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FUTABA INDUSTRIAL Co, Ltd.
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The corporate governance of (the "Company") is described below.

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

1. Basic Views

The Futaba management framework is designed to ensure respect for both the letter and spirit of the law in Japan and other countries, as well as fair and transparent corporate activities. As such, the Board of Directors, a majority of which consists of outside directors, not only supervises the execution of business duties, but also makes important business decisions that allocate business resources considering the cost of capital while also taking growth into account.

With respect to the execution of business duties, the President demonstrates leadership in formulating and carrying out strategic policies, while the Center Chiefs and CxOs of the various functions are responsible for smooth organizational management.

This management framework enables Futaba to make sound decisions organization-wide while achieving sustainable growth and raising its medium- to long-term value. The balance provided by a Board of Directors consisting mainly of outside viewpoints and the execution of business duties under the leadership of the President form the foundation of Futaba corporate governance.

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

*The contents of this report are based on the June 2021 revised code.

All principles in the code have been implemented.

Disclosure Based on each Principle of the Corporate Governance Code

*The contents of this report are based on the June 2021 revised code.

■Principle 1-4: Cross-Shareholdings

(1)Policy on Strategic Shareholdings

Strategic shareholdings reflect our belief that cooperative partnerships with various companies in the process of product development, procurement, production, and sales is necessary to sustain growth in our business. At the same time, we evaluate economic rationality and review the validity of all owned shares every year.

(2)Criteria on the Exercise of Voting Rights

The exercise of voting rights, we respect the management policies and business strategies of our investee companies, and judge if the exercise contributes to improving their corporate value over the medium- to long-term and to realize sustainable

growth, instead of judging approval or disapproval under a uniform standard.

■Principle 1-7: Related Party Transactions

At Futaba, decisions concerning dealings between directors and other companies, as well as potential conflicts of interest, are made in full compliance with the procedures stipulated in the Companies Act and in accordance with the Rules of the Board of Directors. Similarly, as with general dealings, decisions on dealings with major shareholders, are made after careful consideration of market value and duly conducted negotiations.

■Principle 2-4: Ensuring Diversity, Including Active Participation of Women

□Supplementary Principle 2-4-1

We believe that having a workforce with diverse attributes and values that manifests its capabilities to the fullest and in which every employee can work with vigor and enthusiasm spurs the growth of the company. More specifically, we promote measures such as encouraging the hiring of women, foreign nationals, people with disabilities, and older people, alongside measures that enable our employees to work with vigor and enthusiasm.

With respect to the active engagement of women, we are aiming to increase the rate of women in management positions to 5% by FY 2030, and we are studying a wide range of approaches to secure sufficient people from both inside and outside the company to meet this goal.

We have also set a goal of having women comprise 20% of new graduate hires in the company's main career tracks.

In terms of foreign national staff, we are intensifying recruitment in Japan and appointment to manager or higher level positions while simultaneously promoting local staff to executive ranks in our subsidiaries outside Japan.

See the "Human Capital" pages of the latest edition FUTABA Integrated Report for more information.

【URL】「FUTABA Integrated Report」 https://www.futabasangyo.com/csr/env_report/

■Principle 2-6: Roles of Corporate Pension Funds as Asset Owners

The company pension is managed by the Futaba Corporate Pension Foundation, an organization separate and distinct from Futaba.

To enable the foundation to fulfill its expected role as an asset owner, Futaba selects people suitably qualified to manage assets from the Accounting & Finance Center or other centers and recommends them for the board of representatives and the asset management committee. Asset management is reported to, and approved by, the board of representatives following deliberations by the management committee.

At the same time, the decisions on where to invest draw on the knowledge of a third-party external consulting firm. These decisions not only seek to maximize the return for beneficiaries, but also follow a system that manages conflicts of interest appropriately through means such as requiring approval after extensive deliberation by the Board of Representatives, which includes union executives and other employee representatives.

■Principle 3-1: Full Disclosure

(1)Management System, Business Strategy, and Business Plans

In 2024, the Futaba Group formulated the management system (Purpose, Mission, and Values) based on our existing Corporate

Motto and Management Principle. All employees of the Futaba Group were made aware of this system.

In May 2025, the Futaba Group formulated a new medium-term management plan based on the management system. It was formulated and announced. Details are available on the Company's website.

・the management system (Purpose, Mission, and Values)

https://www.futabasangyo.com/profile/management_system/

・medium-term management plan

https://www.futabasangyo.com/assets/uploads/pdf/5a5e30c4277b0bd2826224dd1c89efc9d9e03764.pdf

(2)Approach and Basic Policy Concerning Governance

Refer to Section 1.1 Basic Approach for information on the underlying concepts of corporate governance.

The basic policy on addressing the corporate governance code clearly states the initiatives we must implement and aims to establish better corporate governance to impart a deep understanding of the purpose and spirit of the code to achieve sustainable growth and increase medium-term corporate value for Futaba.

(3)Compensation for Senior Executives and Directors

Compensation for Directors (excluding outside directors), executive officers, and top managers consists of a monthly compensation, bonus, and dividends from restricted stock. The monthly compensation is a fixed compensation, while the bonus is linked to corporate performance and reflects the duties and results of the incumbent.

The restricted stock compensation system was introduced in the 2019 fiscal year as an incentive to sustainably raise Futaba corporate value and further share that value with shareholders. In December 2018, the voluntary Compensation Committee, comprised primarily of independent outside directors, was established as an advisory body to the Board of Directors, which considers the recommendations submitted by the Compensation Committee to determine the compensation of the directors, executive officers, and top managers. The input of the committee has been included in the director compensation proposal since the general meeting of shareholders in 2019.

(4)Appointment and Dismissal of Senior Executives and Directors, and Appointment of Audit & Supervisory Board Members

The Board of Directors emphasizes the balance of skills, experience, and expertise, as well as diversity and suitability for the position, to make prompt and sound decisions concerning the nomination, appointment, and dismissal of directors, executive officers, and top managers. In December 2018, the voluntary Nominating Committee, comprised primarily of independent outside directors, was established as an advisory body to the Board of Directors, which considers the recommendations submitted by the Nominating Committee to determine the nomination, dismissal, and appointment of directors, executive officers, and top managers. The input of the committee has been included in the director nomination, appointment, and dismissal proposal since the general meeting of shareholders in 2019.

The appointment of Audit & Supervisory Board members is determined with the consent of the Audit & Supervisory Board.

The Board of Directors obtains that consent via a resolution of the Audit & Supervisory Board, and submits a proposal for the appointment of Audit & Supervisory Board members to the general meeting of shareholders.

(5)Explanation of Individual Nominations, Appointments, or Dismissals

The Board of Directors considers the reasons for individual nominations, appointments, or dismissals in conjunction with the recommendations submitted by the Nominating Committee, which primarily consists of independent outside directors, in determining the nomination, dismissal, and appointment of directors, executive officers, and top managers. The Notice of the General Meeting of Shareholders also presents the background of each person nominated, appointed, or dismissed as a director or Audit & Supervisory Board member.

□Supplementary Principle 3-1-3

Futaba supports the common objectives of the international community represented by the sustainable development goals (SDGs), and has defined the 14 Priority Issues (Materiality) to resolve environmental and social issues through its business activities and reinforce the management foundation that supports those activities. The priority issues are incorporated into our Medium-term Management Plan and acted upon by the entire Futaba Group via the policies established in each fiscal year.

At the same time, we are using the Futaba Way as our starting point to bring environmental friendliness, peace of mind, and quality of life to society through products that embody the strengths cultivated over the years, as well as to enhance corporate value by achieving our business objectives. We will be formulating approaches to financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital as we work on creating and enhancing corporate value.

Human capital reflects our awareness that human resources constitute a crucial business foundation for delivering the core values of our Medium-term Management Plan and mission, namely “clean & green”, “peace of mind”, and “quality of life”. Consequently, we have made “every employee plays an active role” our basic approach to human resources, and defined the strengths of each individual, achieving even higher job satisfaction, and taking on challenges as the three pillars necessary to realize active participation by all employees. We have established the Human Resources Strategy Committee, which is attended by our top managers, to promote reforms in our human resources management and personnel system. These initiatives are intended to put individual employees in the proper position to leverage their strengths, to realize the necessary level of job satisfaction to motivate them to take on challenges, engage actively, and grow, as well as to contribute to the sustainable growth of society through the company’s business activities.

Refer to the latest edition of the FUTABA Integrated Report, which describes our initiatives concerning sustainability and various forms of management capital, as well as the risks and opportunities related to climate change, and their impact on Futaba’s business activities and financial results.

【URL】「FUTABA Integrated Report」 https://www.futabasangyo.com/csr/env_report/

■Principle 4-1: Roles and Responsibilities of the Board

· Supplementary Principle 4-1-1

At its meetings, the Board of Directors Meeting passes resolutions concerning (1) matters stipulated in the Companies Act or other legislation, (2) matters stipulated in the Articles of Incorporation, and (3) other important business matters stipulated in the Rules of the Board of Directors Meeting. The Rules of Authority stipulate the scope of other matters delegated to executives.

■Principle 4-9: Independence Standards and Qualification for Independent Directors

Futaba follows the criteria for externality stipulated in the Companies Act and the criteria for independence stipulated by the financial instruments exchange in selecting candidates for the independent officers who are appointed as outside directors. We also emphasize appointing candidates with a high level of expertise and wealth of experience that enables them to offer candid and constructive advice and supervision to management.

■Principle 4-10 Use of Optional Approach

□Supplementary Principle 4-10-1

The Nominating Committee and Compensation Committee have been established as advisory bodies to the Board of Directors.

The members of both committees consist of a majority of independent outside directors to ensure objective and transparent procedures regarding the nomination, appointment, dismissal and compensation of directors and executive officers.

■Principle 4-11: Preconditions for Board and *Kansayaku* Board Effectiveness

□Supplementary Principle 4-11-1

The Futaba Board of Directors is comprised of an appropriate number of members to fulfill its role and duties while maintaining an overall balance of knowledge, experience, and skill, as well as a diversity of values. The policy and procedures governing the appointment of directors are described in Paragraph (4) of Principle 3-1 above.

The latest Notice for the Annual General Meeting of Shareholders provides a skills matrix summarizing the knowledge, experience, and competence of the individual directors.

[URL] Page hosting the Notice for the Annual General Meeting of Shareholders

https://www.futabasangyo.com/ir/stock/holder/

□Supplementary Principle 4-11-2

We disclose the major concurrent positions held by the various directors and Audit & Supervisory Board members in our annual business report.

□Supplementary Principle 4-11-3

Taking evaluations such as surveys answered by outside directors and Audit & Supervisory Board members into account, the Futaba Board of Directors assesses and analyzes whether it is effectively fulfilling its role and performing its duties, and makes any necessary improvements. These surveys are prepared once every three years under the supervision of a third party.

An assessment of the effectiveness of the Board of Directors was conducted by a third-party institution in FY 2024.

The issues identified included “following up more closely on the progress of the management plan”. We plan to properly submit such matters and intensify deliberations to address them.

The distribution of documents concerning matters submitted to the Board of Directors and the timing of briefings were revised to ensure that outside directors and outside Audit & Supervisory Board members have sufficient time to gain a proper understanding of said submitted matters.

■Principle 4-14: Director and *Kansayaku* Training

□Supplementary Principle 4-14-2

Futaba holds seminars on the laws and regulations applying to all executive officers, including appointed directors and Audit & Supervisory Board members, to give them an opportunity to learn about their role and duties. We also hold regular training sessions focusing on medium- to long-term issues for executive officers, arrange for them to attend external seminars as necessary, and invite outside experts to conduct workshops.

For outside directors and Audit & Supervisory Board members, we complement the above with tours of our facilities and those of our subsidiaries to broaden their understanding of Futaba principles and initiatives.

■Principle 5-1: Policy for Constructive Dialogue with Shareholders

Futaba engages in positive dialogue with shareholders within a rational scope for the purpose of achieving sustainable growth and enhancing corporate value. At the same time, the Board of Directors makes efforts to build a system to foster constructive dialogue with shareholders.

(1) The Chief of General Affairs & Human Resources Center supervises all dialogue with shareholders and actively strives to make it constructive through financial results briefings and various other initiatives.

(2) We manage IR activities by appointing IR supervisors in the General Affairs & Human Resources Center, as well as through coordination with the Accounting & Finance Center, Corporate Planning Division, and other related departments.

(3) The Company holds semi-annual financial results briefings for investment analysts and investors as a means of dialogue other than individual meetings. We are also working to enhance information disclosure by issuing integrated reports and disclosing information on our website.

(4) The opinions and concerns learned through dialogue with shareholders are properly reported to the Board of Directors and executive officers to ensure a shared awareness of issues.

(5) Dialogue with shareholders is conducted with due care to avoid any infringement of the Companies Act, Financial Instruments and Exchange Act or other legislation. Most notably, we never communicate matters involving insider information. In addition, we limit dialogue and interviews with investors between the day after the financial results are finalized and the day they are announced.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available / Unavailable
Date of Disclosure Update	23/06/2025

Explanation of Actions

Futaba is promoting initiatives to ensure that capital profits exceed capital costs.

In the Medium-Term Management Plan announced in May 2025, we set the goal of achieving ROE of 10% or higher under the theme of "improving profitability in order to raise the price-to-book value ratio to 1 or higher as soon as possible." There is a correlation between the Company's price-to-book value ratio and ROE. We aim to achieve an ROE of 10% or higher and a

price-to-book value ratio of 1 or higher as soon as possible by achieving sustainable growth in earnings. As initiatives to improve ROE, we will make growth investments aimed at the growth of existing businesses and the early commercialization of new businesses. We will strengthen our earning power by early global development of cost reduction utilizing DX, and aim to improve corporate value and shareholder value mainly by improving profitability. For details, please refer to page 29,30 of the "Notice Concerning Formulation of Medium-Term Management Plan" "on the Company's website."
[URL] https://www.futabasangyo.com/assets/uploads/pdf/5ae30c4277b0bd2826224dd1c89efc9d9e03764.pdf

2. Capital Structure

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

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
TOYOTA MOTOR CORPORATION	28,116,327	31.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,116,900	10.18
FUTABA Partners' Shareholding Association	3,391,896	3.79
Sumitomo Mitsui Banking Corporation	3,063,948	3.42
Custody Bank of Japan, Ltd. (Trust Account)	2,553,400	2.85
Mizuho Trust & Banking of the employee pension trust of Custody Bank of Japan, Ltd.	2,189,000	2.44
RE FUND 107-CLIENT AC	1,440,804	1.61
FUTABA Employees' Shareholding Association	1,364,183	1.52
MUFG Bank, Ltd.	1,290,645	1.44
STATE STREET BANK AND TRUST COMPANY 505223	1,160,000	1.29

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

Supplementary Explanation
—

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Transportation Equipment
Number of Employees (Consolidated) as of the End	1,000 or more

of the Previous Fiscal Year	
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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

Although Futaba is an affiliated company of Toyota Motor Corporation under the equity method, with both capital and investment ties to that corporation, it retains its independence in managing its business and submits " the Matters Concerning Controlling Shareholders, etc." establishing that fact the Tokyo Stock Exchange every year.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*

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

Directors

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1year
Chairperson of the Board	President
Number of Directors	7
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masayoshi Ichikawa	From another company								△			
Yoshihisa Miyabe	From another company					○		○				
Hideo Yamamoto	From another company								△			
Kumiko Suenaga	Lawyer											

*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 director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masayoshi Ichikawa	○	Futaba has prior business ties with outside director Masayoshi Ichikawa in his past role as an executive at Toyoda Gosei Co., Ltd., but we have deemed that the scope and nature of those ties presents no risk of influencing shareholder or investor decisions.	【Reason for the invitation】 Mr. Ichikawa has many years of experience as a corporate manager at Toyoda Gosei Co., Ltd., and has been providing Futaba business management advice since 2018 in his capacity as an outside director. We will draw on his wealth of experience and acute insight in our business management. 【Reasons for designation as Independent Director】 Mr. Ichikawa does not fall under any of the categories of people required by stock exchange rules to explain their independence, and we believe he can supervise the appropriateness of business execution from fair and neutral viewpoint.
Yoshihisa Miyabe		-	【Reason for the invitation】 Mr. Miyabe brings extensive knowledge accumulated over years of involvement in production engineering divisions at Toyota Motor Corporation. We intend to apply his wealth of experience and acute insight in our business management.
Hideo Yamamoto	○	Futaba has prior business ties with outside director Hideo Yamamoto in his past role as an executive at MUFG Bank, Ltd., but we have deemed that the scope and nature of those ties presents no risk of influencing shareholder or investor decisions.	【Reason for the invitation】 Mr. Yamamoto has extensive experience outside Japan and a wealth of knowledge on financial matters from his many years with MUFG Bank, Ltd. He also has knowledge of the financial, system, and other divisions at Koito Manufacturing Co., Ltd., as well as management experience as an executive at that corporation. We will draw on his wealth of experience and acute insight in our business management. 【Reasons for designation as Independent Director】 Mr. Yamamoto does not fall under any of the categories of people required by stock exchange rules to explain their independence, and we believe he can supervise the appropriateness of business execution from fair and neutral viewpoint.

Kumiko Suenaga	○	-	【Reason for the invitation】 Ms. Miyajima offers expert knowledge and experience acquired over many years of experience as an attorney at law. We intend to apply her wealth of experience and acute insight in our business management. 【Reasons for designation as Independent Director】 Ms. Miyajima does not fall under any of the categories of people required by stock exchange rules to explain their independence, and we believe she can supervise the appropriateness of business execution from fair and neutral viewpoint.

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

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nominating Committee	5	0	1	3	0	1	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Committee	5	0	1	3	0	1	Outside Director

Supplementary Explanation

Nominating Committee(Guideline: five times per year)

This committee consists of five members, with a majority of outside directors, one of whom is appointed as chairperson. As an advisory body do the Board of Directors, the committee deliberates on matters concerning the appointment and dismissal of directors, executive officers, or other executives from a fair and objective perspective, and submits recommendations to the Board of Directors.

Compensation Committee (Guideline: six times per year)

This committee consists of five members, with a majority of outside directors, one of whom is appointed as chairperson. As an advisory body do the Board of Directors, the committee deliberates on matters concerning the compensation framework and

amounts for directors and executive officers from a fair and objective perspective, and submits recommendations to the Board of Directors.

Audit and Supervisory Board Member*

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

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	4

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

Audit & Supervisory Board members and the accounting auditor hold a monthly meeting, and supplementary meetings as necessary, where they exchange opinions on matters such as the audit policy, audit plans, and details of the execution of audits. Audit & Supervisory Board members attend the audit by the accounting auditor and collaborate on the execution of duties.

Audit & Supervisory Board members hold a monthly meeting with the Global Internal Audit Office, which is the unit tasked specifically with internal audits, to share information on internal audit plans and results and conduct effective and valid audits.

The accounting auditor and the Global Internal Audit Office hold regular meetings and endeavor to make their mutual audits more efficient through the exchange of information.

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

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

Name	Attributes			Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shigeo Hayashi	From another company													
Yumiko Sakurai	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. A non-executive director or an accounting advisor of the Company or its subsidiaries
c. Person who executes business for or a non-executive director of the Company's parent company
d. An Audit and Supervisory Board Member of a parent company of the Company
e. Person who executes business for a fellow subsidiary
f. Person/entity for which the Company is a major client or a person who executes business for said person/entity

g. Major client of the Company or a person who executes business for said client
h. 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
i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
m. Other

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

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Shigeo Hayashi	○	-	【Reason for the invitation】 Mr. Hayashi has experience as both a senior managing executive officer at Olympus Corporation and as a member of its Production Engineering Division. We will draw on his wealth of experience and acute insight for our audits. 【Reasons for designation as Independent Audit】 Mr. Suzuki does not fall under any of the categories of people required by stock exchange rules to explain their independence, and we believe he can supervise auditing activities from fair and neutral viewpoint.
Yumiko Sakurai	○	-	【Reason for the invitation】 Ms. Sakurai has expert knowledge and experience acquired over many years of experience as a certified public accountant. We will draw on her wealth of experience and acute insight for our audits. 【Reasons for designation as Independent Audit】 Ms. Sakurai does not fall under any of the categories of people required by stock exchange rules to explain their independence, and we believe she can supervise auditing activities from fair and neutral viewpoint.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	5

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

FUTABA designates all Outside Directors and Outside Audit and Supervisory Board Members who meet the qualifications of Independent Directors and Independent Audit and Supervisory Board Members as Independent.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Other

Supplementary Explanation for Applicable Items

・Futaba has a bonus system for directors other than outside directors.
- The bonus is paid using the annual consolidated operating profit as the primary metric, after also collectively factoring in items such as dividends, the standard for employee bonuses, competitor trends, the extent to which target values for environmental issues were achieved, as well as both medium- to long-term results and past amounts paid.
・We also have a restricted stock compensation system for directors other than outside directors.
・The purpose of the restricted stock compensation system is to give directors an incentive to sustainably raise corporate value from a medium- to long-term perspective, as well as to further share that value with shareholders.

Persons Eligible for Stock Options	—

Supplementary Explanation for Applicable Items

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Director Remuneration

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

Supplementary Explanation for Applicable Items

The compensation paid to directors in fiscal 2024 amounted to a total of 135 million yen for the nine directors.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Futaba determines the compensation of directors and Audit & Supervisory Board members in accordance with the basic policy below.

I.Basic Policy on Compensation for Directors and Audit & Supervisory Board Members

(1)Basic approach

Compensation for Futaba directors is set at a level competitive enough to attract and retain talented incumbents who will implement the Futaba corporate vision, and motivate them to fulfill their expected role in sustainably raising both corporate and shareholder value. In specific terms, the compensation for directors assuming the execution of duties consists of a monthly compensation, bonuses, and stock dividends, while the compensation for outside directors assuming a supervisory role consists solely of a monthly compensation. At the same time, we ensure rationality, objectivity, and transparency regarding both the details and decision procedure of the compensation to remain fully accountable to shareholders and other stakeholders with respect to the compensation for directors.

(2)Policy on the Amounts and Calculation of Monthly Compensation and Bonuses, as well as on the Period, Conditions, and Other Factors Concerning Payment

All directors are paid a predetermined amount as compensation every month. The amount of the monthly compensation is determined based on their position, duties, and other responsibilities, and revised as appropriate to take into account results, competitor levels, social conditions, and other factors to ensure it its competitiveness in securing and retaining talented incumbents. Directors assuming the execution of duties also received a fixed bonus amount as a reward for their contribution to corporate performance for each business year. After the Board of Directors has calculated the amount paid in light of factors such as the consolidated operating profit for the individual business years, and the level of achievement of targets set in the Medium-term Management Plan, and the extent to which target values for environmental issues, the bonuses are paid in the amounts and during the period stipulated by resolution of the Annual General Meeting of Shareholders.

(3)Policy on the Details, Calculation, and Date of Payment of Stock Dividends

Every business year, restricted stocks are allocated to directors assuming the execution of duties as a reward for said execution until, in principle, immediately after retirement from the position, for the purpose of sharing value with shareholders as well as motivating the directors to contribute to raising the medium- to long-term corporate and share value. The monetary claims that can be used to redeem payment for the allocated shares are granted at a certain period every year. The number of allocated shares is determined based on position, duties, share price, and other factors.

(4)Policy on Determining the Ratio of Compensation of Monthly Compensation, Bonus, and Share Amounts for the Directors

The ratio of each type of compensation for directors assuming the execution of duties is determined based on factors such as position, duties, and competitor trends. A proportion of 60% in monthly compensation, 30% in bonuses, and 10% in stock compensation has been set as a guideline for the types of compensation.

(5)Matters Concerning the Delegation of the Determination of the Details of Individual Compensation

The details of the compensation for individual directors are entirely determined by the President as delegated by resolution of the Board of Directors. Upon delegation by resolution of the Board of Directors, the President carefully considers the deliberations and recommendations of the voluntary Compensation Committee, which is comprised of a majority of independent outside directors, and decides on the compensation of the individual directors. However, the number of shares

allocated as stock compensation to individual directors is determined by resolution of the Board of Directors upon careful consideration of the deliberations and recommendations of the voluntary Compensation Committee.

The compensation of Audit & Supervisory Board members is determined by resolution of the Audit & Supervisory Board.

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

Outside directors and outside Audit & Supervisory Board members are informed of matters to be submitted to the Board of Directors in advance, and receive briefings from the parties concerned as necessary. In addition, we have established an Audit & Supervisory Board Office with dedicated staff members as a body to support the duties of Audit & Supervisory Board members.

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

(1)Bodies and Meetings Related to the Execution of Duties

Board of Directors (in principle, once per month)

This is the highest decision-making body for matters involving the execution of duties.

Center Chief Meeting (in principle, once per month)

This meeting is attended by the President, chief officers, and full-time Audit & Supervisory Board members, who discuss matters to submit to the Board of Directors and other important matters.

Corporate Ethics Committee

Chaired by the Chief Risk Management Officer (CRO) and comprised of the President, chief officers, full-time Audit & Supervisory Board members, and other members deemed suitable, this meeting serves as a forum to deliberate important matters concerning Futaba corporate ethics and compliance and make attendant policy decisions.

Internal Control Committee

This committee is comprised of members selected from the full-time directors, executive officers, and officers, with one member selected as chairperson. The committee discusses important matters and promotes policies concerning the establishment and operation of internal controls, as well as risk management, for the purpose of maintaining and advancing ongoing internal controls activities. Two full-time Audit & Supervisory Board members attend meetings of the Internal Control Committee.

Information Security Committee

The chair of this committee is the Chief Officer of the IT Promotion Center, who also forms the Computer Security Incident Response Team (CSIRT) alongside members selected from the General Affairs & Human Resources Center, IT Promotion Center, Purchasing Center, and Sales Center. To mitigate the risk of cyberattacks and minimize the potential damage from such attacks, the objective of the Information Security Committee is to establish and promote a system to ensure that the information assets handled within our business activities comply with requirements related to information security defined by customers, including the security guidelines laid down by the Japan Automobile Manufacturers Association (JAMA) and Japan Auto Parts Industries Association (JAPIA). By doing so, the aim is to enhance the information security of both Futaba and our partner companies.

(2)Internal audits

The Global Internal Audit Office conducts audits on the effectiveness and other aspects of internal control and reports the results to the President.

(3)Audits by Audit & Supervisory Board Members

Audit & Supervisory Board members audit the establishment and operation of the internal controls system, the appropriateness of the accounting auditor's methods and results, and the quality of the execution of duties by the directors and other executives, based on the auditing methods determined by resolution of the Audit & Supervisory Board in accordance with company policy and the priority implementation items.

Specifically, the members attend the Board of Directors meetings, the Internal Control Committee meetings, and other important meetings. In addition to receiving reports from directors or other executives on the execution of duties, they perform tasks such as verifying the contents of reports from the internal audit division, as well as conducting on-site audits, interviews, and the like with entities both inside and outside Japan.

(4)Accounting audits

The accounting auditor is PricewaterhouseCoopers Japan.

Continuous audit period: 7 years

Two employees designated as auditing staff (Masahide Kobayashi and Kotaro Kuroyanagi)

10 certified public accountants, and 12 other staff members

3. Reasons for Adoption of Current Corporate Governance System

Futaba has appointed four outside directors.

Mr. Masayoshi Ichikawa, an outside director, has wealth of experience as an executive at Toyoda Gosei Co., Ltd., and brings wide-ranging insight. Although there are sales and other business dealings for automotive parts between Futaba and Toyoda Gosei Co., Ltd., the latter does not fall under the main business partners stipulated in the criteria for independence.

Mr. Yoshihisa Miyabe, an outside director, is the head of the Toyota Motor Corporation Motomachi Plan and has extensive knowledge accumulated over years of involvement in production engineering divisions. There sales and other business dealings for automotive parts between Futaba and Toyota Motor Corporation, and the latter owns 31.44% of Futaba shares. Although the two companies have regular business dealings, there is no direct conflict of interest for an individual outside director.

Mr. Yamamoto, an outside director, has extensive experience outside Japan and a wealth of knowledge on financial matters from his many years with MUFG Bank, Ltd. He also has knowledge of the financial, system, and other divisions at Koito Manufacturing Co., Ltd., as well as management experience as an executive at that corporation. Although there are business dealings between Futaba and MUFG Bank, Ltd., the latter does not fall under the main business partners stipulated in the criteria for independence.

Ms. Kumiko Suenaga, an outside director, has expert knowledge and experience acquired over many years of experience as an attorney at law. Of the four outside directors, Mr. Ichikawa, Mr. Yamamoto and Ms. Suenaga are independent officers.

We further ensure the independence and objectivity of the management supervision function by appointing outside Audit & Supervisory Board members as two of the four Audit & Supervisory Board members responsible for supervising the business management decision making function and execution of duties.

Mr. Shigeo Hayashi, an outside Audit & Supervisory Board member, has wealth of experience as an executive at Olympus Corporation, and brings wide-ranging insight.

Ms. Yumiko Sakurai, an outside Audit & Supervisory Board member, is a qualified certified public accountant with expertise in accounting and finance. Both members are independent officers.

Futaba has not spelled out explicit criteria or policies on independence for the appointment of outside directors and outside Audit & Supervisory Board members. However, we make appointment decisions on the premise that incumbents do not have a conflict of interest with general shareholders and possess a wealth of experience as executives in other companies, as well as from the standpoint of securing sufficient independence for them to carry out their duties appropriately from a neutral and objective perspective.

The outside directors and outside Audit & Supervisory Board members offer advice and suggestions to ensure the appropriateness of Board of Director decision making both in terms of their individual areas of expertise and from an external perspective. Furthermore, insofar as their circumstances permit, outside Audit & Supervisory Board members visit subsidiaries and regularly report audit results to the directors, including outside directors. Consequently, we believe we have a sufficient management supervision function in place.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	We send the notice of calling before the date stipulated under the law.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	We avoid holding the meeting on a peak day.
Electronic Exercise of Voting Rights	Voting rights can be exercised via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We have joined the ICJ, Inc. platform for the electronic exercise of voting rights.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	We prepare summarized English versions of the Notice of the General Meeting of Shareholders and of the reference materials, and make them available on our website. https://www.futabasangyo.com/en/

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	This information is available on the Futaba website. https://www.futabasangyo.com	
Regular Investor Briefings held for Analysts and Institutional Investors	We hold two financial results briefings, one after the second quarter results and the other after the full year results.	Held
Online Disclosure of IR Information	We make timely disclosure documents on both financial results and other information, as well as annual securities reports, available on our website. https://www.futabasangyo.com	
Establishment of Department and/or Placement of a Manager in Charge of IR	The General Affairs & Human Resources Center is the supervising division for IR and promotes IR activities in coordination with the Accounting & Finance Center, Corporate Planning Division, and other related departments.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	We have formulated “Charter of Corporate Behavior,” “FUTABA Code of Conduct,” and Compliance Rules.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We recognize that preserving the environment is a key issue in business activities and have defined an environmental policy. Futaba as a whole carries out specific and sustainable environmental preservation activities that include the development of environmentally friendly products, prevention of global warming, reduction of environmental risks posed by chemical substances, reduction of waste and recycling of resources, and the preservation of water resources. The various departments actively engage in CSR activities spanning topics such as compliance, respect for human rights, labor practices (work conditions, health and safety), and contribution to local communities. Every year, we also release the FUTABA Integrated Report, which presents the progress of our environmental protection activities and our corporate social responsibility initiatives.
Formulation of Policies, etc. on Provision of Information to Stakeholders	We have defined an information disclosure policy and engage in providing timely, accurate, and fair information to our shareholders and investors.

IV. Matters Concerning the Internal Control System

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

(Basic Policy on Internal Control System)

Based on the management system, which includes "Purpose, Mission, Values," as well as our company and employee guidelines, "Futaba way," "Charter of Corporate Behavior," and "FUTABA Code of Conduct," We will conduct our business appropriately, throughout the Futaba group (FUTABA).

In addition, for endless improvement on quality of business and management, we implement the cycle of improvement through TQM (Total Quality Management) *, with following activities.

a. Implementing operational system, including the concept of the internal control system such as three lines (Control for Risks, Guidance, Internal check and Internal audit)

b. Clarifying roles and responsibilities among the group and realizing autonomy of subsidiaries

c. Implementing education system regarding TQM activities and standards to enhance the ability of entity

Furthermore, FUTABA aims to enhance sustainable corporate value with our goals of the SDGs.

We develop people with high ethical standards through these activities. Then, build an effective organization to implement our designated internal control.

* Continuous cycle of Daily job management (SDCA) and Kaizen (PDCA)

(Development of Internal Control System)

(1) Systems to secure executive officers delegated by directors and companies in each fields (executive officers) carrying out duties that comply with laws and the articles of incorporation

Establishing "Purpose, Mission, Values," "Futaba way," "Charter of Corporate Behavior," "FUTABA Code of Conduct," and other rules regarding corporate ethics, we share our policy in compliance with laws and the articles of incorporation, among directors and executive officers.

1) We provide education and training for directors and executive officers.

2) Through the process of decision-making, i.e. the Board of Directors, we decide everything after deep discussion, in accordance with established agenda and decision making rules

(2) Information storing/managing systems regarding the execution of duties by directors/executive officers

Documents and information (including electromagnetic records) regarding the execution of duties by directors/executive officers, e.g. minutes of board meetings, shall be managed in accordance with the established rules.

(3) System for management of the risk of loss related to corporate management

Setting up in-house organization and meeting body to deal with risks related to our business, e.g. Safety, Quality, Environment and Ethics. Through these organization's activities, design and implement risk management system.

1) We manage funds based on the budget controlling system. When we operate and revise the fund management system, we obtain necessary approval from boards/meeting structures in accordance with the rules defining authority and agendas.

2) We provide information timely and honestly, by following measures.

Maintaining assets appropriately

Documenting funds flow/management system

3) We prepare for risks by implementing manuals for emergency, conducting emergency drill, insurance and other risk diversification measures.

4) We build secure network that incorporates security measures in order to enhance the utilization of information among the group, using information technologies.

(4) System for directors and executive officers to execute their duties efficiently

Based on the mid to long-term plan and annual company hoshin's, we establish dept. hoshin's and key implementation items at each level of the organization and manage hoshin's consistently.

1) Keep efficiency of business with agile decision-making by granting the authority of executing operations to executive officers, based on the rules defining the duties, roles and responsibilities of each department.

(5) System to make employees perform their duties in compliance with laws/regulations and the Articles of Incorporation

Establishing “Purpose, Mission, Values,” “Futaba way,” “Charter of Corporate Behavior,” “FUTABA Code of Conduct,” and rules regarding corporate ethics, we will thoroughly inform them through education and development for employees.

1) We will establish the guideline to operate our business effectively in accordance with these rules/policies. Then implement them throughout the entity, to ensure the effectiveness of them.

2) We set the department of internal auditor, independent from other departments. The department reports the audit results to the Board of Directors timely in manner, then feeding back the result to relevant parties, with suggesting remediation measures. Then following up for recurrence prevention measures.

3) We provide the "FUTABA Corporate Ethics Helpline" as a whistleblowing system to grasp information on legal compliance/corporate ethics promptly and to resolve effectively.

(6)System to conduct appropriate business in FUTABA

Share “Purpose, Mission, Values,” “Futaba way,” “Charter of Corporate Behavior,” “FUTABA Code of Conduct,” and other rules regarding corporate ethics among Futaba group. Then, by communicating these to all employees through the training and other means, we aim to foster a healthy internal control environment within the corporate group. Also conduct checks and provide support to ensure that the organizational structure and operations within subsidiaries are properly established and implemented.

1) We establish and implement guidelines, to conduct our business effectively based on the above rules. Then, we conduct business quality improvement activities based on these guidelines across the entire group. The progress of these activities is shared at the internal control committee etc., as well as with those responsible for risk management and executive officers.

2) H We require prior reporting to headquarters and deliberate on these matters in the Board of Directors, etc., based on the rules defining intercompany delegations of authorities, roles/responsibilities and pre-approval requirements. In addition, directors are dispatched to provide management guidance, auditing and support to

subsidiaries.

3)Through regular surveys conducted by the legal department, we ensure compliance with regulations within subsidiary companies, addressing any issues identified and providing necessary support. By utilizing the local whistleblowing system in each subsidiaries and the "FUTABA Corporate Ethics Helpline", we grasp information on legal compliance/corporate ethics promptly and to resolve effectively.

(7) Maintaining the independency of employees, those assists the corporate auditors

Establish an Audit Office to assist the duties of the auditors. Instructions or directives from directors or executive officers shall not extend to the auditors so as to maintain their independence. The auditors ensure their independence by agreeing in advance on personnel and organizational matters concerning the Audit Office.

(8) Reporting system for directors/executive officers, employees and directors of subsidiaries to report their execution of their duties to corporate auditors

Directors/executive officers, employees, directors of subsidiaries and others, will report necessary information as requested by the corporate auditors timely in manner.

1) In particular, if they discover any facts that may lead significant damage to FUTABA, immediately report to corporate auditors.
2) No whistleblower will be prejudiced by making above report.

(9) Other systems to ensure effectiveness of audits by corporate auditors

We enable our corporate auditor to grasp the management's working status timely in manner, through establishing system including attendance of major meeting such as board meeting and inspecting important documents on management.

1) Establish a system that enables corporate auditors to exchange opinions regularly, with the representative director, accounting auditor, internal audit department, and other necessary person.
2) FUTABA bear the applied audit costs in accordance with the rules decided by the Board of company auditors.

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

Basic approach regarding the elimination of anti-social forces:

As part of efforts to eliminate anti-social forces, the Futaba Group is resolutely opposed to anti-social forces that threaten the order and safety of society, and categorically refuses to respond to unreasonable demands. We are securing and defining the framework required for that purpose.

Progress of preparations for the elimination of anti-social forces:

At Futaba, the Charter of Corporate Behavior, which was established to help us contribute to the sustainable development and growth of society, and the FUTABA Code of Conduct, which was established to ensure the company acts faithfully with high ethical standards, demonstrate our commitment to eliminate relationships with anti-social forces, and we are making every

effort to ensure their thorough application. We are establishing and implementing the in-house framework below for that purpose.

(1)Cooperative Framework between the Department Supervising Measures and External Specialized Organizations

The General Affairs Division is the department responsible for supervising measures in the event of unreasonable demands by anti-social forces. Depending on the case, the division not only confers with the departments involved and takes measures, but also endeavors to maintain a cooperative framework through means such as obtaining guidance from the police, corporate lawyers, or other external specialized organizations in carrying out those measures.

(2)Collection and Management of Information Regarding Anti-Social Forces

Information on anti-social forces, including information obtained by related departments is centrally managed by the General Affairs Division, as well as shared with external specialized organizations.

(3)Preparation of a Measures Manual

We are expanding in-house awareness of the FUTABA Code of Conduct, which describes norms for actions against anti-social forces, by making easy to carry at all times and conducting awareness activities. We are preparing a risk manual about measures to take if a case arises and will continue to enhance and expand it.

(4)Conduct of Training Activities

Compliance, including the issue of the elimination of anti-social forces, has been incorporated into the employee training curriculum, which constitutes a mechanism for spreading awareness. At the same time, we are also deploying activities to expand awareness of the contents of the Charter of Corporate Behavior throughout the organization.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items
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2. Other Matters Concerning the Corporate Governance System

In its Charter of Corporate Behavior, FUTABA Code of Conduct and Compliance Rules directed at executives, employees and others, Futaba stipulates the principle of disclosing corporate information appropriately and improving the transparency and soundness of the company.

To do so, we have established and implemented the Timely Disclosure Information Management Rules with the "purpose of stipulating matters required to manage the company's internal corporate information and other assets ("internal information") and appropriately disclose information to financial markets, as well as of maintaining internal information and proactively preventing illegal insider training, and disclosing critical facts that affect investment decisions in a timely and appropriate manner."

(1) Basic Policy on Timely Disclosure

To build a strong trust relationship with shareholders, investors, business partners, and other stakeholders, Futaba not only strictly complies with the Financial Instruments and Exchange Act and other laws and regulations governing the management of internal information and other assets, but also recognizes the importance of timely and appropriate disclosure of critical company information that affect investment decisions.

Based on that understanding, Futaba discloses company information about business management or operations to stakeholders in a timely manner.

(2) Internal Futaba Framework for Work Involving Timely Disclosure

1)Comprehensive Internal Framework

Our internal Timely Disclosure Information Management Rules stipulate the reporting and management framework for internal information and other assets (including important facts) executives, employees and other may learn both in and outside the course of their duties, and we do our utmost to establish a complete in-house framework for timely disclosure.

2) Information Disclosure Officer and information managers

Futaba has established the positions of Information Disclosure Officer and Deputy Information Disclosure Officer to supervise and manage matters related to internal information and other assets, and has assigned the chiefs of the General Affairs & Human Resources Center and the Accounting & Finance Center, respectively, to fill those roles.

In addition, the heads of the various departments serve as information managers. Information managers are responsible for the appropriate management of internal information and other assets, and for reporting all undisclosed internal information or other matters that qualify as critical facts or might be regarded as critical facts to the Information Disclosure

Officer.

3)Reporting, Judging, and Disclosing Information

The Information Disclosure Officer determines whether the matters described in reports received in accordance with item 2) above qualify as critical facts in consultation with other relevant departments. The Officer then informs the information manager who submitted the report described in item 2) of the results of this judgment, and provides instructions on the handling of the information that should be disclosed or otherwise managed. Upon receiving those instructions, the information manager, with the permission of the Information Disclosure Officer, relays the details of the applicable critical facts and related matters to the departments whose work involves the said critical facts.

4)In-House Training on Releasing Information and Timely Disclosure

a. Department responsible for disclosure

・Financial instruments exchange

Department responsible for disclosure: Accounting Division, Accounting & Finance Center

Representative: Accounting Div. GM

・Press releases, Futaba Industrial website, and more

Department responsible for disclosure: General Affairs Division, General Affairs & Human Resources Center

Representative: General Affairs Div. GM

b. Internal training on timely disclosure

We hold workshops and other activities for staff in charge of matters involving timely disclosure to foster a correct understanding of the Financial Instruments and Exchange Act and other laws and regulations governing the management of internal information and other assets as part of our efforts to carry out timely disclosure.

END

Summary of structure of corporate governance system



