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Corporate Governance Report

Corporate Governance

Last Update: June 25, 2025
Macnica Holdings, Inc.
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I. Basic Views on Corporate Governance, Capital Structure, Corporate Data and Other Basic Information

1. Basic Views on Corporate Governance

Macnica Holdings, Inc. (the "Company") is responsible for the corporate governance, basic management policies, and the formulation of strategies based on these policies for the entire Macnica Group (the "Group"), while the Group's operating companies are responsible for executing those strategies. The Group's basic policy is to ensure transparency and fairness through the supervision of management, while enabling prompt and decisive decision-making and execution of operations. This approach is intended to fulfil the trust placed in the Group by customers, shareholders, employees, and other stakeholders, and to achieve sustainable growth and enhance corporate value.

In June 2024, the Company transitioned from a Company with an Audit and Supervisory Board to a Company with an Audit and Supervisory Committee. The purpose of this transition is to further accelerate decision-making and business execution by delegating authority for important operational decisions from the Board of Directors to Directors. At the same time, the Board will enhance its supervisory function by focusing more on discussions and policy decisions on key management issues, such as strategy, human resources, and risk, and by monitoring the execution of operations by the management team. Through the twin pillars of supervision and execution, the Company seeks to strengthen its competitiveness and enhance corporate value.

Reason for Not Implementing Principles of Corporate Governance Code

The Company implements all principles of the Corporate Governance Code.

Disclosure Based on Principles of Corporate Governance Code

[Principle 1-4] Strategic Shareholdings

The Group holds shares not only for the purpose of forming capital and business alliances or participating in and developing new business fields through its operating subsidiaries, but also to maintain and strengthen relationships with business partners. In principle, however, the Group does not hold shares for the sole purpose of investment. Strategic shareholdings within the Group are held by Macnica, Inc. and Glosel Co., Ltd. At Macnica, Inc., all decisions regarding the acquisition or disposal of shares are made by the Management Committee or the Board of Directors following deliberation by the Business Development Committee. Each year, the necessity of continuing to hold each share is verified by comprehensively assessing the associated costs and risks, as well as the medium- to long-term economic rationale. At Glosel Co., Ltd., the Board of Directors conducts an annual review of each individual strategic shareholding to determine whether continued holding is appropriate. This is based on a detailed assessment of the medium- to long-term economic

rationale, future outlook, purpose of the holding, and associated benefits and risks.

For the fiscal year ended March 31, 2025, the Group held 7 listed shares as strategic shareholdings, with a book value of ¥1,983 million, representing 0.8% of net assets (held by Macnica, Inc. and Glosel Co., Ltd.).

With respect to voting at the General Shareholders' Meetings of companies in which shares are held, the Group exercises its voting rights for all proposals. Voting decisions are made after a comprehensive assessment of whether the proposal contributes to enhancing the corporate value of the investee company and how it may affect the Group.

[Principle 1-7] Related Parties Transactions

In the event of transactions with related parties, such transactions are subject to approval by the Board of Directors—excluding the interested Directors—in accordance with the Companies Act and the Board of Directors Regulations. The rationality of the transaction and the appropriateness of its terms and conditions are carefully reviewed during the deliberation process.

[Supplementary Principle 2-4-1] Disclosure of the Company's Approach to Securing Diversity in Core Human Resources: Appointing Women, Foreign Nationals and Mid-Career Hires to Management Positions

1. Approach to Ensuring Diversity (Basic Policy on the Promotion of Diversity)

Based on the principle that people are assets (“human resources”), the Group positions human resources as “the driving force for realizing its Vision, increasing competitiveness and continuing sustainable growth, and as important capital for value creation” and continues to invest in maximizing the value of human resources. As part of our human resource development efforts, we promote Diversity, Equity & Inclusion (DEI), or securing and utilizing diverse human resources, and have established a human resource development policy aimed at fostering an environment where diverse human resources can thrive and their value can be fully realized.

(1) Purpose of DEI Promotion: to increase corporate competitiveness and maximize economic and social value

- Fostering innovation and developing existing human resources by embracing diverse experiences.
- Evolving corporate culture by embracing different cultures.
- Addressing challenges such as serious future domestic labor shortages.

(2) Utilization of Human Resources:

- Since its founding, the Company has adhered to the principles of "fairness," "meritocracy,” "employee selection" and "empowerment."
- The Company fosters a culture that appoints individuals based on ability regardless of gender, nationality, race, religion, age, disability or sexual orientation.

(3) Policy:

- Continuing to improve both the soft and hard aspects of the workplace environment to support diversity.
- Building an environment where employees of diverse backgrounds can think, make choices, and act independently and autonomously, thereby maximizing their individual potential.

2. Status of Ensuring Diversity

The calculation for Management Positions has been revised based on the provisions of the Act on Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

As of March 2025, the status of female, foreign nationals, and mid-career hires is as follows:

- Total employees: 2,845 (including 804 women, 68 foreign nationals, and 1,873 mid-career hires).

・ Management: 625 (including 55 women, 1 foreign national, and 375 mid-career hires).

As of March 2024, the status of female, foreign nationals, and mid-career hires is as follows:

・ Total employees: 2,661 (including 760 women, 55 foreign nationals, and 1,736 mid-career hires).

・ Management: 580 (including 36 women, 1 foreign national, and 344 mid-career hires).

* These figures are for the main operating subsidiary, Macnica, Inc.

A five-year trend of the number of female employees, foreign nationals, and mid-career hires is provided on the last page of this report for reference.

Appointment of Women to Management Positions:

・ As of March 2025, women accounted for 28.3% of all employees and 8.8% of Management Positions.

・ As of March 2024, women accounted for 28.6% of all employees and 6.2% of Management Positions.

・ Appointment of Foreign Nationals to Management Positions:
As of March 2025, 68 foreign nationals were employed at domestic Group companies, of whom one held a management position. At overseas subsidiaries, management roles are entrusted to local personnel with deep knowledge of regional conditions, and the number of seconded employees from Japan is kept to a minimum.

Appointment of Mid-Career Hires to Management Positions:

・ Mid-career hiring, primarily targeting so-called "second-time graduates," has been conducted continuously. As of now, 60.0% of management positions are held by mid-career hires.

* These figures are for the main operating subsidiary, Macnica, Inc.

3. Voluntary Targets for Diversity

・ Women’s Empowerment
As of FY2021, there were 26 female managers among our domestic full-time employees, accounting for 5% of all Management Positions. The Group aims to increase this number to 90-100 and raise the ratio of female managers to 10% by FY2030. To accelerate progress toward achieving the FY2030 target, we are actively promoting initiatives in FY2025. These include expanding the pool of managerial candidates, identifying high-potential talent, and proactively providing opportunities such as early participation in management training and selective promotions.

・ The Advancement of Foreign Nationals
With respect to foreign nationals, the Group is primarily focused on appointing them to professional and technical positions, and the target includes those in Management-Level Positions. The Group has consistently recruited individuals with the necessary skills regardless of nationality. As of now, 68 foreign nationals are employed in Japan, of whom one holds a Management Position (10 if Management-Level Positions are included).
The Group aims to appoint 30 foreign nationals to Management Positions, including those in Management-Level Positions, by FY2030, with a focus on acquiring highly skilled talent, particularly in professional and technical positions. To accelerate progress toward achieving the FY2030 target, we are actively promoting initiatives in FY2025. In addition, the Group will maintain its stance of transferring the minimum number of personnel, especially at the management level, from Japan to overseas locations. Instead, each country will be managed by local human resources, with the goal of having all major overseas operating companies effectively managed by local personnel. The Group is committed to and will continue to appoint the most suitable individuals for business expansion, regardless of nationality.

・ The Advancement of Mid-Career Hires
The Group has established a culture of appointing competent individuals regardless of their career stage—be they

mid-career hires or new graduates. In recent years, the ratio of mid-career hires in Management Positions has consistently remained around 60%. The Group has also maintained a recruitment policy of hiring new graduates and mid-career professionals at a 50/50 ratio and will continue to uphold this approach to ensure the balance does not change significantly.

The Company will also consider securing talent such as management personnel, specialists for new business initiatives, and individuals who will contribute to strengthening DEI, notably women and foreign nationals.

* These figures are for the main operating subsidiary, Macnica, Inc.

4. Initiatives to Promote DEI: Policies for Human Resource Development and Internal Environment Improvement

Under the Basic Policy on the Promotion of Diversity, the Company promotes initiatives that empower all employees—not only women, foreign nationals, and mid-career hires, but also the elderly, LGBT, sexual minorities, the physically challenged, and others—to thrive in the workplace.

Specifically, we will:

- provide systems and a workplace environment that support diversity and enable all employees to fully demonstrate their individual capabilities;
- enhance the content of diversity management training for Management Positions and continuously raise their awareness;
- strengthen the recruitment of human resources and increase the number of management career track employees eligible for Management Positions; and
- identify high-potential talent and proactively encourage early participation in management training and selective promotion. By fostering an “open” and “fair” corporate culture, where opinions that are good are expressed without hesitation and listeners actively engage, we aim to gather input from all employees, including women and foreign nationals, and continuously improve our initiatives.

[Principle 2-6] Asset Owners

The Group manages retirement benefit plans at its operating companies with the objective of securing the required long-term returns while taking into account associated risks, in order to ensure stable pension payments to future beneficiaries. A Pension Management Committee—comprising officers and employees from the finance, accounting, and human resources departments—has been established to serve as an advisory and deliberative body regarding the administration of the retirement benefit system. The Committee monitors outsourced asset managers to confirm whether investment targets are being adequately achieved, whether asset allocations are reviewed as needed, and whether conflicts of interest are appropriately managed. All of the Group’s outsourced asset managers have accepted Japan’s Stewardship Code. The Group monitors stewardship activities through constructive dialogue with these managers, confirming whether there have been any changes in their stance. To ensure that its corporate pension funds fulfill the roles expected of asset owners, the Group is also committed to human resource development through participation in various training programs.

[Principle 3-1] Enhancement of Information Disclosure

For more information on the Group's disclosure, please refer to the Integrated Report.

https://holdings.macnica.co.jp/content/dam/holdings/en/investors/library/library/2024_pdf/Integrated%20Report%20LIMITLESS%202024%20(for%20viewing).pdf

1. The Company is responsible for the corporate governance, basic management policies, and the formulation of strategies based on those policies, as well as for supervising business execution across the entire Group, while the Group’s

operating companies are responsible for executing those strategies. The Group is committed to responding to the trust placed in it by customers, shareholders, employees and other stakeholders, to achieving sustainable growth and increasing corporate value, while appropriately addressing social issues. This fundamental approach is outlined in the Company's Code of Conduct, which is publicly disclosed.

2. For Directors' remuneration, please refer to II.1, "Incentive System" and "Remuneration for Directors."

3. The selection and dismissals of the management team are as follows. Regarding candidates for Directors, the Company's policy is to select Directors who have the knowledge and experience that will enable them to enhance corporate value. The Nominating and Compensation Advisory Committee, which comprises a majority of Outside Directors, confirms and examines the selection details, etc., before the Board of Directors deliberates and decides on the candidates. As for candidates for Outside Directors, from the perspective of strengthening the supervision function of the Board of Directors, the Company appoints individuals who have insight and a high level of expertise that cannot be obtained from Internal Directors alone. The Representative Director and President is decided after deliberation by the Board of Directors, based on the report of the Nominating and Compensation Advisory Committee. Executive Officers, such as Company Presidents of business divisions and General Managers in charge of various functions, who have the knowledge, ability, and experience to play a leading role in business execution, are selected by the Board of Directors after deliberations.

The Board of Directors makes a comprehensive decision on the dismissal of Directors based on the advice of the Nominating and Compensation Advisory Committee, in the event of (i) fraud or other offences against public order and morals, (ii) violation of laws, articles of incorporation or other regulations, or (iii) significant damage to corporate value due to negligence or other reasons that make it difficult for the Directors to carry out their duties. The Company's policy for the selection of candidates for Directors who are the Audit and Supervisory Committee Members is that they have the necessary ability and insight to serve as members of the Audit and Supervisory Committee. After confirming and reviewing the details of the selection by the Nominating and Compensation Advisory Committee, the Board of Directors deliberate and decide on the selection with the consent of the Audit and Supervisory Committee. In particular for Outside Directors, candidates serving as Audit and Supervisory Committee Members, the Company selects individuals with a high level of expertise in areas such as finance, accounting, and legal affairs, from the standpoint of enhancing the effectiveness of the Committee.

4. The reasons for the nomination of current Directors are provided in the Proposals of the Notice of the Annual General Meeting of Shareholders (Directors who are Audit and Supervisory Committee Members are listed in the Notice of the 9th Annual General Meeting of Shareholders, while those who are not Audit and Supervisory Committee Members are listed in the Notice of the 10th Annual General Meeting of Shareholders).
https://ssl4.eir-parts.net/doc/3132/ir_material6/237489/00.pdf
https://ssl4.eir-parts.net/doc/3132/announcement5/110675/00.pdf

[Supplementary Principle 3-1-3] Sustainability Initiatives

1. Sustainability Initiatives

The Group has recognized that addressing sustainability issues is an important management challenge. To this end, the Sustainability Promotion Committee, chaired by Representative Director and President, was established in FY2021 to formulate the Policy on Sustainability and identify material issues (materiality).
https://ssl4.eir-parts.net/doc/3132/tdnet/2113978/00.pdf [Japanese Only]

The Sustainability Promotion Committee formulates various measures, monitors their progress, and reports to the Board of Directors.

The Sustainability Promotion System is provided on the last page of this report for reference.

2. Investments in Human Resources and Intellectual Property

The Group has traditionally considered human resources to be the core competence of its business and has addressed this as a key management challenge.

Human Resources Development Policy

- Support individual career design and provide educational opportunities to enhance career ownership.
- Promote individual advancement and accelerate growth by trusting and entrusting everyone.
- Implement employee selection based on meritocracy, irrespective of age or experience.

Specific Measures

- Encouragement of an environment in which employees can play an active role regardless of gender, nationality, race, religion, age, disability, sexual orientation, status or position.
  - Continuous employee awareness-raising through e-learning and other methods, with management leading by example.
- Promoting Health and Productivity Management and Well-Being Management.
  - Enhancement of health promotion measures in cooperation with health insurance program.
  - Strengthening labor management and overtime measures.
- Promotion of work style reforms
  - Continued operation of a working style in which each organization and team proactively and autonomously decides how and where productivity can be best increased.
- Improvement of employee engagement
  - Management Plan Presentation (annually, when all Group employees in Japan and overseas gather to share policies and strategies and present awards).
  - Establishment of “action themes” (slogans for employees to be aware of during the year, and to align them with one another).
  - Implementation of the "Building a Strong Organization Questionnaire" (all departments set issues and measures based on the results of an employee survey, and have been working for more than 10 years to improve the organization).
- Improvement of the human resources system and remuneration system
  - Review the system to make it easier for diverse human resources to work.
  - Review the level of remuneration for safe and secure work.

We have made a declaration on Health and Productivity Management. Please refer to the following URL for the Health and Productivity Management declaration.

https://holdings.macnica.co.jp/en/sustainability/human/wellbeing/

3. Disclosure Based on the TCFD Framework

The Group recognizes the need to accelerate its response to environmental issues, including climate change, by establishing a clearer vision and implementing more effective policies. In February 2023, we formulated our Environmental Vision and Environmental Policy. For more information, please refer to the following URL.

https://holdings.macnica.co.jp/en/sustainability/environment/management/

The Company also participates in the TCFD consortium and is working to enhance its disclosure regarding its response to climate change. For more information, please refer to the following URL.

https://holdings.macnica.co.jp/content/dam/holdings/en/sustainability/environment/climate/20250624_TCFD_update_EN.pdf

Please note that the greenhouse gas emissions figures for FY2024 shown on the above website are prior to third-party verification. Should there be any revisions, we plan to issue an updated notice accordingly.

[Supplementary Principle 4-1-1] Criteria for Submission to the Board of Directors

The Company has adopted the structure of a Company with an Audit and Supervisory Committee and delegates decisions related to the execution of operations from the Board of Directors to Directors to the extent permitted by law. The Board of Directors is responsible for making decisions on basic management policies, including the Group's Purpose, Vision, and Values, as well as its medium- to long-term management strategy. It also makes decisions on important matters as stipulated by laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations. Furthermore, the Board engages in focused discussions on key management issues for the Group, such as strategy, human resources, and risk. Regarding business execution by management, the Board requires the management team to submit regular reports—on a quarterly, semi-annual, and other periodic basis—on the status of operations, and supervises management based on these reports.

[Supplementary Principle 4-1-3] Succession Planning

For succession planning, the Nominating and Compensation Advisory Committee, a voluntary advisory body to the Board of Directors, deliberates and confirms the basic policy and program for the plan, and reports to the Board of Directors. The status of implementing succession and executive talent development plans is also reported to the Board of Directors as appropriate.

[Principle 4-9] Criteria and Qualifications for Determining the Independence of Independent Outside Directors

To ensure transparency and objectivity in governance, the Company has established its own criteria for determining the independence of Outside Directors in addition to the independence criteria stipulated by the Tokyo Stock Exchange:

The Board of Directors considers an Outside Director to be sufficiently independent of the Company if, in addition to the criteria for independence set out by Tokyo Stock Exchange, Inc. the Director is deemed to meet the requirements set out below (the Company includes Group companies).

1. The person does not currently or in the past year fall into any of the following categories:

(1) Business Execution Officer[2] of a major shareholder[1] of Macnica Holdings

(2) Business Executive Officer of a major business partner of Macnica Holdings[3] or Business Executive Officer of a company which is a major business partner of Macnica Holdings

(3) Business Executive Officer of our suppliers (including overseas headquarters and local subsidiaries) with which we have concluded distributor agreements, etc.

(4) Business Executives Officer of Macnica Holdings' major borrowers[4].

(5) Business Executives Officer of the audit corporation that conducts the statutory audit of Macnica Holdings or those in charge of the auditing operation of Macnica Holdings.

(6) Consultants, accounting experts or legal experts (or Executive Officer of a legal entity or association, etc.) who receive a large amount[5] of monetary remuneration from Macnica Holdings other than executive remuneration.

(7) Directors (limited to Executive Officer) of organizations (e.g. Public Interest Incorporated Foundation, Public Interest Incorporated Association, Non-Executive Organization, etc.) that have received donations or grants of more than ¥10 million from Macnica Holdings or its subsidiaries. Other Executive Officers.

2. The person's close relatives[6] do not currently or in the past year fall into any of the following categories 1 to 7.

3. The person must not be an Executive Officer, Corporate Auditor or Accounting Advisor of a company or its parent or subsidiary that accepts Directors (whether full-time or part-time) from Macnica Holdings or its subsidiaries.

4. Any person falling under any of the categories 1 to 7 above may be appointed as an Outside Officer of Macnica Holdings if Macnica Holdings considers that the person is suitable as an Outside Officer of Macnica Holdings, on condition that the reason the person is suitable is explained to the public.

5. The person is not likely to have a conflict of interest with Macnica Holdings' general shareholders on a permanent basis for reasons other than those considered in 1 to 7 above.

Notes
1- Major shareholders directly or indirectly hold more than 10% of the total voting rights at the end of the fiscal year.
2- Executive Officers refers to important employees including Business Executive Directors, Executives or Executive Officers (Corporate Auditors, Audit and Supervisory Committee Members and Accounting Advisors are not considered Executive Officers).
3- Major business partners refer to business partners of Macnica Holdings whose annual sales exceed 2% of consolidated net sales of Macnica Holdings or the other party.
4- Major borrowers are defined as the top three borrowers of Macnica Holdings in terms of outstanding loans in the most recent fiscal year.
5- A large amount refers to consideration received from Macnica Holdings in excess of ¥10 million per year.
6- Close relatives refer to the spouse or relatives within the second degree of kinship of the person or relatives living with the person.

[Supplementary Principle 4-10-1] Our Approach to the Independence of Any Nominating and Compensation Advisory Committee, its Authority and Role

1. Our Approach to Independence
The Company's Nominating and Compensation Advisory Committee consists of five Independent Outside Directors and one Internal Director (Non-Executive). The majority of the members are Independent Outside Directors, and no Business Executive Director is included as a member of the committee, ensuring its independence and objectivity.

2. Authority and Role
The Nominating and Compensation Advisory Committee has been established to provide reports on matters consulted by the Board of Directors. In terms of nominations, the Committee handles the appointment of the Representative Director and President, and the confirmation and review of candidates for Director and Audit and Supervisory Committee Member. With regard to remuneration, the Committee is consulted on policies for determining Director and Executive Officer compensation, KPIs for performance-based remuneration, and individual remuneration packages. The Board of Directors makes final decisions based on and with due respect to the Committee’s recommendations.

[Supplementary Principle 4-11-1] Policies and Procedures for the Appointment of Directors, Our Approach to Diversity

1. Given the scale of its operations, the Company has set the maximum number of Directors at 15, of whom no more than

5 may serve as Audit and Supervisory Committee Members. When nominating candidates for Director, the Nominating and Compensation Advisory Committee deliberates and verifies the candidates and nomination process based on the policy outlined below. Final decisions are made by the Board of Directors. With respect to Internal Director candidates, the Company selects individuals primarily from among those responsible for business execution, ensuring diversity in areas of expertise and experience, and placing emphasis on a deep understanding of the Company's business environment and management issues. For candidates for Outside Director, the Company selects individuals with backgrounds that differ from those of the Company, and whose experience and insight are expected to contribute to the oversight of management from an objective and neutral standpoint. Candidates for Directors who serve as Audit and Supervisory Committee Members are selected based on a policy requiring them to possess the necessary capabilities and knowledge to fulfil the role. Their nomination is determined with the consent of the Audit and Supervisory Committee. In the case of Outside Directors who serve as Audit and Supervisory Committee Members, the Company seeks to enhance the effectiveness of the Committee by appointing individuals with high levels of expertise in areas such as finance, accounting, and legal affairs. Through this approach, the Company ensures that the Board of Directors as a whole is structured to comprehensively oversee the management of the Company.

2. Currently, the Company's Board of Directors includes two female Directors (both Outside Directors), and there are no Directors of foreign nationality. However, one Director is a former Chinese national, and another has spent a significant period of time living abroad and pursuing academic studies. In June 2025, one female Director stepped down following the expiration of her term. The Company recognizes that diversity in terms of gender, nationality, and other attributes is essential for enhancing corporate value and remains committed to promoting diversity.

3. In managing the Group, the experience and expertise of the Company’s Directors are compiled in a skills matrix.
The purpose of this matrix is to serve as a guide for ensuring that the Board of Directors possesses the necessary skills—such as expertise, experience, competencies, etc.—to effectively fulfil its functions to realize the Company’s management strategy.

Specifically, the skills required to address the following key management issues have been considered:

(1) Deepening Core Businesses (Deepening)
Expansion of global business operations, enhancement of productivity and capital efficiency in the Semiconductor business, strengthening and expanding the scope of the Network and Security business
(2) Strengthening the Services & Solutions Business
Developing service models for existing and new businesses, integration of core and new businesses, strengthening DX co-creation initiatives through collaborative consulting, exploring the next core technologies and creating new business models.
(3) Strengthening the Management Base and Increasing Corporate Value
Promoting ESG management (including SDGs), strengthening corporate divisions and related functions, establishing new HR and organizational structures, establishing branding strategies.

As a result, the Company has identified the following 14 key skill areas.
Corporate Management, Corporate Governance, Long-term Strategies, Risk Management, Human Resources & Corporate Culture, Capital Markets & Finance, Global Business Management, Innovation, Business Investment & M&A, Industry Knowledge, DX & Technology, Branding, Compliance & Legal Affairs, Sustainability

From the perspective of the skills matrix, the Company has determined that the Board of Directors currently possesses a

well-balanced set of skills aligned with key management challenges. The Company will continue to identify the skills required to realize its management strategy in a timely manner and reflect them in the selection and succession planning of Directors, thereby enhancing the effectiveness of the Board of Directors.

The skill matrix is shown on the last page of this report.

[Supplementary Principle 4-11-2] Directors' Concurrent Positions at Other Listed Companies

When Directors serve concurrently as Directors of other listed companies, the Company ensures that the number of such concurrent positions is within a reasonable range so as not to interfere with the conduct of the Company's business. At present, Directors holding concurrent positions are fully attending all Board meetings, and such concurrent roles have no impact on the execution of their duties as Directors of the Company.

The status of the Directors' important concurrent positions is stated in the Notice of the Annual General Meeting of Shareholders and in the Annual Securities Report.

[Supplementary Principle 4-11-3] Evaluation of the Effectiveness of the Board of Directors

In FY2023, the Company conducted an external third-party evaluation. In FY2024, the Company conducted a questionnaire survey administered by an external organization and carried out a self-evaluation based on the results of the analysis. The evaluation method and results are as follows.

1. Evaluation Method

The evaluation was conducted through the following process.

1) The evaluation policy and process for assessing the effectiveness of the Board were confirmed with the Chairperson.

2) Each Director was asked to complete a questionnaire consisting of both quantitative ratings for individual items and written-response-only questions. The responses were then analyzed.

3) The analysis results were reported by an external organization to the Chairperson and the Representative Director and President.

4) Following their review, the results were presented by the external organization at the Board meeting held in May 2025.

5) Based on these results, a discussion and self-evaluation were conducted at the Board meeting in June 2025, and the Board identified priority areas and determined the direction of initiatives to be undertaken in FY2025.

2. Evaluation Results

The overall evaluation concluded that the effectiveness of the Board of Directors is generally well maintained. As in the previous year, the Board was recognized for consistently making decisions based on shared values and strong ethical standards, and for fostering open and candid discussions. The current size and composition of the Board were also viewed as appropriate. With respect to oversight of execution, the Board was positively evaluated for its supervision of compliance, risk, and finance, and the independence and constructive tension between the Board and the executive side were considered to be sound.

Following the change in institutional design in the previous year—from a Company with an Audit and Supervisory Board to a Company with an Audit and Supervisory Committee—authority was delegated to the executive team. As a result, the Board refined its selection of agenda items, enabling more time to be dedicated to discussions on "strategy," a key area of focus for the Board. Furthermore, advance information sharing opportunities, such as pre-briefings and preparatory Board meetings, contributed to enhancing the quality of deliberations. On the other hand, areas for improvement identified include the need to better prioritize agenda items and to prepare more thoroughly in order to improve the quality of discussions. It was also pointed out that, to enhance corporate value over the medium- to long-term, the Board

should engage more actively in discussions on "human resources." The Company will continue to review the ideal form of the Board of Directors and will consider it a key priority to ensure sufficient time and quality discussion on these important themes.

3. Operational Policy in FY2025

In FY2025, the Company will place a particular emphasis on “human resources” as a key focus area. Based on the perspectives of the executive side, the Board of Directors will engage in discussions on the Company’s human capital philosophy and basic policies on organizational management, which will serve as a foundation for further deliberation on human resource matters. With respect to “strategy,” the Board plans to monitor the progress of the newly launched Medium-Term Management Plan. In doing so, the Board will reaffirm the appropriate level of strategic oversight it should provide to the executive side, and will focus its discussions on changes in the external environment that may have a significant impact on corporate value, as well as the key measures needed to respond to such changes.

To further enhance the effectiveness of Board discussions, the Company will continue to uphold a Board culture grounded in its core values of being simple, open, and fair, while reassessing the ideal form of the Board and striving to improve the quality of deliberations. In addition, the Company will pursue more effective Board operations by: (1) conducting seminars led by external experts on specific management issues; (2) holding executive sessions (meetings composed solely of Outside Directors) following each Board meeting; and (3) facilitating regular opinion exchange meetings between Executive Officers and Non-Executive Directors.

[Supplementary Principle 4-14-2] Policy to Provide Necessary Training for Directors

The Company provides tours of its offices and other facilities, as well as information on its operations, to Outside Directors, particularly newly appointed ones, to help them acquire knowledge about the Company. In addition, the Company holds seminars and other events as necessary for all Directors, including Outside Directors, and encourages them to participate in external training courses.

Furthermore, the Board of Directors holds meetings with outside experts and information-sharing sessions with Outside Officers.

[Principle 5-1] Policy of Constructive Dialogue with Shareholders

1. The Management Planning Department is in charge of IR and is overseen by the Director in charge of the Management Planning Department.

2. In order to enhance dialogue, the Corporate Planning & Investor Relations Officer serves as a secretariat for the departments in charge of corporate strategy, planning, accounting & finance and legal affairs to closely exchange information and prepare the necessary materials.

3. The Company holds a financial results briefing every half-year, which is attended by the President to explain the Company's performance and answer questions, and was rated as “informative” by the investors in attendance.

Financial results briefing materials and video clips: https://holdings.macnica.co.jp/en/investors/library/earning/

Small group meetings are held in the first and third quarters. In addition, the IR team, led by the President and the Director in charge of Accounting & Finance, holds one-on-one meetings with institutional investors to obtain their understanding of the Company's management strategies, progress in the Medium-Term Management Plan, and the business environment. The main questions from investors include trends in the semiconductor market and the Group's performance, the impact of international economic friction, the expected growth potential of the cybersecurity market in the Network Business, and confirmation of the direction and progress of the new business model, the Services &

Solutions model.

4. The Board of Directors provides feedback on opinions expressed at meetings with investors, etc., which are actively used to develop the Company's business over the medium- to long-term and to enhance its corporate value.

5. Insider information is properly managed, and not only the director in charge of IR and IR staff, but also officers, including the President, who engage in dialogue with investors are aware of the importance of information management and strive to facilitate dialogue with investors.

Status of Dialogue with Shareholders

Regarding the status of dialogue with shareholders and investors, please refer to [Principle 5-1] 'Policy of Constructive Dialogue with Shareholders' above, III.2. 'Investor Relations (IR) Activities' below, and 3. Implementation of Initiatives Concerning Shareholders and Other Stakeholders, and the Company's website.

Measures to Conduct Management with Awareness of Capital Costs and Share Prices

Content	Disclosure of initiatives (Update)
English Disclosure	Yes
Update date	September 30, 2024

Supplementary Explanation for Applicable Items

The Company has established specific Long-Term Management Targets and Medium-Term Management Plan to realize its Long-Term Management Concept. In particular, we set ROE (return on equity) as a key management target for capital profitability. Details of the Company's Long-Term Management Concept, Long-Term Management Targets, and Medium-Term Management Plan are disclosed through the Integrated Report, financial results briefings, and other explanatory materials, as well as on the Company's website.

- Integrated Report: https://holdings.macnica.co.jp/en/investors/library/integratedreport/
- Financial Results Briefing Materials: https://holdings.macnica.co.jp/en/investors/library/earning/
- Long-Term Management Concept & Long-Term Management Targets
  https://holdings.macnica.co.jp/en/company/plan/longterm/
- Medium-Term Management Plan
  https://holdings.macnica.co.jp/content/dam/holdings/ja/company/plan/midterm/mid-term_plan_2025-2027_en.pdf

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%

Major Shareholders

Name	No. of shares (Thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,245	13.59
Kamiyama Foundation (General Incorporated Foundation)	18,000	10.09
The Custody Bank of Japan, Ltd. (Trust Account)	11,973	6.71
Seeds Technology, Inc.	10,500	5.89
Haruki Kamiyama	9,900	5.55
JP Morgan Chase Bank 380055 (Standing proxy: Mizuho Bank, Ltd.)	7,320	4.10
Yuko Kamiyama	2,940	1.65
State Street Bank and Trust Company 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2,478	1.39
State Street Bank and Trust Company 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2,372	1.33
SMBC Trust Bank Ltd. (Trust Account for retirement benefit of Sumitomo Mitsui Banking Corporation)	2,128	1.19

Has a controlling shareholder	———
Has a parent company	No

Supplementary Explanation for Applicable Items

- The number of shares held in the above trusts is as follows:
  - The Master Trust Bank of Japan, Ltd. (Trust Account) 24,181,000 shares
  - The Custody Bank of Japan, Ltd. (Trust Account) 11,486,000 shares

  Columbia Wanger Asset Management, LLC and its joint holders submitted a change report on August 6, 2024 (date of reporting obligation: July 31, 2024) stating that they own the following shares. However, as of March 31, 2025, the actual number of shares held could not be confirmed. Therefore, they are not included in the list of major shareholders above.
  - Columbia Wanger Asset Management, LLC 211,000 shares
  - Threadneedle Asset Management Ltd. 155,000 shares
  - Columbia Management Investment Advisers, LLC 2,890,000 shares
  - Columbia Threadneedle Management Ltd. 201,000 shares

  Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders submitted a change report on December 5, 2024 (date of reporting obligation: November 29, 2024) stating that they own the following shares. However, as of March 31, 2025, the actual number of shares held could not be confirmed. Therefore, they are not included in the list of major shareholders above.
  - Sumitomo Mitsui Trust Asset Management Co., Ltd. 4,569,000 shares
  - Nikko Asset Management Co., Ltd. 7,453,000 shares

- Dalton Investments LLC submitted a change report on March 10, 2025 (date of reporting obligation: March 3, 2025) stating that they own the following shares. However, as of March 31, 2025, the actual number of shares held could not be confirmed. Therefore, they are not included in the list of major shareholders above.
  - Dalton Investments LLC 8,970,000 shares

3. Corporate Data

Stock listings and markets	Tokyo (Prime)
Fiscal year-end	March 31
Business type	Wholesale
Number of employees (Consolidated) as of the end of the previous fiscal year	1,000 or more
Net sales (Consolidated) for the previous fiscal year	¥1,000 billion or more
Number of consolidated subsidiaries as of the end of the previous fiscal year	10 or more but less than 50 companies

4. Policy Concerning Protection of Minority Interests when Transacting with Controlling Shareholder

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5. Other Special Circumstances that could Materially Affect Corporate Governance

There are no special notes.

II. Management Organization and Other Corporate Governance Systems Concerning Management Decision-Making, Execution and Supervision

1. Matters Concerning Organizational Form and Organizational Management

Organizational Structure	Company with Audit and Supervisory Committee

Directors

Number of Directors in Articles of Incorporation	15
Term of Office for Directors in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	11
Appointment of Outside Directors	Yes
Number of Outside Directors	6
Outside Directors Designated as Independent Directors	6

Relationships with Macnica Holdings (1)

Name	Attributes	Relationships with Macnica Holdings (*)										
		a	b	c	d	e	f	g	h	i	j	k
Shinichiro Omori	Current or former employee of another company								△			
Tsunesaburo Sugaya	Current or former employee of another company											
Yasuaki Mori	Current or former employee of another company				△							
Shinichi Abe	Current or former employee of another company											
Kay Miwa	Current or former employee of another company											
Yukie Sugita	CPA											

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

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

Relationships with Macnica Holdings (2)

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary explanation of the relationship	Reason for appointment
Shinichiro Omori		○	Hitachi, Ltd., Hitachi Metals, Ltd. (currently Proterial, Ltd.) and Hitachi High-Tech Corporation, where he worked in the past, have transactions with the Group, but as the scale of these transactions is insignificant, accounting for less than 1% of the consolidated net sales of Macnica Holdings, he is considered to meet the Company's independence criteria.	Mr. Shinichiro Omori possesses a wealth of knowledge and extensive experience in management. The Company has determined that he is suitable to serve as an Outside Director who is not an Audit and Supervisory Committee Member, with the expectation that he will provide effective advice on global management, IT strategy, and digital transformation management. He also meets the independence criteria established by the Company and has no special interests in relation to the Company. He has therefore been designated as an Independent Director, as he is deemed to possess a high level of independence and does not present any risk of conflict of interest with general shareholders.
Tsunesaburo Sugaya		○	—	Mr. Tsunesaburo Sugaya possesses extensive experience and a high level of expertise cultivated through the management of overseas investment businesses. The Company has determined that he is suitable to serve as an Outside Director who is not an Audit and Supervisory Committee Member, with the expectation that he will provide effective advice on new business investments and overall corporate management. He also meets the independence criteria established by the Company and has no special interests in relation to the Company. He has therefore been designated as an Independent Director, as he is deemed to possess a high level of independence and does not present any risk of conflict of interest with general shareholders.
Yasuaki Mori		○	He served as President and Representative Director, Infineon Technologies Japan K.K., a major customer of the Company, until 2018, after which he held executive positions at start-ups and other companies that have no business relationship with the Company. Based on the period after his retirement from the position of President and Representative Director, Infineon Technologies Japan K.K. and his subsequent career history, he is deemed to have no independence issues according to the Company's independence criteria.	Mr. Yasuaki Mori works for one of the world's leading semiconductor manufacturers. He possesses not only extensive experience and knowledge of the semiconductor industry, but also experience in overall management as the person in charge of a Japanese subsidiary, as well as providing advice as an advisor to cutting-edge technology venture corporations, etc. globally. The Company has determined that he is suitable to serve as an Outside Director, with the expectation that he will provide oversight and advice from an independent and objective standpoint, not only with respect to the Group's core semiconductor and network businesses, but also in areas such as strategic direction and business investments in the new CPS solutions business. He also meets the independence criteria established by the Company and has no special interests in relation to the Company. He has therefore been designated as an Independent Director, as he is deemed to possess a high level of independence and does not present any risk of conflict of interest with general shareholders.

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary explanation of the relationship	Reason for appointment
Shinichi Abe		○	—	Mr. Shinichi Abe possesses in-depth knowledge and insight into the IT and network industry, with particularly strong expertise in the areas of the advancement of digitalization, the use of AI technologies, and the promotion of digital transformation. He also has international business experience and a global perspective. The Company has determined that he is suitable to serve as an Outside Director who is not Audit and Supervisory Committee Member, with the expectation that he will provide valuable advice leveraging his experience and expertise—not only in the Group's AI- and digital-driven businesses, but also in further enhancing competitiveness as the Group pursues strategic expansion in global markets. He also meets the independence criteria established by the Company and has no special interests in relation to the Company. He has therefore been designated as an Independent Director, as he is deemed to possess a high level of independence and does not present any risk of conflict of interest with general shareholders.
Kay Miwa	○	○	—	Ms. Kay Miwa has acquired extensive knowledge and experience in the areas of legal affairs, cross-border M&A, and corporate governance, having previously practiced as a lawyer in China and subsequently served as in-house lawyer at multiple companies. She also possesses valuable insights into matters related to China, which is a key market for the Group. The Company has determined that she is suitable to serve as an Outside Director who is an Audit and Supervisory Committee Member, expecting that she will contribute to appropriate auditing and oversight. She also meets the independence criteria established by the Company and has no special interests in relation to the Company. She has therefore been designated as an Independent Director, as she is deemed to possess a high level of independence and does not present any risk of conflict of interest with general shareholders.
Yukie Sugita	○	○	—	Ms. Yukie Sugita possesses professional expertise and extensive experience as a certified public accountant. She also has experience supporting corporate listings and serving as an Outside Officer. The Company has determined that she is suitable to serve as an Outside Director who is an Audit and Supervisory Committee Member, with the expectation that she will contribute to appropriate auditing and oversight. She also meets the independence criteria established by the Company and has no special interests in relation to the Company. She has therefore been designated as an Independent Director, as she is deemed to possess a high level of independence and does not present any risk of conflict of interest with general shareholders.

Audit and Supervisory Committee

Details of Members and Attributes of Chairperson

	All Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	1	2	Internal Director

Has Directors and Employees to Assist the Audit and Supervisory Committee in its duties	Yes

Matters Concerning the Independence of Such Directors and Employees from Business Execution Directors

The Company has designated the Internal Audit Office as personnel to assist the Audit and Supervisory Committee in the performance of its duties. The Internal Audit Office conducts audits and gathers information as instructed by the Audit and Supervisory Committee, and reports the results to the Committee. To ensure the independence of the Internal Audit Office from Executive Officers, the Office performs its duties under the direction and supervision of the Audit and Supervisory Committee in relation to these tasks, and no other Business Executive Officer performs personnel evaluations, etc.

Cooperation between Audit and Supervisory Committee, Accounting Auditor and Internal Audit Department

Directors who serve as Audit and Supervisory Committee Members hold regular meetings and exchange opinions with the Accounting Auditor in order to maintain close coordination, during which the Accounting Auditor reports on audit procedures and the results of their implementation. In addition, they discuss status and issues relating to internal controls, as necessary, to enhance the effectiveness and efficiency of audits. Directors who serve as Audit and Supervisory Committee Members receive reports at the Audit and Supervisory Committee meetings on the results of internal audits conducted by the Internal Audit Department, and work together by holding regular meetings to exchange opinions.

Voluntary Committees

Has a Voluntary Committee Equivalent to the Nominating Committee or the Remuneration Committee	Yes

Details of Establishment, Members, and Attribute of Chairperson

	Committee's Name	All Members	Full-time Members	Internal Directors	Outside Directors	Outside Experts	Others	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nominating and Compensation Advisory Committee	6	0	1	5	0	0	Internal Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nominating and Compensation Advisory Committee	6	0	1	5	0	0	Internal Director

Supplementary Explanation for Applicable Items

The Company has established the above-mentioned Nominating and Compensation Advisory Committee as an advisory

body to the Board of Directors. The committee members are appointed by resolution of the Board of Directors and comprise five Independent Outside Directors (of these, one is an Outside Director who is an Audit and Supervisory Committee Member) and one (Non-Executive) Internal Director. The purpose of this Committee is (i) to report on the appointment and dismissal of the Representative Director and President, the formulation and promotion of the Succession Plan and the confirmation of the selection of candidates for the Board of Directors, and (ii) to examine the system and decision-making process and report on the remuneration and bonuses of the Company's Directors. In FY2024, the Committee met seven times, with 100% attendance by all members. Key topics discussed during the fiscal year included the succession process for the Chairperson of the Board in light of the mandatory retirement age and the resulting changes to the Board structure. Regarding the Chairperson succession process, the Committee reaffirmed and redefined the role and responsibilities of the Chairperson, recognizing the growing importance of Board leadership as a source of competitive strength in corporate management, and worked to establish a structured process for succession. With respect to the Board structure, the Committee discussed a framework under which the CEO would concurrently serve as Chairperson in the following fiscal year. Deliberations included the composition of the Board—specifically, maintaining a 5:6 ratio of Internal to Outside Directors—and the introduction of a Lead Independent Director.

Independent Directors

Number of Independent Directors	6

Other matters concerning Independent Directors

There are no special notes.

Incentive System

Initiatives to Offer Incentives to Directors	Introduction of performance-based remuneration system, etc.

Supplementary Explanation for Applicable Items

1. Bonuses (Performance-Based Remuneration)

In order to raise awareness of the need to improve the Company's performance in each fiscal year, bonuses (performance-based remuneration) are set as KPIs for four financial items (consolidated net sales, consolidated operating income margin, ROE and consolidated working capital turnover) and non-financial items related to strategic goals and corporate culture. The amount is calculated according to the degree of achievement of each target. The reason for selecting these performance indicators is to ensure the scale of the Company's performance and profit levels and to encourage Directors to realize their strategies. The bonuses (performance-based remuneration) for the year under review were calculated based on the figures for the Full Year ended March 31, 2024, and the actual results in terms of the main indicators were consolidated sales of ¥1,028,718 million, consolidated operating income margin of 6.2%, ROE of 19.7% (consolidated equity at the end of the period) and consolidated working capital turnover of 3.5 times.

2. Share-based Remuneration (Non-Monetary Compensation)

Share-based remuneration is granted as restricted share remuneration with transfer restrictions for a certain period for the purpose of providing medium- to long-term incentives and sharing shareholder value.

Stock Option Eligibility	

Supplementary Explanation for Applicable Items

————

Remuneration for Directors

Status of Disclosure	Individual remuneration is not disclosed.

Supplementary Explanation for Applicable Items

In FY2024, executive compensation at the Company was as follows:

- ¥243 million for 8 Directors (excluding Audit and Supervisory Committee Members and Outside Directors)
- ¥16 million for 1 Director who is an Audit and Supervisory Committee Member (excluding Outside Directors)
- ¥5 million for 1 Corporate Auditor (excluding Outside Corporate Auditors)
- ¥45 million for 5 Outside Directors (excluding Audit and Supervisory Committee Members)
- ¥18 million for 2 Outside Directors who are Audit and Supervisory Committee Members
- ¥3 million for 2 Outside Corporate Auditors

Disclosure of the Policy for determining remuneration and calculation methods	Yes

Disclosure of Policy on Determining Remuneration Amounts

The determination of Directors' remuneration is deliberated by the Nominating and Compensation Advisory Committee, an advisory body to the Board of Directors, and resolved by the Board within the total remuneration amount approved at the General Meeting of Shareholders. The Nominating and Compensation Advisory Committee comprises five Outside Directors who are Independent Officers and one Non-Executive Business Director. The policy for determining Directors' remuneration is as outlined below and has been approved by resolution of the Board of Directors. The total amount of Directors' remuneration is set with reference to the remuneration levels (market level) of major domestic companies. Based on the level of responsibility assigned to each Director, the Company has designed a role-based compensation table, which serves as the basis for determining individual remuneration amounts. Director remuneration consists of base compensation, bonuses (performance-based remuneration), and share remuneration, with a standard allocation ratio of 50:20:30, respectively. Base compensation is paid monthly at a fixed rate, bonuses are paid in July of the following year, and share compensation is also granted in July. In determining individual remuneration for Directors, the Nominating and Compensation Advisory Committee conducts a multifaceted review of the draft proposals, including consistency with the policy. The Board of Directors generally respects the Committee's recommendations and considers them to be in line with the approved policy. Remuneration for Outside Directors consists of base compensation (fixed remuneration) only.

Support System for Outside Directors

The Office of the President serves as the primary point of contact in supporting Outside Directors with regard to the scheduling of Board of Directors and other meetings, as well as the communication of important matters. In addition, relevant departments coordinate to support the collection and provision of internal materials requested by Outside Directors or required for audits by the Audit and Supervisory Committee. Furthermore, the Board of Directors Office has been established to strengthen the support system. This includes setting discussion themes for Board meetings, coordinating the schedule for such discussions, and providing advance explanations to Outside Directors on agenda items

as necessary.

Status of Retired Executives Currently Serving in Advisory Positions

Names, positions, and other information related to retired executives currently serving in advisory positions

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/ without remuneration)	Date when former role as president ended	Term
Kiyoshi Nakashima	Executive Advisor	Provides advice based on experience and insight at the request of the Company and does not directly participate in the management of the Company	Part-time, with remuneration	June 25, 2019	1 year

Number of retired executives currently serving in advisory positions	1

Other Related Matters

Following his resignation as Representative Director and President of the Company, he served as Chairman and Representative Director until June 24, 2021, and subsequently as Chairman of the Board of Directors until June 25, 2025. His appointment as Special Advisor was determined by the Board of Directors following deliberation by the Nominating and Compensation Advisory Committee, in accordance with internal regulations.

2. Matters Concerning Business Execution, Audit and Supervision, Nomination, Remuneration and Other Functions (Outline of the Current Corporate Governance System)

The Company has made continuous efforts to enhance and strengthen Corporate Governance in order to become a more competitive company and to improve its corporate value over the medium- to long-term. The Company has adopted the structure of a Company with an Audit and Supervisory Committee. This is intended to further accelerate decision-making and business execution by delegating important management decisions from the Board of Directors to the Directors, while the Board of Directors will strengthen its supervisory function by focusing more on discussions and policy decisions on key management challenges such as strategy, human resources, and risks, and monitoring the execution by the management. The aim is to enhance the competitiveness and corporate value of the Company through the twin pillars of supervision and execution.

The Company's basic management and administrative structures are the Board of Directors, Group Management Committee, Audit and Supervisory Committee and Nominating and Compensation Advisory Committee.

1. Board of Directors

The Board of Directors comprises eight Directors (excluding Directors who are the Audit and Supervisory Committee members) (including four Outside Directors) and three Directors who are the Audit and Supervisory Committee members (including two Outside Directors), making a total of eleven members.

The Board of Directors adopts a monitoring model and, in accordance with the Board of Directors Regulations and other relevant regulations, carries out decision-making on basic management policies such as the Company's Purpose, Vision,

Values, and medium- to long-term management strategy and plans, and holds discussions focusing on important management challenges for the Group, such as strategy, human resources, and risks. The meetings are held monthly, in principle, for supervision of business execution by the management team.

2. Group Management Committee

The Company has adopted the structure of a Company with an Audit and Supervisory Committee, under which authority for important business execution decisions within the Group is delegated by the Board of Directors to Directors. The Group Management Committee is chaired by the Representative Director and President and Executive Officer, who has been delegated authority by the Board, and is composed of Business Executive Directors and Executive Officers. The Committee deliberates and makes decisions on matters related to the execution of operations within the Group. The Committee consolidates and analyses information related to issues such as the progress of the Group's annual priority policies and matters raised by Group companies, and makes decisions accordingly. In addition, for key matters relating to medium- to long-term strategies of each business segment, the Group Management Committee holds off-site strategy camps three times per year, where members engage in in-depth and focused discussions over an extended period.

3. Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Directors, including two Outside Directors. In accordance with the Audit and Supervisory Committee Regulations and internal rules on the Committee's audit and supervisory responsibilities, the Committee audits the execution of duties by Directors and performs other duties as stipulated by laws, regulations, and the Articles of Incorporation. The Committee holds monthly meetings to share information and monitor the progress of its audit plan, and also regularly exchanges information and holds meetings with the Internal Audit Office and the Accounting Auditor.

In addition, a full-time Audit and Supervisory Committee Member has been selected, and a mechanism has been established to enable the Audit and Supervisory Committee to fulfil its auditing function with regard to business execution, by providing opportunities for the heads of each department to report to the Audit and Supervisory Committee, thereby enhancing the effectiveness of the Audit and Supervisory Committee's functions.

4. Nominating and Compensation Advisory Committee

The Company has established a Nominating and Compensation Advisory Committee as an advisory body to the Board of Directors, with a strong emphasis on maintaining independence, objectivity, and transparency in its procedures and deliberations. The Committee comprises five Outside Directors (including one Outside Director who serves as an Audit and Supervisory Committee Member) and one Non-Executive Director. The Committee is responsible for reviewing and confirming matters such as the selection of the Representative Director and President, the nomination of Director candidates (excluding those who serve as Audit and Supervisory Committee Members), and the nomination of Directors who serve as Audit and Supervisory Committee Members. It also deliberates on the remuneration of each Director and Executive Officer, including share remuneration, and reports its findings to the Board of Directors. By including one Outside Director who serves as an Audit and Supervisory Committee Member, the structure allows the Committee to validate its process appropriateness while facilitating the form of opinion by the Audit and Supervisory Committee.

3. Reason for Selecting Present Corporate Governance System

In June 2024, the Company transitioned to a Company with an Audit and Supervisory Committee. This structure enables the delegation of certain decision-making authority from the Board of Directors to Directors within the scope permitted by laws and regulations and the Articles of Incorporation, allowing for more prompt decision-making. Under this

framework, the Board of Directors is primarily responsible for determining key management policies and important matters that contribute to enhancing corporate value, and supervising the execution of duties by the management team, while the management team is responsible for executing operations appropriately in line with those policies.

The Board of Directors functions as a framework that contributes to enhancing corporate value by supervising the execution of duties by the management team, while ensuring objectivity and fairness through the insights of Independent Outside Directors. The Board is composed of eleven Directors, including six highly independent Outside Directors. By incorporating external perspectives and receiving advice based on diverse experience and broad expertise, the Company believes that it is able to ensure fairness in corporate management and make appropriate, well-informed decisions. Directors who serve as Audit and Supervisory Committee Members hold voting rights at Board meetings and, as members of the Committee, have the right to express opinions at the General Meeting of Shareholders regarding the election and remuneration of Directors. This structure is expected to further strengthen the supervisory function over Business Executive Directors.

In addition, the Company has established a Nominating and Compensation Advisory Committee as an advisory body to the Board of Directors, thereby enhancing the governance structure by complementing the functions of the Board.

III. Implementation of Initiatives Concerning Shareholders and Other Stakeholders

1. Ensuring an Active Ordinary General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Shareholder Meeting	
Scheduling AGMs Avoiding the Peak Day	The basic policy is to set the date of the meeting to avoid Peak Days so that more shareholders can attend.
Allowing Electronic Exercise of Voting Rights	In order to ensure that shareholders have time to consider proposals and to facilitate the exercise of voting rights, voting via the internet was introduced.
Participation in Electronic Voting Platform and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Participation in voting platforms to improve the voting environment for institutional investors.
Providing Convocation Notice (Summary) in English	An English translation of the Provision of Notice (or Summary of Notice) has been prepared and is available on the Company's website.
Other	At General Meetings of Shareholders, the Company strives to provide easy-to-understand explanations. This includes business reports with narration and the projection of graphs and other materials on a screen, in order to deepen shareholders' understanding.

2. Investor Relations (IR) Activities

	Supplementary Explanation	Presentation by Representative
Preparation and Publication of Disclosure Policy	The Information Disclosure Policy is available on the Company's website.	
Regular Investor Briefings for Individual Investors	We regularly hold briefings for individual investors and distribute archived videos. Additionally, we organize integrated report briefings to provide opportunities for direct dialogue with our management team, enhancing understanding of our company. We also issue shareholder newsletters and strive to maintain and strengthen information disclosure for individual shareholders and investors.	Held
Regular Investor Briefings for Analysts and Institutional Investors	Financial results briefings are held on the same day as the announcement of the full-year and second quarter results, and small group meetings are held when the first and third quarter results are announced. In addition, individual meetings are held at the request of analysts and institutional investors for each quarterly results.	Held
Posting of IR Materials on Website	The Company's website contains financial statements (with English disclosure), supplementary materials (with English disclosure), provision of notice of General Meeting of Shareholders (with English disclosure), annual securities reports, shareholder newsletters and other timely disclosure materials (with English disclosure).	
Establishment of Department and/or Manager in Charge of IR	The Management Planning Department is in charge of IR.	

3. Measures Concerning Respect of the Standpoint of Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Code of Conduct stipulates that the Company respects the position of its customers, employees and other stakeholders, published on Company website.
Implementation of Environmental Activities, CSR Activities etc.	The Company strives to protect the environment by operating environmental management on the ISO 14001 standard, which has been certified by its subsidiary. The Company has started to set KPIs based on the TCFD framework.
Development of Policies on Information Provision to Stakeholders	The Code of Conduct stipulates that the Company discloses its activities in a positive and fair manner. The Information Disclosure Policy sets out the basic policy and methods of disclosure.

IV. Matters relating to Internal Control System

1. Basic Stance Regarding Internal Control System and Status of Establishment

The Company is committed to strengthening and thoroughly implementing its Internal Control System in accordance with the basic policy on the Internal Control System adopted by the Board of Directors.

The basic policy for the development of the Internal Control System in accordance with Article 362 of the Companies Act and Article 100 of the Enforcement Regulations of the Companies Act, resolved by the Board of Directors, follows.

1. Systems to Ensure that the Execution of Duties by Directors and Employees Complies with Laws, Regulations and the Articles of Incorporation

(1) Based on the recognition that compliance with laws and regulations is a prerequisite for corporate activities, Directors, Executive Officers and employees shall take the initiative in ensuring that the Company and the Group in general comply with laws and regulations. Directors attend regular monthly meetings of the Board of Directors in accordance with the "Board of Directors Regulations" and other relevant regulations, to ensure communication between Directors and to mutually monitor and supervise the execution of their duties.

(2) The Compliance Regulations shall be established as the basis for the compliance system. The Compliance Department, chaired by the President, is in charge of promoting compliance in the Company and the Group, while the Compliance and Risk Management Committee is responsible for discussing and approving issues and measures.

(3) The Group shall work to develop a system for elimination of anti-social forces and ensure that Group officers and employees take a firm stance against anti-social forces and do not accept any unjustified or unreasonable demands.

(4) Establish and operate internal controls to ensure the reliability of financial reporting and assess effectiveness.

(5) The Internal Audit Office, which is responsible for internal audits, audits compliance with laws and regulations and submits a report to the Board of Directors and submits a copy to the Audit and Supervisory Committee.

(6) As an internal reporting system for violations of laws and regulations and other compliance-related facts, the Company and its Group companies shall establish and operate an internal reporting system in which, in addition to the internal contact point, third-party organizations, etc. are direct recipients of information. The Compliance and Risk Management Committee monitors its operation.

(7) If the Audit and Supervisory Committee considers that there is a problem with the operation of the legal compliance system and an internal reporting system of the Company and the Group, it may express its opinion and request the Board of Directors to formulate improvement measures.

2. System for the Storage and Management of Information Related to Directors' Execution of Duties

Information relating to the execution of duties by Directors shall be stored and managed appropriately and reliably in a highly searchable state according to the storage medium in accordance with the "Document Management Regulations" and shall remain accessible for a certain period of time.

3. Regulations and Other Systems for Managing the Risk of Loss

(1) In order to establish a risk management system, the Company shall establish the Risk Management Regulations and set up a Compliance and Risk Management Committee to conduct various types of risk management, monitor the status of risk management promotion, formulate necessary measures and regularly report to the Board of Directors and the Group Management Committee.

(2) Establish a cross-sectional internal management system capable of responding quickly, such as setting up a task force and managing information in the event of a risk occurrence, to prevent the spread of secondary damage and the recurrence of such damage.

4. System for Ensuring that Directors Perform Duties Efficiently

(1) The Board of Directors convenes regularly monthly and holds extraordinary meetings as necessary. The Company delegates a portion of important business execution matters to Directors and ensures prompt decision-making through the Group Management Committee chaired by the Representative Director. Matters of particular importance are reported to the Board of Directors and are subject to its supervision.

(2) With respect to the business execution based on resolutions of the Board of Directors, the Company ensures the efficient execution of duties through role allocation and command structures in accordance with "Regulations on the Assignment of Duties" and the "Regulations on Administrative Authorities."

5. System to Ensure Suitability of Business Conducted in the Corporate Group Consisting of the Company and Its Subsidiaries

(1) The Group Management Philosophy shall apply to all Group companies. The Group companies shall establish their various regulations on this basis. In accordance with the business management agreements concluded with the directly invested companies, the Company shall appropriately manage the business of the Group companies by requesting the approval of the Company or reporting to the Company on important matters.

(2) In accordance with the Regulations for the Management of Group Companies, Group companies are managed and monitored as necessary.

(3) The Company's Directors report to the Audit and Supervisory Committee Member if they discover any violations of laws and regulations or other important compliance matters in the Group companies.

(4) The Internal Audit Office conducts internal audits of Group companies as necessary in accordance with the Internal Audit Regulations. Internal audits carried out by Group companies are monitored upon receipt of the relevant report.

6. Items Concerning Employees Assisting in the Duties of Audit and Supervisory Committee and Items Concerning Their Independence from Directors

(1) When requested by the Audit and Supervisory Committee, the Company appoints Audit and Supervisory Committee Assistant (Audit and Supervisory Committee Staff) from among the Company's employees. The Audit and Supervisory Committee Staff's personnel evaluation shall be conducted by the Audit and Supervisory Committee, and the Board of Directors shall decide on the appointment, dismissal, transfer and revision of wages, etc. of Audit and Supervisory Committee Staff with the consent of the Audit and Supervisory Committee, ensuring independence of the Audit and Supervisory Committee Staff from Directors.

(2) If such employee concurrently serves as an employee of another department, the employee shall give priority to work related to the Audit and Supervisory Committee.

7. System for Directors and Employees to Report to the Audit and Supervisory Committee

(1) At the request of the Audit and Supervisory Committee, Directors and employees shall report to the Audit and Supervisory Committee on important matters affecting the business or performance of the Company and the Group on a case-by-case basis. In addition, the Audit and Supervisory Committee may request reports from the Directors and employees at any time and as necessary.

The results of internal audits conducted by the Internal Audit Office and the status of reports made in accordance with the "Macnica Group Internal Reporting Regulation" shall be reported to the Audit and Supervisory Committee.

(2) Directors and employees shall immediately report to the Audit and Supervisory Committee if it discovers any facts that may cause significant damage to the Company.

(3) Directors and employees who report to the Audit and Supervisory Committee are prohibited from being treated

unfavorably because of such reporting.

8. Other Systems to Ensure Effective Audits by the Audit and Supervisory Committee

(1) In investigating the state of affairs and assets of the Company and the Group and in performing other audit duties, the Audit and Supervisory Committee shall receive reports from the Internal Audit Office on the results of internal audits, etc. and may request the Internal Audit Office to conduct investigations as necessary. The Audit and Supervisory Committee shall maintain close cooperation with the Internal Audit Office and Accounting Auditors and ensure a system for conducting efficient audits.

(2) The Representative Director meets regularly with the Audit and Supervisory Committee to exchange views on issues to be addressed by the Company and the Group and cooperates with the legal advisers and others.

(3) Macnica Holdings will bear necessary expenses for the execution of duties by the Audit and Supervisory Committee.

2. Basic Policies to Protect against Entities Engaged in Unlawful Activities and Status of Establishment

The Company's basic policy is to deal with anti-social forces and groups in a resolute and organized manner, in active cooperation with the police, lawyers and other external professional bodies.

Anti-social forces and groups shall be resolutely confronted and employees shall be made aware of this and the Compliance Department shall be put in charge of collecting information.

V. Other Matters

1. Matters Concerning Anti-Takeover Measures

Matters concerning anti-takeover measures	No

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance Framework

The Company recognizes that maintaining a high level of Corporate Governance contributes to gaining the trust of shareholders, business partners and other stakeholders and, in turn, to increasing corporate value. From this perspective, the Company is committed to further enhancing its Corporate Governance, strengthening its Internal Control System and increasing management transparency through timely and appropriate information disclosure. The following is a description of the Company's system for the timely disclosure of corporate information.

Status of Development and Operation of Timely Disclosure System

1. Efforts to Develop a Timely Disclosure System

The Company regards the enhancement of its system for the timely disclosure of corporate information as part of its Corporate Governance and promptly and properly discloses information that is deemed important for investors to make investment decisions. In addition, the content of properly disclosed corporate information is disclosed on the Company's website.

The handling of information is regulated by the “Information Handling Regulations,” which unify the contact point for enquiries (department in charge of timely disclosure) in the event of material facts and clarify the roles and responsibilities of each department. Information collected is promptly reported to the person responsible for information handling, and information to be released is published in a timely manner in accordance with the rules on timely disclosure of Company Information set out by the Stock Exchange.

2. Department in Charge of Timely Disclosure

Management Planning Department

3. Internal Procedures for Timely Disclosure

(1) Important corporate information of the Group is reported as an agenda item to the Group Management Committee (Chairperson: Representative Director and President), which deliberates on the content and whether or not timely disclosure is necessary. Of the material corporate information reported, matters requiring a decision by the Board of Directors shall be submitted to the Board of Directors.

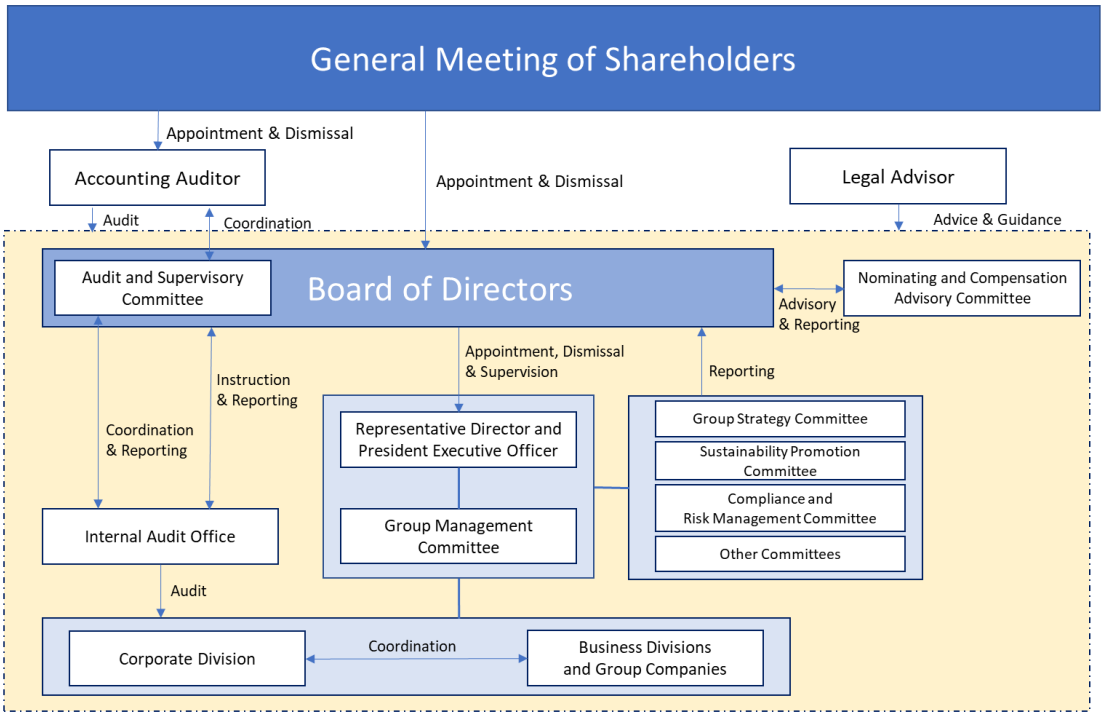
(2) The Management Planning Department shall endeavor to ascertain the facts of the decision as well as the facts of the occurrence and shall discuss with the relevant parties whether the information complies with the information to be disclosed in a timely manner.

(3) In accordance with the Financial Instruments and Exchange Act, government orders under the Act and the Regulations on Timely Disclosure of Corporate Information, the Management Planning Department will release corporate information that falls under the category of information to be disclosed in a timely manner at the appropriate time in accordance with the instructions of the person responsible for handling the information.

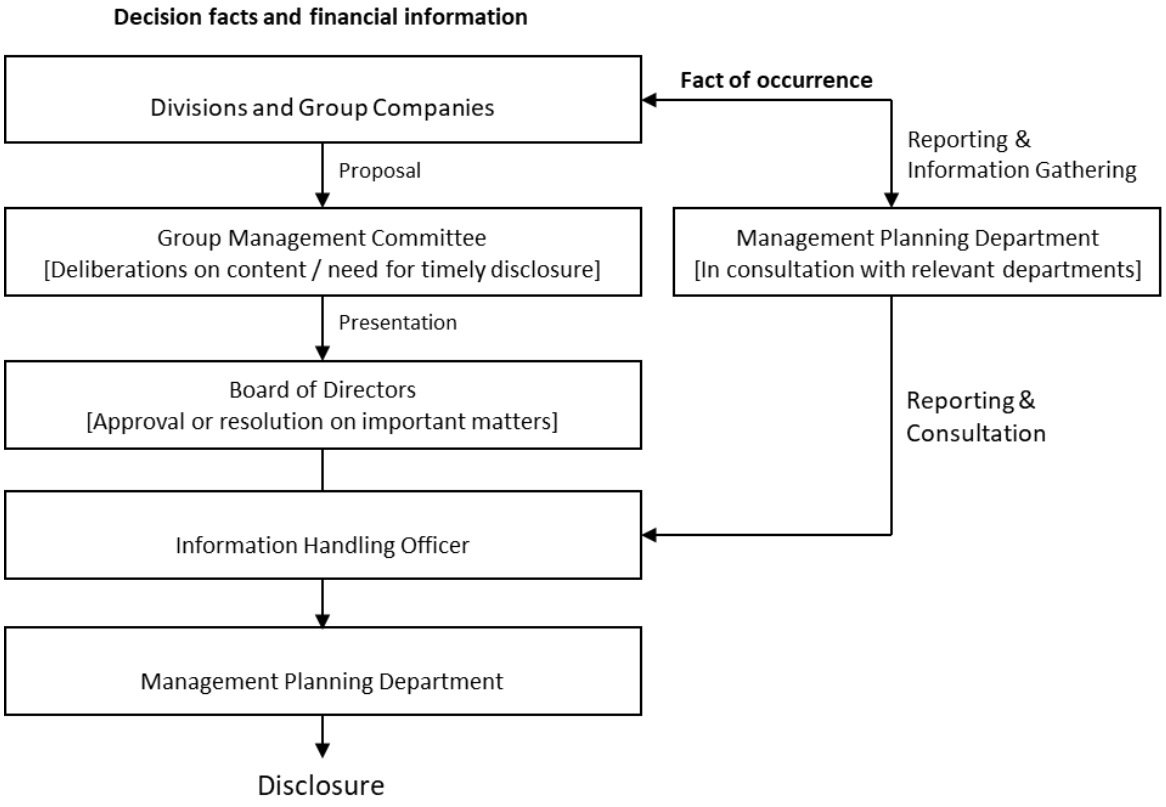
(4) The Management Planning Department, in cooperation with the relevant internal departments, will work to accelerate

the announcement of the financial results for each quarter and for the full year

Corporate Governance System (Schematic Diagram)



Outline of Timely Disclosure System (Schematic Diagram)

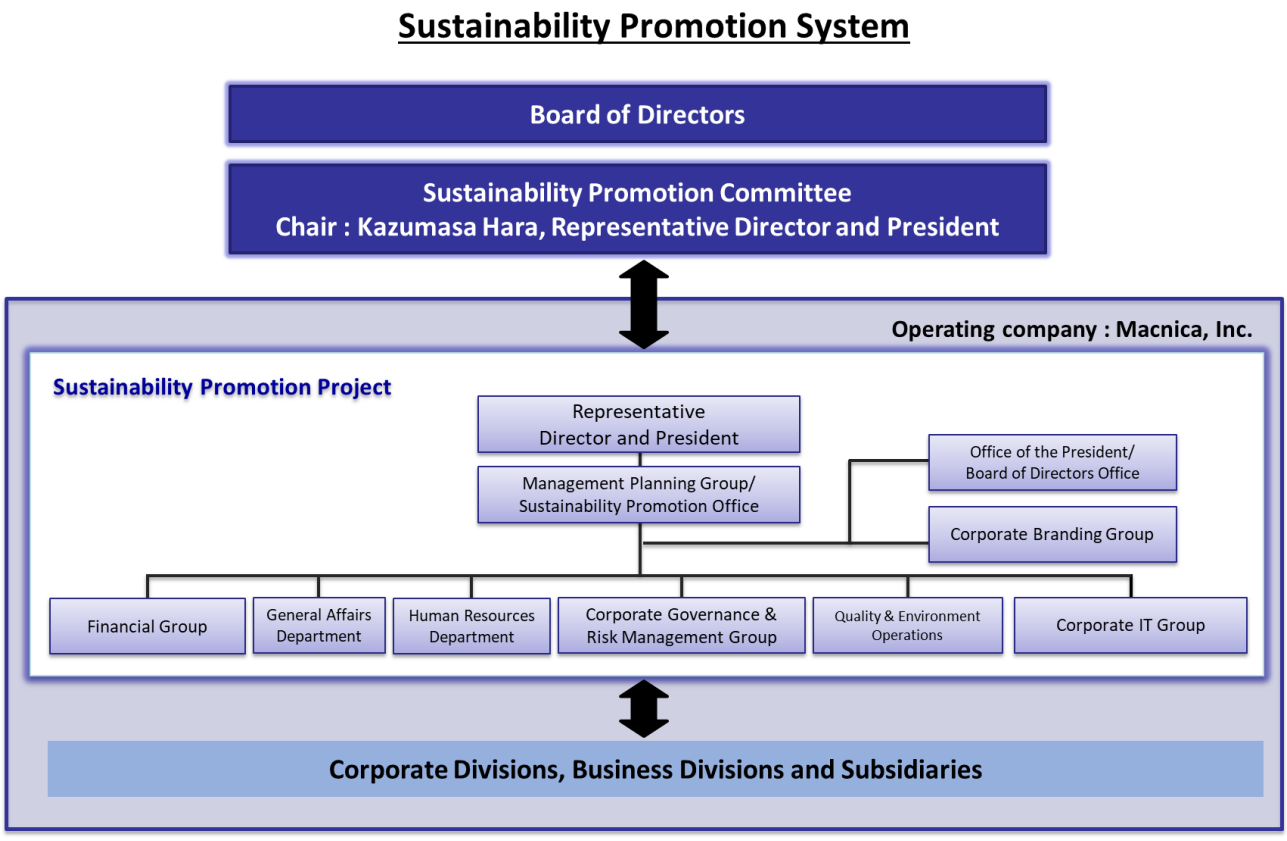


Women, Foreign Nationals and Mid-Career Hire

*Main operating subsidiary Macnica, Inc.

		Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
All Employees		2,234	2,322	2,454	2,661	2,845
Management		519	521	553	580	625
Including Women	Employee	617	650	712	760	804
	Management	24	26	29	36	55
Including Foreign Nationals	Employee	32	39	38	55	68
	( ) Includes Management-Level Positions	2 (8)	2 (7)	1 (6)	1 (9)	1 (10)
Including Mid-career hires	Employee	1,415	1,473	1,574	1,736	1,873
	Management	317	311	329	344	375

Sustainability Promotion System



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

List of Experience and Expertise Possessed by Directors (“Skills Matrix”)

This table highlights the primary "expertise, experience, competencies, etc." possessed by Directors. It does not encompass all their attributes. The assessment of skills is based on "experience" and "expertise" derived from work history, which can be evaluated and explained objectively to a certain degree.

Name	Position (Outside)	Since	Skills required to fulfill the functions of the board (including expertise, experience, competencies)													
			Corporate Management	Corporate Governance	Long-term Strategy	Risk Management	Human Resource & Corporate Culture	Capital Market & Finance	Global Business Management	Innovation	Business Investment & M&A	Industry Knowledge	DX & Technology	Branding	Compliance & Legal Affair	Sustainability
Kazumasa Hara	Representative Director	2019	●	●	●	●	●	●	–	●	●	Semiconductor & NW	●	●	–	●
Akinobu Miyoshi	Representative Director	2019	●	–	●	–	●	–	●	●	–	Semiconductor & NW	–	–	–	–
Eiichi Nishizawa	Director (Non-executive)	2015	–	●	–	●	–	●	–	–	●	Semiconductor	–	–	–	–
Makoto Okawara	Director	2024	●	–	–	●	–	●	●	–	●	Trade company	–	–	–	–
Shinichiro Omori	Outside Director	2022	●	●	–	●	–	–	●	–	●	Electrical machinery, etc.	●	–	–	–
Tsunesaburo Sugaya	Outside Director	2019	●	●	–	–	–	●	●	●	●	Investment	–	–	–	–
Yasuaki Mori	Outside Director	2024	●	●	●	●	●	●	●	–	●	Semiconductor & AI, etc.	●	–	–	–
Shinichi Abe	Outside Director	2025	●	●	●	●	●	–	●	●	–	IT & NW	●	–	–	–
Shinichi Onodera	Director (Audit and Supervisory Committee Member)	2024	–	●	–	●	–	●	●	–	●	Semiconductor	–	–	–	–
Kay Miwa	Outside Director (Audit and Supervisory Committee Member)	2024	–	●	–	●	–	–	●	–	●	Automobile, etc.	–	–	●	–
Yukie Sugita	Outside Director (Audit and Supervisory Committee Member)	2024	–	●	–	●	–	●	–	–	–	Accounting	–	–	–	–