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Corporate Governance Report

CORPORATE GOVERNANCE

Kitazato Corporation

Last Update: June 26, 2026

Kitazato Corporation

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<https://www.kitazato.co.jp/en/ir/>

The corporate governance of Kitazato Corporation (the “Company”) is described below.

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

1. Basic Views

The Kitazato Group is committed to enhancing its corporate value on a sustainable basis through the realization of its corporate philosophy, “Happiness, for the Next Generations — Bringing smiles to future generations,” by building and maintaining relationships of trust with all stakeholders, including shareholders, customers, business partners, employees, and local communities.

The Group believes that both business performance and a culture of integrity, fairness, and mutual respect contribute to the enhancement of corporate value. Recognizing that the actions of each employee shape the corporate culture and earn the trust of society, the Group conducts its business activities with a strong commitment to integrity and high ethical standards.

In addition, the Group continuously strives to develop and strengthen its management framework and group governance structure to enable a prompt and appropriate response to changes in the business environment. The Group also remains committed to enhancing its corporate governance practices with an emphasis on transparency, soundness, and efficiency, with the aim of becoming a company that earns the trust of society and achieves sustainable growth.

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

【Supplementary Principle 3-1 (iii): Initiatives on Sustainability】

Under Kitazato Group’s corporate philosophy, “Happiness, for the Next Generations — Bringing smiles to future generations,” we recognize sustainability as an important management priority in order to achieve sustainable growth and enhance corporate value over the medium to long term.

As a medical device manufacturer, we promote initiatives to maintain and improve product quality, develop human capital and ensure diversity, invest in intellectual property, address climate change, and contribute to local communities. Risks and opportunities related to

sustainability are deliberated by the Risk Management and Compliance Committee, and important matters are reported to the Board of Directors.

In addition, as part of our response to climate change, we are promoting the introduction of energy-saving equipment, the use of renewable energy, and the improvement of efficiency in production processes. We also continuously monitor environmental indicators and human capital-related indicators.

For details, please refer to the section “Approach and Initiatives Relating to Sustainability” in our Annual Securities Report, as well as our corporate website.

<https://www.kitazato.co.jp/en/sustainability/>

<Disclosure Based on the TCFD Recommendations or an Equivalent Framework>

We recognize that addressing the risks and opportunities associated with climate change is an important management issue for our Group, and we are working to respond accordingly.

At present, we have not disclosed the impact of climate-related risks and revenue opportunities on our business activities, earnings, and other matters based on the framework of the TCFD (Task Force on Climate-related Financial Disclosures). Going forward, we will further strengthen our sustainability promotion framework and collect and analyze the necessary data with a view to future disclosure.

We will continue striving to enhance both social and economic value while balancing our business activities with sustainability, in order to realize our corporate philosophy and mission.

Disclosure Based on each Principle of the Corporate Governance Code

【Principle 1-4: Policy Shareholdings】

At present, the Company does not hold any listed shares for purposes other than investment. Going forward, the Company may, on a limited basis, hold shares if it determines that doing so would contribute to the enhancement of the Company’s corporate value, for example, to maintain or strengthen stable and long-term business relationships or partnerships with clients. In such cases, the Company will comprehensively consider the necessity and rationality of holding the shares, the benefits and risks involved, and the associated cost of capital in making its judgment.

【Principle 1-7: Transactions with Related Parties】

The Company conducts transactions with related parties in accordance with the “Regulations on the Management of Related Party Transactions.” In doing so, particular attention is paid to whether such transactions compromise the soundness of the Company’s management, whether they are valid from the perspective of reasonable judgment, and whether the transaction terms are appropriate compared to other external transactions. All related party transactions are carried out based on resolutions of the Board of Directors.

For significant transactions in which the interests of controlling shareholders may conflict with those of minority shareholders, an ad hoc special committee composed of independent officers (independent outside directors and independent outside auditors) carefully deliberates on the transaction matters prior to the Board of Directors’ resolution. Such deliberations are conducted in accordance with

the “Special Committee Regulations,” and the committee submits its recommendations to the Board.

【Supplementary Principle 2-4 (i): Ensuring Diversity in the Appointment of Core Personnel】

1. Policy on Ensuring Diversity

The Company recognizes that diverse values, perspectives, and capabilities constitute an important strength for sustainable corporate growth, and strives to foster a corporate culture that respects each individual’s character and individuality. The Company also places importance on providing an environment in which all employees are afforded equal opportunities and are evaluated based on their individual experience and capabilities.

By continuing to foster a corporate culture that values each person’s character and individuality and is grounded in the spirit of respect for human rights, the Company will work to ensure diversity.

2. Appointment of Women to Managerial Positions

The ratio of female managers at the Company was 58.8% as of March 31, 2026. The Company promotes the appointment of women to managerial positions by, among other initiatives, encouraging female managerial candidates to participate in external career seminars. The Company also strengthens its recruitment of female talent who may become future managerial candidates.

In addition, under its General Employer Action Plan for the period from April 1, 2022 to March 31, 2025, the Company set a target of increasing the number of women in managerial positions, defined as section manager level or above, from four to five or more. The Company achieved this target and continues to maintain this level.

The Company does not set a specific target for the ratio of women in managerial positions, as appointments to managerial positions are made based on a comprehensive assessment of experience, capabilities, and other relevant factors, without distinction by gender.

3. Appointment of Foreign Nationals to Managerial Positions

The Company actively promotes the recruitment of foreign national employees and supports the success of personnel with diverse cultural backgrounds. Although the Company has not yet appointed any foreign nationals to managerial positions at present, it will strengthen initiatives to support the career development of foreign national employees and promote their appointment to managerial positions going forward.

The Company does not set a specific target for the ratio of foreign nationals in managerial positions, as appointments to managerial positions are made based on a comprehensive assessment of experience, capabilities, and other relevant factors, without distinction by nationality.

4. Promoting the Active Participation of Mid-Career Hires

The Company supports the career development of mid-career hires after joining the Company and ensures fair promotion based on abilities and performance, with the aim of utilizing their diverse experience, knowledge, and skills to revitalize the organization. The Company actively promotes the appointment of mid-career hires to managerial positions, and two mid-career hires were newly appointed to managerial positions in the fiscal year ended March 31, 2026.

The Company does not set a specific target for the ratio of mid-career hires in managerial positions, as appointments to managerial positions are made based on a comprehensive assessment of experience, capabilities, and other relevant factors, without distinction by recruitment category.

5. Status of Ensuring Diversity

Category	Ratio / Status	Reference Date
Ratio of women in managerial positions	58.8%	As of March 31, 2026
Ratio of foreign nationals in managerial positions	No appointments have been made to date	As of March 31, 2026
New appointments of mid-career hires to managerial positions	2 persons	As of March 31, 2026

6. Human Resource Development Policy and Internal Environment Development Policy for Ensuring Diversity

Human Resource Development Policy

Based on its personnel evaluation system, the Company conducts fair and reasonable evaluations of employees' job performance capabilities and the extent to which such capabilities are demonstrated. In addition, the Company promotes employees' motivation to work and seeks to ensure diversity in its human resources by providing education and training tailored to each employee's skills. Furthermore, the Company conducts monthly one-on-one meetings between supervisors and subordinates, carefully identifying individual issues and goals in order to enhance employee engagement.

Internal Environment Development Policy

The Company stipulates rules of conduct in its Rules of Employment and works to ensure that these rules are thoroughly communicated and understood. By doing so, the Company strives to prevent various forms of harassment and other inappropriate conduct in the workplace, and to realize a comfortable working environment in which each employee is respected as an individual and can work in mutually equal relationships.

The Company has been certified by the Minister of Health, Labour and Welfare with the highest level of the Eruboshi Certification, three stars, as a company with excellent implementation status of initiatives to promote the active participation of women in the workplace. The most recent renewal date of this certification was April 10, 2026.

The Company is also working to develop a workplace environment that supports childcare and nursing care, and strives to raise awareness of its internal systems with the aim of increasing the rate of employees taking childcare and nursing care leave.

With respect to childcare leave for male employees, the Company introduced the relevant system in May 2021, and the childcare leave take-up rate for male employees was 100% in the fiscal year ended March 31, 2025. There were no eligible employees in the fiscal year ended March 31, 2026. The Company will continue to strive to develop a workplace environment in which employees can take childcare leave with ease.

【Principle 2-6: Function as an Asset Owner of Corporate Pensions】

The Company has not established a corporate pension plan.

【Principle 3-1: Enhancement of Information Disclosure】

(i) Corporate Philosophy, Management Policy, and Management Plan

The Company's corporate philosophy and management policy are disclosed on the Company's website.

(URL: <https://www.kitazato.co.jp/en/corporate/ourvision/>)

The Company announced its Medium-Term Management Plan on June 24, 2026. Please refer to the following URL for details.

(URL: <https://www.kitazato.co.jp/en/ir-all/notice-regarding-the-formulation-of-the-medium-term-management-plan/>)

(ii) Basic Views and Fundamental Policy on Corporate Governance

Please refer to “I.1. Basic Views” of this report.

(iii) Policies and Procedures for Determining Executive Compensation

<Basic Policy on Director Compensation>

To enhance the transparency and objectivity of the nomination and dismissal processes for directors, the Company has established a voluntary Nomination and Compensation Committee to serve as an advisory body to the Board of Directors. The Committee is chaired by an independent outside director and composed of a majority of outside directors. The Nomination and Compensation Committee establishes, verifies, and reviews as necessary the directors’ compensation table, which defines the structure, amounts, and ratios of compensation, as well as the bonus calculation criteria. Under the bonus calculation criteria, actual payments are determined by reflecting, at a certain ratio according to position, the degree of achievement against company-wide performance targets—such as net sales, operating profit, profit before income taxes, and operating cash flow—and divisional performance targets. In establishing and reviewing these tables and criteria, the Committee takes into consideration compensation levels and structures at other companies and the Company’s position, with the aim of securing highly qualified management personnel and providing appropriate compensation.

(iv) Policies and Procedures for the Board of Directors in Appointing and Dismissing Executive Officers, and Nominating Directors and Corporate Auditors

< Policies and Procedures for the Nomination and Dismissal of Directors >

To enhance the transparency and objectivity of the nomination and dismissal process for directors, the Company has established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. The procedures are conducted in accordance with the following policies.

< Basic Policy for the Appointment of Directors >

In response to consultations from the Board of Directors, the Nomination and Compensation Committee deliberates and recommends candidates for director positions to the Board. The Committee considers individuals who have demonstrated excellent business performance and possess the ability, achievements, and experience necessary to contribute to the realization of the Company’s corporate philosophy and the enhancement of corporate value, while also taking into account diversity factors such as gender and international experience. Additionally, directors with particularly outstanding qualities, aptitude, and achievements as management personnel are recommended as candidates for top executive positions. Based on the deliberations of the Nomination and Compensation Committee, the Board of Directors nominates director candidates and selects representative directors and directors with executive titles. To establish a highly transparent governance structure and ensure the effective oversight of management, the Board of Directors, based on the deliberations of the Nomination and Compensation Committee, selects independent outside directors. In determining the independence of Outside Directors, the Company confirms that they satisfy the requirements for outside directors under the Companies Act, the criteria for independent officers prescribed by the Tokyo Stock Exchange, and the requirements set forth in the Company’s own Criteria for Assessing Independence.

< Basic Policy for the Dismissal of Directors >

In response to consultations from the Board of Directors, the Nomination and Compensation Committee deliberates and, if it identifies any grounds for disqualification—such as a lack of aptitude or suitability as management personnel, including for top executives—recommends to the Board the dismissal of the relevant director, providing the rationale for its judgment. Based on the deliberations of the Nomination and Compensation Committee, the Board of Directors decides on the dismissal of representative directors and directors with executive titles, or on submitting a proposal for the dismissal of directors to the General Meeting of Shareholders.

<Basic Policy for the Selection of Corporate Auditors>

In selecting candidates for Corporate Auditors, the Board of Corporate Auditors confirms each candidate's background, experience, capabilities, independence, and the absence of any disqualifying factors in accordance with the selection criteria and other requirements set forth in the Company's Audit Standards for Corporate Auditors.

In assessing independence, the Company confirms not only that candidates satisfy the criteria for independent officers prescribed by the Tokyo Stock Exchange, but also that they meet the requirements set forth in the Company's own Criteria for Assessing Independence.

With respect to the nomination process for candidates for Corporate Auditors, the Board of Corporate Auditors, after obtaining the consent of the incumbent Corporate Auditors, submits a proposal for election to the Board of Directors for submission to the General Meeting of Shareholders. To ensure the independence of the Board of Corporate Auditors, the Board of Directors is responsible solely for approving the proposal and does not participate in the candidate selection process.

(v) Explanations for Individual Appointments, Dismissals and Nominations

<Nomination and Selection>

The Company discloses the reasons for the selection of each Director candidate in the Notice of Convocation of the Annual General Meeting of Shareholders. Please refer to pages 7 through 13 of the Notice of Convocation available at the following URL.

Notice of Convocation:

<https://www.kitazato.co.jp/en/ir/stock-info/meeting/>

< Dismissals >

At present, there are no matters concerning the dismissal of directors.

【Supplementary Principle 3-1 (iii): Initiatives on Sustainability】

Please refer to Supplementary Principle 3-1③ under “Reasons for Non-compliance with the Principles of the Corporate Governance Code” above.

【Supplementary Principle 4-1 (i): Scope of Delegation to Management】

Matters to be submitted to the Board of Directors are stipulated in the Board of Directors Regulations. In addition to matters required by laws and the Articles of Incorporation, important business executions specified in the Regulations on Authority and Responsibility are also submitted to the Board of Directors.

【Supplementary Principle 4-1 (ii): Commitment to a Medium-Term Management Plan】

The Company formulated and announced in June 2026 a three-year Medium-Term Management Plan commencing with the fiscal year ending March 31, 2027. Under this plan, with the aim of realizing “Kitazato Challenge 2036,” the Company’s long-term vision looking ahead to 2036, the Company has announced its management targets, investment strategy, capital allocation policy, shareholder return policy, and other matters, in addition to key measures such as deepening existing businesses, launching new businesses, and exploring and executing M&A opportunities.

The Company will regularly verify and evaluate the progress of the Medium-Term Management Plan at meetings of the Board of Directors, review necessary measures based on the results of such verification and evaluation, and endeavor to provide appropriate information disclosure to shareholders and investors.

【Supplementary Principle 4-1 (iii): Involvement and Oversight of Succession Planning for the CEO and Other Key Executives】

The Company established a voluntary Nomination and Remuneration Committee as an advisory body to the Board of Directors by resolution of the Board of Directors on May 20, 2024, in order to enhance the fairness, transparency, and objectivity of procedures concerning the nomination and remuneration of directors and to further strengthen corporate governance.

As part of its activities for FY2025, the Committee evaluated and exchanged views on the qualities and capabilities of the current directors, including outside directors, and has continued to discuss the succession plan for the Chief Executive Officer and other senior management positions, as well as the policy for developing such successors.

The Company also provides opportunities to identify candidates from both inside and outside the Company. Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors will continue to consider the operation of the succession plan and the selection of candidates.

【Principle 4-9: Independence Standards and Qualifications for Independent Outside Directors】

In addition to the requirements for outside directors prescribed under the Companies Act and the independence standards established by the stock exchange, the Company has established its own standards for determining the independence of outside directors. In selecting independent outside directors, the Company carefully assesses their suitability as independent outside directors based on deliberations by the Nomination and Compensation Committee and appoints them with their consent.

【Supplementary Principle 4-10 (i): Authority and Roles of the Nomination and Compensation Committee】

In order to enhance the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors and to further strengthen corporate governance, the Company has established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. The Committee is chaired by an independent outside director, and a majority of its members are outside directors. The Committee deliberates and considers matters including proposals to be submitted to the General Meeting of Shareholders regarding the appointment and dismissal of directors, as well as the criteria for selecting director candidates. In addition, the Committee formulates policies for determining directors’ compensation and deliberates on matters related to directors’ compensation, and reports its views to the Board of Directors.

【Supplementary Principle 4-11 (i): Views on the Diversity of the Board of Directors】

The Company's Board of Directors is composed of up to 12 members, as stipulated in the Articles of Incorporation. Director candidates are selected based on the views of the Nomination and Compensation Committee, taking into consideration their strong commitment, abilities, achievements, and experience in contributing to the realization of the Company's corporate philosophy and the enhancement of corporate value, as well as diversity factors such as gender and international perspective. In addition, directors with particularly outstanding qualities, aptitude, and achievements as management personnel are designated as candidates for top executive positions. To establish a highly transparent governance structure and ensure the effectiveness of objective oversight of management, the Company appoints independent outside directors. The number of Corporate Auditors is limited to four. In particular, outside Corporate Auditors are selected from individuals with high expertise in finance, accounting, and legal matters, such as certified public accountants, tax accountants, and attorneys.

The Company discloses a skill matrix in the Notice of Convocation of the Annual General Meeting of Shareholders, which lists the areas of expertise and professional experience of each Director, as well as the areas in which each Director is expected to make significant contributions. Please refer to page 15 of the Notice of Convocation at the following URL.

Notice of Convocation:

<https://www.kitazato.co.jp/en/ir/stock-info/meeting/>

【Supplementary Principle 4-11 (ii): Concurrent Positions of Directors and Corporate Auditors】

When the Company's directors or Corporate Auditors concurrently serve as officers of other listed companies, the number of such concurrent positions is kept within a reasonable range. In addition, any concurrent positions are reported in advance to the Company's Board of Directors, and the details of such concurrent positions are disclosed in the convocation notices and other relevant documents.

【Supplementary Principle 4-11 (iii): Evaluation of the Effectiveness of the Board of Directors】

The Company conducts an annual evaluation of the effectiveness of the Board of Directors covering all Directors and Corporate Auditors, including Outside Directors and Outside Corporate Auditors. The results of the evaluation are reported to the Board of Directors, and the Board discusses identified issues and improvement measures. Through the consideration and implementation of improvement initiatives, the Company works to enhance the effectiveness of the Board of Directors and strengthen its corporate governance.

1) Evaluation of the Effectiveness of the Board of Directors for Fiscal Year 2025

Evaluation Participants:

All Directors (10) and all Corporate Auditors (3)

Evaluation Period:

April 15, 2026 to April 30, 2026

Evaluation Method:

Online questionnaire (conducted on an anonymous basis)

Evaluation Items:

1. Composition of the Board of Directors
2. Content of discussions at Board of Directors meetings

3. Operation and management of Board of Directors meetings
4. Initiatives and contributions of individual Directors and Corporate Auditors
5. Initiatives of each committee

Reporting of Evaluation Results:

The results of the evaluation were reported by the secretariat at the meeting of the Board of Directors held on May 15, 2026.

2) Results of the Evaluation and Identified Issues

Based on the results of the questionnaire, the Board of Directors received generally favorable evaluations regarding the effective utilization of the expertise possessed by each Director and Corporate Auditor in discussions on overall management, the sufficient discussions on governance and risks related to overseas operations, and the effectiveness of prior briefings and communication among officers, as necessary, in facilitating Board of Directors meetings. Meanwhile, as areas for further improvement, opinions were expressed that the Company should continue to enhance discussions on medium- to long-term strategies and strengthen the follow-up review process regarding important decision-making matters.

3) Improvement Measures and Future Initiatives

At the meeting of the Board of Directors held on May 15, 2026, the results of the evaluation were shared, and improvement measures to address the identified issues were discussed.

As part of these initiatives, the Board of Directors confirmed that it will continue to set topics related to management strategies aimed at enhancing corporate value over the medium to long term as ongoing discussion items, and will conduct focused and continuous discussions on such matters.

In addition, with respect to important matters resolved by the Board of Directors, the Company will establish opportunities to periodically review and verify the progress and achievement status after resolutions are made, thereby appropriately identifying the effectiveness of initiatives and related issues. The Company will strengthen the PDCA cycle by reviewing improvement measures as necessary.

Based on the results of this evaluation, the Company will continue to work toward further enhancing the effectiveness of the Board of Directors.

【Supplementary Principle 4-14 (ii): Policy on Training for Directors and Corporate Auditors】

The Company provides various training opportunities to enable Directors and Corporate Auditors to acquire the knowledge necessary to appropriately fulfill their expected roles and responsibilities upon assuming office. For newly appointed internal and Outside Directors and Corporate Auditors, the Company provides opportunities to participate in external training programs covering topics such as laws and regulations, corporate governance, and compliance. The costs associated with such training are borne by the Company.

In addition, for Outside Directors and Outside Corporate Auditors, the Company provides opportunities to deepen their understanding of the Company's management strategies, business operations, and business environment through briefings by relevant departments, as well as activities such as tours of manufacturing facilities.

The Company will continue to enhance its training programs to support Directors and Corporate Auditors in effectively performing their respective roles and responsibilities.

【Principle 5-1: Policy on Constructive Dialogue with Shareholders】

The Company recognizes that constructive dialogue with shareholders and investors contributes to sustainable growth and the enhancement of corporate value over the medium to long term.

Dialogue with shareholders and investors is handled appropriately by the Corporate Planning Department, which serves as the department in charge. Opinions and requests obtained through such dialogue are shared with management as necessary and are utilized to improve management and enhance information disclosure.

In addition, the Company's basic policy is to disclose information in a timely and appropriate manner. With respect to financial results reports, the Company aims to disclose them within 30 days from the end of each fiscal period. For details of our IR activities and the status of activities conducted in fiscal 2025, including financial results briefings and individual meetings, please refer to "2. Status of IR Activities" under Section III, "Status of Measures Concerning Shareholders and Other Stakeholders," of this report.

In conducting dialogue with shareholders and investors, the Company appropriately manages insider information in accordance with its Insider Trading Management Regulations. The Company also designates the period from the day following the end of each fiscal period, including quarterly fiscal periods, until the date of announcement of financial results as a quiet period.

【Principle 5-2: Formulation and Disclosure of Management Strategies and Management Plans】

【Supplementary Principle 5-2 (i): Basic Policy on Business Portfolio】

The Company formulated and announced in June 2026 a three-year Medium-Term Management Plan commencing with the fiscal year ending March 31, 2027.

Under this plan, based on "Kitazato Challenge 2036," the Company's long-term vision looking ahead to 2036, the Company has presented its management strategy, direction of its business portfolio, growth investments, capital allocation policy, shareholder return policy, and other matters, and has also announced management targets such as net sales and operating profit margin.

The Company strives to enhance its corporate value over the medium to long term by promoting management that emphasizes a balance between growth investments and shareholder returns, while remaining conscious of the cost of capital and capital profitability. The Company will also continuously review the progress of the Medium-Term Management Plan, make necessary revisions through dialogue with shareholders and investors, and endeavor to provide appropriate information disclosure.

The Company recognizes management that is conscious of the cost of capital and return on capital as one of its key management issues in order to achieve sustainable growth and enhance corporate value over the medium to long term.

Based on the Medium-Term Management Plan announced in June 2026, the Company promotes a capital policy that emphasizes a balance between growth investments and shareholder returns, while working to improve profitability and capital efficiency. The Company also continuously reviews its management indicators and business portfolio, and, based on the results of such reviews, optimizes the allocation of management resources and revises management measures as necessary.

The Company will continue to review the progress of the Medium-Term Management Plan and strive to enhance corporate value and shareholder value over the medium to long term, taking into account opinions obtained through constructive dialogue with shareholders and investors.

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
KITAZATO & CO., LTD	22,300,000	55.75
Master Trust Bank of Japan, T.	2,749,000	6.87
Custody Bank of Japan, T.	2,043,200	5.11
Nomura Trust, Inv. T.	1,267,300	3.17
Futoshi INOUE	1,200,000	3.00
GOVERNMENT OF NORW	1,150,000	2.88
HSBC BANK PLC A/C M AND G(ACS) VALUE PARTNERS CHINA EQUITY FUND	560,128	1.40
BBH FOR BBHSTIL NEUBERGER BERMAN INVESTMENT FUNDS PLC NEUBERGER BERMAN JAPAN EQUITY ENGAGEMENT FUND	510,000	1.28
MSIP CLIENT SECURITIES	447,611	1.12
STATE STREET BANK AND TRUST COMPANY 505025	402,057	1.01

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	Futoshi INOUE
Name of Parent Company, if applicable	KITAZATO & CO., LTD (non-listed)

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Business Sector	Precision Instruments
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	Fewer than 100
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

The Company has established a voluntary Special Committee as an advisory body to the Board of Directors to oversee the risks of conflicts of interest with minority shareholders and to ensure the protection of minority shareholders' interests. In addition, the Company strives to strengthen the supervisory function of management and protect the interests of minority shareholders by appointing Independent Outside Directors who are independent of the controlling shareholder and who comprise at least one-third of the Board of Directors.

The Special Committee deliberates and reviews important transactions and other matters that may involve conflicts of interest with minority shareholders from the perspectives of the necessity and rationality of such transactions, the appropriateness of transaction terms, and fairness, and provides opinions and reports to the Board of Directors. In light of the significance of such transactions, matters requiring a resolution of the Board of Directors are, in principle, deliberated by the Special Committee prior to consideration by the Board of Directors.

To ensure its independence and objectivity, the Special Committee consists of three members comprising Independent Outside Directors and Independent Outside Corporate Auditors, who are appointed by the Board of Directors. The Chairperson of the Special Committee is selected from among the members who are Independent Outside Directors through a resolution of the Special Committee.

At the two meetings of the Special Committee held in fiscal year 2025, there were no transactions identified as potentially detrimental to the interests of minority shareholders. The attendance records of individual members and the matters deliberated, including the duration of each deliberation, are as follows.

Composition of the Special Committee

Position	Name	Status	Attendance
Chairperson	Makoto Shintani	Independent Outside Director	2/2
Member	Shinsuke Kataoka	Independent Outside Corporate Auditor	2/2
Member	Tomoko Sano	Independent Outside Corporate Auditor	2/2

Major Matters Deliberated

- August 2025 (Duration: 1 hour 10 minutes)

Selection of the Chairperson

Transaction terms for transactions involving conflicts of interest

- December 2025 (Duration: 30 minutes)

Changes to the transaction terms for transactions involving conflicts of interest

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

With respect to transactions with controlling shareholders or parties having a potential conflict of interest, in accordance with the Special Committee Regulations, such transactions require prior approval by the Board of Directors following deliberation and examination by a Special Committee composed of independent directors (including independent outside directors and

independent outside corporate auditors). Of the eleven current directors, five are independent directors. The Board of Directors thoroughly discusses the potential for conflicts of interest between the parent company and minority shareholders, and it is considered that there are no particular issues concerning the protection of minority shareholders' interests.

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 Corporate Auditors
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Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	1 years
Chairperson of the Board	President
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	6
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Makoto Shintani	From another company											
Ignacio Bermejo	From another company					○						
Shigenori Yamaguchi	Other											
Akio Sato	Lawyer											
Osamu Tsutsumi	Other										△	
Michitaro Wakayama	Certified Public Accountant								△			

*Categories for "Relationship with the Company".

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

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- 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
Makoto Shintani	○	—	Appointed as an Outside Director in light of his extensive experience and expertise in corporate management at listed companies and other organizations, as well as his knowledge of organizational management. In addition, he has broad insight into the healthcare sector and is expected to provide practical advice on management issues, thereby contributing to the strengthening of the supervisory function of the Company's management. Furthermore, the Company has determined that Mr. Shintani does not fall under any of the independence criteria established by the Tokyo Stock Exchange and the Company, and that there are no relationships with the Company's management that would impair his independence. Accordingly, the Company has determined that he is independent and there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Director.
Ignacio Bermejo		Serving as the Chief Executive Officer of Biomedical Supply, S.L. and the Chief Executive Officer of Biomedical Supply US, Inc., both of which are major business partners of the Company. There are sales transactions of the Company's products with these companies,	Appointed as an Outside Director in light of his extensive business experience as a corporate executive of overseas companies, which is expected to be utilized in the Company Group's overseas expansion and group governance.

		which are classified as related party transactions.	
Shigenori Yamaguchi	○	—	Appointed as an Outside Director in light of his extensive experience in healthcare administration and related organizations, which is expected to be leveraged in enhancing the Company's corporate value, strengthening and further advancing its sustainability management, and contributing to regional development. Furthermore, the Company has determined that Mr. Yamaguchi does not fall under any of the independence criteria established by the Tokyo Stock Exchange and the Company, and that there are no relationships with the Company's management that would impair his independence. Accordingly, the Company has determined that he is independent and there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Director.
Akio Sato	○	—	Appointed as an Outside Director in light of his advanced expertise in corporate governance as an attorney-at-law, as well as his extensive practical experience as a director and corporate auditor across various industries, which are expected to contribute to the establishment of a sound and robust governance structure of the Company. Furthermore, the Company has determined that Mr. Sato does not fall under any of the independence criteria established by the Tokyo Stock Exchange and the Company, and that there are no relationships with the Company's management that would impair his independence. Accordingly, the Company has determined that he is independent and there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Director.
Osamu Tsutsumi	○	Served as a professor at the Graduate School of International	Expected to contribute valuable insights into the Company's product development, sales strategy,

		University of Health and Welfare. The Company made a donation to the International University of Health and Welfare in April 2019 for the purpose of supporting academic research. Although the Graduate School is operated by the same educational foundation as the university, the Company has determined that such donation does not impair his independence.	and new business initiatives, as he has extensive expertise as an obstetrician and gynecologist and in-depth knowledge of the fertility treatment industry. He is also expected to contribute to strengthening the supervisory function over management execution. Furthermore, the Company has determined that Mr. Tsutsumi does not fall under any of the independence criteria established by the Tokyo Stock Exchange and the Company, and that there are no relationships with the Company's management that would impair his independence. Accordingly, the Company has determined that he is independent and there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Director.
Michitaro Wakayama	○	Serves as a Representative Director of OCS Partners Inc., with which the Company had a business relationship. The Company previously paid consulting fees to the said company for business support services received. However, as the transaction amount between the Company and the said company is less than 1% of the Company's consolidated net sales, the Company considers it immaterial and has determined that such transaction does not impair his independence.	Expected to contribute useful advice and enhance the supervisory function over management execution in the formulation and implementation of the Company's management strategy and capital policy, based on his professional expertise as a certified public accountant and tax accountant. Furthermore, the Company has determined that Mr. Wakayama does not fall under any of the independence criteria established by the Tokyo Stock Exchange and the Company, and that there are no relationships with the Company's management that would impair his independence. Accordingly, the Company has determined that he is independent and there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Director.

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	Nomination and Compensation Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation

In order to enhance the fairness, transparency, and objectivity of procedures relating to the nomination and compensation of Directors and to further strengthen corporate governance, the Company established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors pursuant to a resolution of the Board of Directors dated May 20, 2024. The Committee is chaired by an Independent Outside Director and consists of a majority of Outside Directors. The Committee deliberates and reviews matters including the establishment of policies regarding the compensation of Directors and individual compensation for Directors, and provides recommendations to the Board of Directors.

The activities of the Nomination and Compensation Committee during fiscal year 2025 are as follows.

Composition of the Nomination and Compensation Committee

Position	Name	Status	Attendance
Chairperson	Akihiro Ishizaka	Independent Outside Director	10/10
Member	Futoshi Inoue	President and Representative Director	10/10
Member	Shigenori Yamaguchi	Independent Outside Director	10/10
Observer	Shinsuke Kataoka	Independent Outside Corporate Auditor	9/10

Activities of the Nomination and Compensation Committee

• 11th Meeting (April 14, 2025)

Deliberation on the calculation of individual compensation for Directors

• 12th Meeting (May 14, 2025)

Deliberation on the draft proposal for the 18th Annual General Meeting of Shareholders (revision of the total amount of Directors' compensation)

Discussion on performance evaluations and bonuses for internal Directors

Review of the activities of the 18th term of the Nomination and Compensation Committee

• 13th Meeting (June 9, 2025)

Determination of the activity schedule for the 19th term of the Nomination and Compensation Committee

• 14th Meeting (July 14, 2025)

Selection of the Chairperson

Consideration of training programs for internal Directors

• 15th Meeting (August 18, 2025)

Consideration of Restricted Stock Compensation (RS)

• 16th Meeting (September 12, 2025)

Discussion on the succession plan

• 17th Meeting (October 14, 2025)

Discussion on the succession plan

• 18th Meeting (November 27, 2025)

Discussion on the succession plan and the executive officer system

Interim performance review of internal Directors

Governance structure of the Company's Spanish subsidiary

• 19th Meeting (January 9, 2026)

Discussion on the qualifications and capabilities of the current Directors, including Outside Directors

• 20th Meeting (February 9, 2026)

Discussion on candidates for Directors and the compensation structure for the 20th term

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	4
Number of Audit and Supervisory Board Members	4

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

The Corporate Auditors hold regular meetings with the accounting auditor to confirm audit policies and audit plans, and to exchange opinions and information regarding the status of the accounting audit, thereby striving to enhance the effectiveness and efficiency of audits. In addition, Corporate Auditors hold regular meetings with the Internal Audit Office to exchange information and opinions regarding the status of implementation of internal audit plans, audit results, and matters identified and recommendations made through audits, thereby maintaining close coordination. The Board of Corporate Auditors regularly convenes tripartite meetings by inviting the accounting auditor and the Internal Audit Office. At these tripartite meetings, reports are received from the accounting auditor and the Internal Audit Office on their respective audit plans, the execution of their duties, and the results thereof, and coordination is promoted through mutual exchange of information and opinions.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3

Number of Independent Audit and Supervisory Board Members

3

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
Shinsuke Kataoka	Certified Tax Accountant													
Tomoko Sano	Lawyer													
Seiichi Nishikawa	From another company													

*Categories for "Relationship with the Company".

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

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

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

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Shinsuke Kataoka	○	—	Appointed as an Outside Corporate Auditor in light of his specialized knowledge and extensive experience in finance and accounting as a certified tax accountant, and is expected to perform audit duties from an objective and neutral perspective. Furthermore, the Company has determined that Mr. Kataoka does not fall under any of the independence criteria established by the Tokyo Stock Exchange and the Company, and that there are no relationships with the Company's management that would impair his independence.

			Accordingly, the Company has determined that he is independent and there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Corporate Auditor.
Tomoko Sano	○	—	Appointed as an Outside Corporate Auditor in light of her specialized knowledge and extensive experience in corporate legal affairs as an attorney-at-law, and is expected to perform audit duties from an objective and neutral perspective. Furthermore, the Company has determined that Ms. Sano does not fall under any of the independence criteria established by the Tokyo Stock Exchange and the Company, and that there are no relationships with the Company's management that would impair her independence. Accordingly, the Company has determined that she is independent and there is no risk of a conflict of interest with general shareholders, and has therefore designated her as an Independent Corporate Auditor.
Seiichi Nishikawa	○	—	Expected to contribute, in his role as an Outside Corporate Auditor, to enhancing the transparency of the Company's audit system and corporate governance through his extensive experience as a corporate auditor at other companies, as well as his high level of expertise and objective perspective gained through audit practice. Furthermore, the Company has determined that Mr. Nishikawa does not fall under any of the independence criteria established by the Tokyo Stock Exchange and the Company, and that there are no relationships with the Company's management that would impair his independence. Accordingly, the Company has determined that he is independent and there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Director.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	8
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members
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Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of a Performance-linked Compensation System
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Supplementary Explanation for Applicable Items
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The Company has introduced a performance-linked compensation system.

For each director (excluding outside directors), an annual bonus is paid as a performance incentive that emphasizes the Company's annual business results. The actual bonus amount is determined based on the standard bonus amount for each position as set forth in the compensation table, which is deliberated and reviewed by the Nomination and Compensation Committee and subsequently approved by the Board of Directors, applying the bonus calculation criteria. Regarding individual performance evaluation for performance-linked compensation (bonus), multiple items and objectives to be achieved are established for each director (excluding outside directors) for each fiscal year, and overall evaluations are conducted comprehensively.

Persons Eligible for Stock Options	—
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Supplementary Explanation for Applicable Items
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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Individual director compensation is not disclosed.
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Supplementary Explanation for Applicable Items
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As no director received total compensation of ¥100 million or more, individual director compensation is not disclosed.

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

The Nomination and Compensation Committee deliberates and reviews, and as necessary revises, the setting of the directors' compensation table (which specifies the structure, amount, and proportion of compensation) and the bonus calculation criteria, taking into account the need to secure excellent management personnel and provide appropriate compensation, as well as the compensation levels and composition at other companies and the Company's position. The bonus calculation criteria determine the actual bonus amount by reflecting, at a fixed ratio according to position, the achievement level of corporate performance targets (such as net sales, operating income, profit before income taxes, and operating cash flow) and divisional performance targets.

Directors' compensation consists of basic remuneration as fixed compensation and bonuses, and is determined within the limits approved at the General Meeting of Shareholders. However, outside directors receive only basic remuneration (monthly remuneration). The fixed remuneration is determined based on the previous year's remuneration, taking into account the duties and responsibilities, position, length of service, performance, compensation levels at other companies, and employee salary levels. For each director, the monthly remuneration by position, as specified in the compensation table deliberated by the Nomination and Compensation Committee and approved by the Board of Directors, is paid monthly.

Bonuses are determined for each director (excluding outside directors) with consideration of the Company's annual performance and the level of employee bonuses, and are paid once a year. The actual bonus amount is determined by applying the bonus calculation criteria to the standard bonus amount by position, as specified in the compensation table deliberated by the Nomination and Compensation Committee and approved by the Board of Directors.

Regarding individual performance evaluation for performance-linked compensation (bonus), multiple items and objectives to be achieved are set for each director (excluding outside directors) for each fiscal year, and overall evaluations are conducted comprehensively.

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

With respect to necessary support for Outside Directors and Outside Audit & Supervisory Board Members, including notices of convocation of meetings of the Board of Directors and other administrative communications, the General Affairs and Human Resources Department is responsible for providing such support.

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

The Company has adopted a corporate structure with a Board of Corporate Auditors, with the objective of maintaining a management system that ensures transparency in management and enables prompt and flexible decision-making. This is achieved through strict audits by the Corporate Auditors regarding the legality of the Directors' decision-making and execution of business.

In addition, the Company believes that the objective and neutral perspectives of the Outside Directors, who are independent from the Company, contribute to rational business judgment as well as the transparency and soundness of management. Furthermore, the effectiveness of corporate governance is ensured through the monitoring and supervision of management by the Corporate Auditors, including the Outside Corporate Auditors, who are independent from the Company. The Company has therefore adopted the current governance structure.

a. Board of Directors

The Company's Board of Directors comprises eleven Directors, including six Outside Directors. In principle, the Board holds regular meetings once a month, and extraordinary meetings are convened as needed. The Board deliberates and decides on important management matters in accordance with laws, regulations, and internal rules, and supervises the execution of duties by each Director.

b. Board of Corporate Auditors

The Company's Board of Corporate Auditors comprises four Corporate Auditors, including three Outside Corporate Auditors. The Corporate Auditors attend meetings of the Board of Directors and fulfill sufficient monitoring functions over the Board's and each Director's decision-making and execution of duties. In addition, the Board of Corporate Auditors holds regular meetings to discuss the execution of duties by the Board of Directors and by each Director, and provides recommendations based on reports on assigned duties received from all Directors. Furthermore, the Corporate Auditors closely coordinate with the Internal Audit Office and the Accounting Auditor, exchanging information and opinions as necessary, in order to enhance the effectiveness and efficiency of audits.

c. Risk Management and Compliance Committee

The Company's Risk Management and Compliance Committee is chaired by the President and CEO and comprises the full-time Directors, risk management officers and risk management representatives from each division, as well as compliance officers and compliance management representatives from each division. In principle, the Committee meets once every quarter to promote risk management and strengthen and advance the Company's compliance framework.

d. Advisory Nomination and Remuneration Committee

To enhance the fairness, transparency, and objectivity of procedures relating to the nomination and compensation of Directors and to further strengthen corporate governance, the Company has established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. The Committee is chaired by an Independent Outside Director and consists of a majority of Outside Directors. The Committee deliberates and examines matters such as proposals to the General Meeting of Shareholders regarding the nomination, appointment, and dismissal of Directors, as well as the selection criteria for Director candidates, and reports its recommendations to the Board of Directors. In addition, the Committee deliberates and examines policies for determining Directors' remuneration and the details of executive compensation, and reports its recommendations to the Board of Directors.

e. Voluntary Special Committee

The Company has established a voluntary Special Committee as an advisory body to the Board of Directors to oversee the risks of conflicts of interest involving minority shareholders and to protect the interests of minority shareholders.

The Special Committee deliberates and reviews important transactions and other matters that may involve conflicts of interest with minority shareholders from the perspectives of the necessity and rationality of such transactions, the appropriateness of transaction terms, and fairness, and provides recommendations and reports to the Board of Directors. In light of the significance of such transactions, matters requiring a resolution of the Board of Directors are deliberated by the Special Committee prior to consideration by the Board of Directors.

To ensure its independence and objectivity, the Special Committee consists of three members comprising Independent Outside Directors and Independent Outside Corporate Auditors. The members of the Committee are appointed by the Board of Directors. The Chairperson of the Special Committee is selected from among the Independent Outside Directors who are members of the Committee through a resolution of the Committee.

f. Internal Audit Office

The Company has established an Internal Audit Office to monitor the systems for management and operations and the status of execution of business activities across the Company from the perspectives of legality and rationality, and conducts audits of each department and affiliated companies. The Internal Audit Office, the Board of Corporate Auditors, and the Accounting Auditor exchange opinions and information with one another regarding audit plans, audit results, and other matters, and conduct effective audits through such coordination. The results of audits conducted by the Internal Audit Office are reported to the Representative Director and President, as well as to the Board of Directors, the Board of Corporate Auditors, and relevant personnel of related departments, including the Corporate Planning Department, the General Affairs and Personnel Department, and the Finance and Accounting Department. In addition, the effectiveness of internal audits is ensured by issuing instructions for improvement and subsequently monitoring the status of such improvements. The Internal Audit Office attends meetings of the Board of Directors in accordance with the internal audit plan and provides reports thereon.

g. Accounting Auditor

The Company has entered into an audit agreement with ARK LLC and ensures that appropriate audits are conducted. The Company also consults with the Accounting Auditor on accounting matters as needed and strives to ensure proper accounting treatment.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the structure of a Company with a Board of Corporate Auditors in order to ensure transparency and soundness in management through independent audits conducted by the Corporate Auditors and the Board of Corporate Auditors, in addition to decision-making and oversight of business execution by the Board of Directors, while enabling prompt and flexible management decision-making.

Furthermore, to enhance the effectiveness of management oversight by the Board of Directors and increase the transparency of its decision-making process, the Company appoints Outside Directors accounting for at least one-third of the total number of Directors.

In addition, the Company has established voluntary Nomination and Compensation Committees to enhance the transparency and objectivity of procedures related to the nomination and remuneration of Directors and other officers. The Company has also established a voluntary Special Committee to deliberate and review important matters, including transactions involving conflicts of interest.

With respect to the appointment of Outside Directors and Outside Corporate Auditors, the Company has established its own independence criteria in addition to the independence requirements for Independent Officers prescribed by the Tokyo Stock Exchange.

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	The Company makes the notice of the General Meeting of Shareholders available approximately two weeks prior to the date of the meeting.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The schedule is determined so as to avoid concentration on a single day.
Electronic Exercise of Voting Rights	The Company introduced an electronic voting system for the General Meeting of Shareholders held in June 2026 in order to enhance the convenience of exercising voting rights. In addition, the Company introduced smartphone-based voting using QR codes from the same General Meeting of Shareholders.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has participated in the electronic voting platform operated by ICJ, Inc. since the General Meeting of Shareholders held in June 2026.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company has provided an English translation of the Notice of the General Meeting of Shareholders on the Company's website and through TDnet operated by the Tokyo Stock Exchange since the General Meeting of Shareholders held in June 2026.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has established its Disclosure Policy and publishes it on the Company's website as follows: https://www.kitazato.co.jp/en/ir/policy/	
Regular Investor Briefings held for Individual Investors	The Company plans to hold regular briefings for individual investors in order to provide opportunities to enhance their understanding of the Company.	No
Regular Investor Briefings held for Analysts and Institutional Investors	(During fiscal year 2025) The Company regularly conducts financial results briefings, earnings presentations, and factory and facility tours, including product explanations, for analysts and institutional investors. Financial results briefings: 2 times (for 2Q and 3Q) Meetings with analysts: 11 times (domestic: 8 times; overseas: 3 times)	Yes

	Meetings with domestic institutional investors: 60 times Factory and facility tour: 1 time	
Regular Investor Briefings held for Overseas Investors	(During fiscal year 2025) The Company held individual meetings with overseas investors, both in person at the Company's headquarters and Tokyo office and online via web conferencing. Meetings with overseas institutional investors: 27 times	Yes
Online Disclosure of IR Information	The Company publishes financial results reports, financial results briefing materials (presentation materials with scripts), timely disclosure materials, annual securities reports, Corporate Governance Reports, notices of the General Meeting of Shareholders, integrated reports, and other IR information on its website. The Company strives to operate its IR website with consideration for accessibility and convenience in order to provide timely information disclosure. (Japanese) https://www.kitazato.co.jp/ja/ir/ (English) https://www.kitazato.co.jp/en/ir/	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Planning Department is the responsible department.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Kitazato Group is committed to enhancing its corporate value on a sustainable basis through the realization of its corporate philosophy, “Happiness, for the Next Generations — Bringing smiles to future generations,” by building and maintaining relationships of trust with all stakeholders, including shareholders, customers, business partners, employees, and local communities. The Group believes that both business performance and a culture of integrity, fairness, and mutual respect contribute to the enhancement of corporate value. Recognizing that the actions of each employee shape the corporate culture and earn the trust of society, the Group conducts its business activities with a strong commitment to integrity and high ethical standards.

	In addition, the Group continuously strives to develop and strengthen its management framework and group governance structure to enable a prompt and appropriate response to changes in the business environment. The Group also remains committed to enhancing its corporate governance practices with an emphasis on transparency, soundness, and efficiency, with the aim of becoming a company that earns the trust of society and achieves sustainable growth. The Company's management policy and behavioral guidelines are disclosed on the Company's website. URL: https://www.kitazato.co.jp/en/corporate/ourvision/
Implementation of Environmental Preservation Activities and CSR Activities, etc.	As part of its efforts to reduce environmental impact, the Company Group has installed solar panels at its Shizuoka headquarters building, generating a portion of the office's electricity from renewable green energy. As a corporate citizen contributing to society, the Company conducts annual clean-up activities at Tagonoura Beach under the "Kitazato Beach Clean Project" as part of its social contribution initiatives to protect the natural environment. URL: https://www.kitazato.co.jp/en/sustainability/
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company has established a Disclosure Policy, which is available on the Company's website at the following URL: URL: https://www.kitazato.co.jp/en/ir/policy/

IV. Matters Concerning the Internal Control System

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

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

(a) The Company establishes as a fundamental principle of business execution that its Directors and employees comply with laws, the Articles of Incorporation, internal regulations, and social norms, and act with high ethical standards.

(b) The Company has established internal regulations, including the Rules of the Board of Directors, to ensure proper business execution.

(c) The General Affairs and Personnel Department, as the department responsible for compliance, works in coordination with the Risk Management and Compliance Committee to develop appropriate training programs for Directors and employees.

(d) The Company conducts internal audits in accordance with the Internal Audit Regulations to ensure the proper execution of duties by Directors and employees. In carrying out these audits, the internal audit personnel exchange information with Corporate Auditors and the Audit Firm as necessary to conduct efficient internal audits.

(e) The Company clearly declares a firm stance to exclude antisocial forces and ensures that all Directors and employees adhere to this policy. Specifically, the Company has established and implements the Regulations on the Exclusion of Antisocial Forces and the Manual for Measures Against Antisocial Forces.

b. System for the Storage and Preservation of Information Related to the Execution of Duties by Directors

(a) Information related to the execution of duties by Directors, including minutes of Board of Directors meetings and other important documents, is recorded in documents or electronic media and appropriately stored and preserved in accordance with internal regulations such as the Document Management Regulations.

(b) The General Affairs and Personnel Department shall make these documents available for inspection by Directors and Corporate Auditors at any time upon request.

c. Rules and Other Systems for Risk Management

(a) Risks associated with the execution of duties are managed in accordance with internal regulations such as the Risk Management Regulations, Compliance Management Regulations, Budget Management Regulations, and Internal Audit Regulations. Each department analyzes risks and considers countermeasures within its authority, while particularly important matters or those exceeding departmental authority are deliberated and decided by the Board of Directors.

(b) The Company has established a risk management framework, including the regular meetings of the Risk Management and Compliance Committee, chaired by the Representative Director and President, and periodic audits conducted by the Internal Audit Office, which operates under the direct authority of the President.

d. Systems to Ensure the Efficient Execution of Duties by Directors

(a) In addition to holding regular Board of Directors meetings once a month, the Company may convene extraordinary

Board meetings as necessary to make agile decisions, thereby ensuring a structure that enables the proper execution of duties.

(b) For the efficient execution of day-to-day duties based on the decisions of the Board of Directors, the Company delegates authority in accordance with internal regulations such as the Rules on Division of Duties and the Rules on Authority and Responsibility, ensuring that managers at each level allocate tasks in accordance with decision-making rules.

e. System to Ensure the Proper Conduct of Operations within the Company and Its Group Companies

The Company has established a framework to ensure the proper conduct of operations across the entire group, including its subsidiaries, in accordance with the Regulations on the Management of Group Companies.

f. Matters Concerning Employees Assigned to Assist Corporate Auditors

If a Corporate Auditor requests that an employee be assigned to assist in the performance of their duties, the Company shall assign audit staff as necessary. The personnel decisions regarding such employees shall be made after consultation between the Directors and the Corporate Auditor.

g. Independence of Employees from Directors

During the period in which an employee is assigned to assist a Corporate Auditor in the performance of their duties, the employee shall operate under the authority of the Corporate Auditor and shall not be subject to the instructions or orders of the Directors. The personnel evaluation of such an employee during this period shall also be entrusted to the Corporate Auditor.

h. System for Reporting to Corporate Auditors by Directors and Employees and Other Reporting Systems

(a) The Company has established a system under which Directors and employees promptly report to Corporate Auditors any facts that may cause significant damage to the Company, misconduct in the execution of duties by Directors, any material violation of laws or the Articles of Incorporation, or other important matters.

(b) Corporate Auditors may, as necessary, request reports from Directors and employees.

(c) The Company ensures that any person who reports to Corporate Auditors will not be treated disadvantageously for having made such a report.

i. System to Ensure the Effective Auditing by Corporate Auditors

(a) Corporate Auditors shall regularly exchange views with the Representative Director and President regarding issues the Company should address, risks surrounding the Company, the environment for Corporate Auditor audits, and other important auditing matters, in order to ensure the effectiveness of audits.

(b) Corporate Auditors shall maintain close coordination through regular information exchange with the Internal Audit Office.

(c) When Corporate Auditors receive a report from Directors indicating a risk of significant damage to the Company, they shall conduct necessary investigations and, as appropriate, provide advice to the Directors.

- (d) When deemed necessary for the performance of audits, Corporate Auditors shall have the opportunity to consult with external experts such as lawyers and certified public accountants to receive advice related to audit activities.
- (e) Corporate Auditors shall attend important meetings, including Board of Directors meetings and the Risk Management and Compliance Committee, to ensure that they receive important reports.
- (f) The Board of Corporate Auditors shall receive periodic audit status reports from the Audit Firm in order to maintain an effective auditing environment and enhance the effectiveness and efficiency of audits.

j. Policy on the Treatment of Expenses Incurred in the Performance of Duties by Corporate Auditors

The Company has established a system under which procedures for advance payment or reimbursement of expenses incurred in the performance of duties by Corporate Auditors, as well as other related expense processing, are carried out promptly and appropriately in accordance with requests from Corporate Auditors.

k. Systems to Ensure the Reliability of Financial Reporting

- (a) Directors establish, maintain, and operate systems to ensure that internal controls related to financial reporting function effectively in order to prepare reliable financial reports.
- (b) Directors manage risks related to fraud and errors in financial reporting, promote the appropriateness of business execution, and appropriately establish and operate internal regulations related to financial reporting.
- (c) The Representative Director and President continuously monitors and evaluates whether internal controls related to financial reporting are functioning properly and effectively, and, if any deficiencies are identified, implements necessary improvements and corrective measures, while striving to ensure compliance with relevant laws and regulations.

l. Systems for the Exclusion of Antisocial Forces

- (a) The Company maintains a firm policy of having no relationship whatsoever with any antisocial forces or organizations that pose a threat to public order and safety or have an adverse impact on sound corporate activities. In the event of any contact from such antisocial forces, the Head of the General Affairs and Personnel Department shall take overall responsibility for coordinating a company-wide response, and, as necessary, promptly consult with external experts such as legal counsel and the police to take appropriate measures.
- (b) The Company conducts internal training programs for employees to enhance awareness and ensure that they do not become involved with antisocial forces.

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

The Company Group maintains a firm policy of having no relationship whatsoever with any antisocial forces or organizations that pose a threat to public order and safety or have an adverse impact on sound corporate activities. To this end, the Company has established the Regulations on the Exclusion of Antisocial Forces for the purpose of developing and maintaining systems to exclude such forces. In the event of any contact from antisocial forces, the Head of the General Affairs and Personnel Department shall take overall responsibility for coordinating a company-wide response, and, as necessary, promptly consult with external experts such as legal counsel and the police to take appropriate measures.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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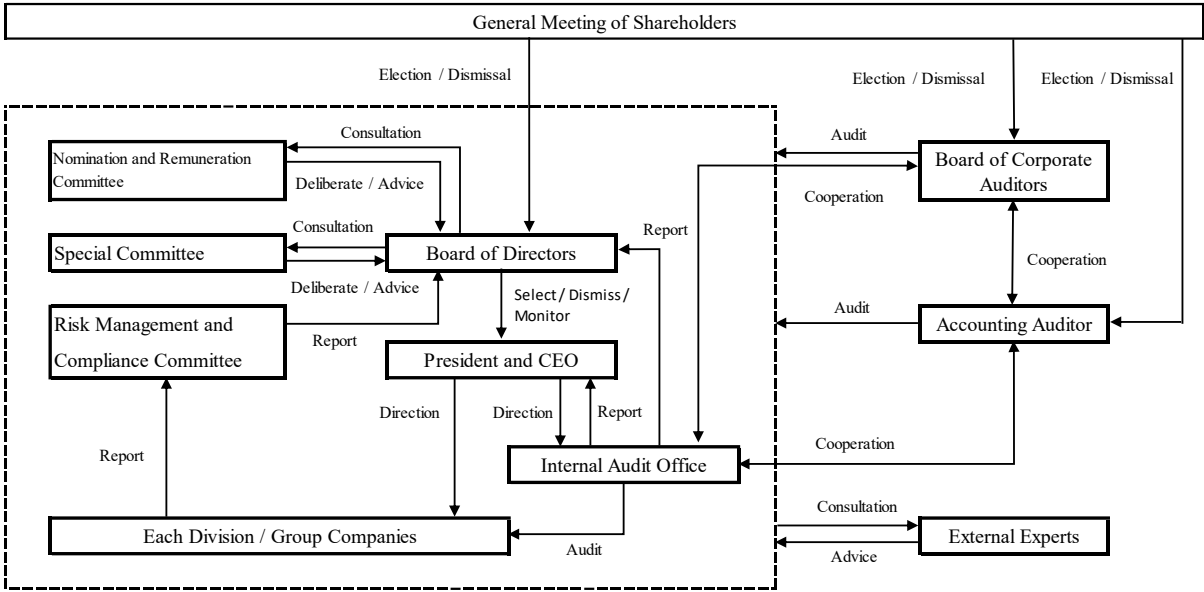
Supplementary Explanation for Applicable Items
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At present, the Company has not adopted any takeover defense measures.

2. Other Matters Concerning the Corporate Governance System

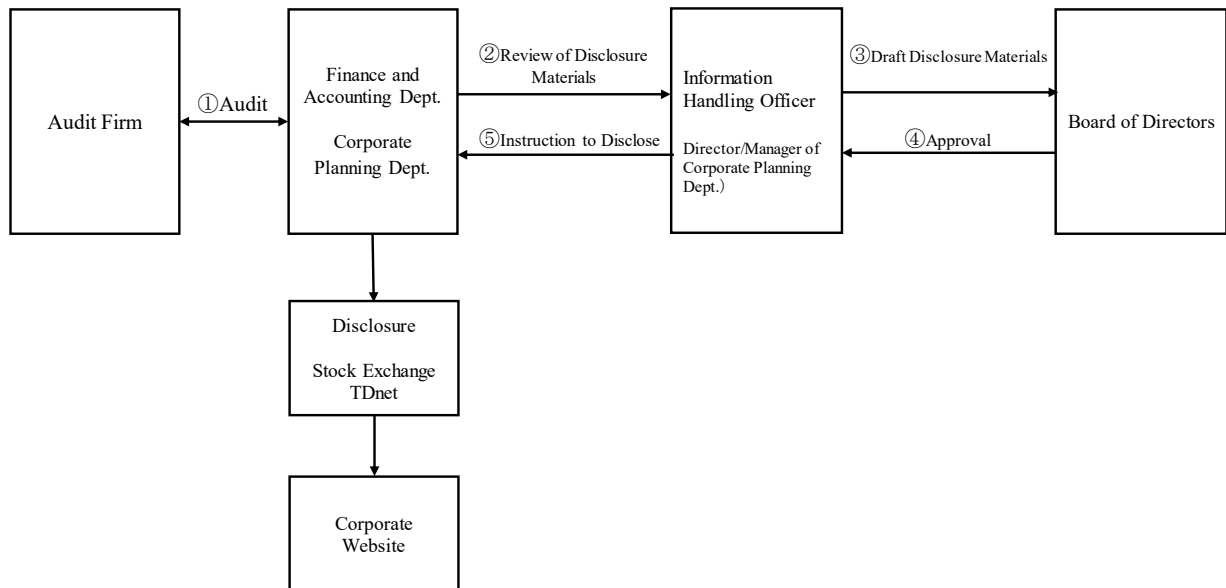
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Corporate Governance Structure

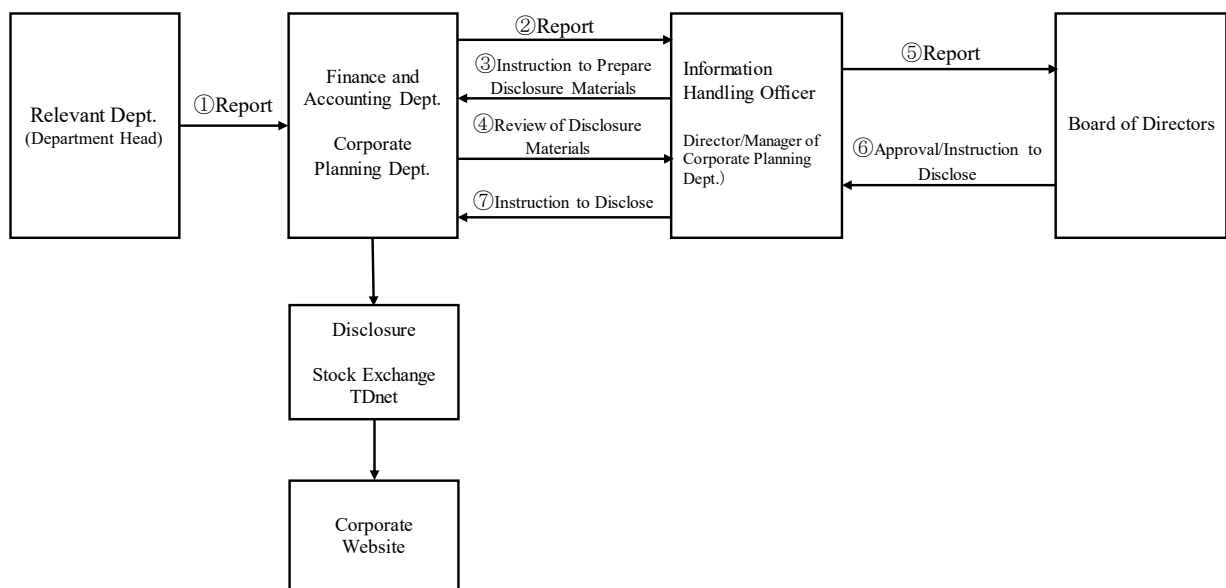


Timely Disclosure Structure

【Information on Financial Results】



【Information on Decisions】



【Information on Material Events】

