General Meeting of Shareholders.

3. Others

(1) Director Appointments

Regarding the personnel changes of directors related to this matter, they are separately disclosed in today's 'Notice Regarding Changes in Director and Executive Officers.'

Currently, our board consists of 12 members: 8 directors (4 internal, 4 external) and 4 auditors (2 internal, 2 external). After the transition, the board will consist of a total of 11 directors (7 internal, 4 external), including 6 directors who serve as Directors who are Audit & supervisory committee members (2 internal, 4 external).

(2) Corporate governance system

In conjunction with the transition to a Company with an Audit and Supervisory Committee, we will review and strengthen our corporate governance system, including advisory bodies to the Board of Directors.

①Governance and Nomination Advisory Committee

To enhance the effectiveness of the Board of Directors, we will integrate the Nomination Advisory Committee and the Governance Committee into the Governance and Nomination Advisory Committee. The Governance and Nomination Advisory Committee and the Compensation Advisory Committee will continue to have a majority of independent external directors.

② Compliance Committee

From the perspective of strengthening compliance, we will elevate the Compliance Committee from a reporting body to the Board of Directors to an advisory body to the Board of Directors.

③Audit and Supervisory Committee's Office

We will establish the Audit and Supervisory Committee's Office to assist the duties of the Audit and Supervisory Committee.

④Strengthening Cooperation between the Audit and Supervisory Committee and the Audit Dept.

To enhance the effectiveness of audits by the Audit and Supervisory Committee, the authority to direct and instruct the Audit Dept. will be granted to both the President and the Audit and Supervisory Committee (establishing so-called a dual reporting line).

(3) Amendment to the Articles of Incorporation

We will inform you of any amendments to the Articles of Incorporation related to this matter as soon as they are decided.

(End)