Corporate Governance

June 26, 2026
SUNCORPORATION
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https://www.sun-denshi.co.jp/

The status of SUNCORPORATION's ("the Company") corporate governance is as follows.

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

1．**Basic Policy**

We believe it is important to enhance corporate governance in order to meet the wide range of trust and expectations of our shareholders, customers, and all segments of society. To do so, we are implementing various measures based on the following basic ideas.

(1) Ensure soundness and transparency of management
(2) Compliance with laws and regulations
(3) Clarification of the decision-making process
(4) Appropriate business execution
(5) Timely and appropriate information disclosure
(6) Group-wide risk management

【Reasons for not implementing the following principles of the Corporate Governance Code】

[Principle 1-2: Exercising Rights at Shareholders' Meetings]

With regard to the disclosure of the Securities Report prior to the General Meeting of Shareholders, during the limited period between the end of the financial year (ending in March) and the Annual General Meeting (held in June), the Company proceeds sequentially with the preparation of the financial statements, the audit by the statutory auditors, and the preparation of the audit report by the Audit and Supervisory Committee.

The preparation of the Securities Report is contingent upon the completion of all these audit procedures. Consequently, in order to ensure sufficient time for verification to avoid the risk of practical oversights or errors, and to allow the audit firm adequate time to carry out its audit, we have adopted a practice of disclosing the report promptly after the General Meeting and do not implement this principle.

We recognise that the information necessary for the consideration of agenda items at the General Meeting is adequately provided through timely disclosure in the notice of convocation; however, we will continue to work on improving our business processes with a view to bringing forward the disclosure schedule.

Furthermore, taking into account the circumstances of institutional and overseas investors, we recognise the need to create an environment that enables the electronic exercise of voting rights, and we will continue to consider this matter in light of the situation.

【Disclosure based on the principles of the Corporate Governance Code】

[Principle 1-1 Constructive Dialogue with Shareholders]

In order to promote constructive dialogue with our shareholders, we have established the following framework and are implementing the following initiatives regarding shareholder engagement.

(1) Under the overall supervision of the Director in charge of Investor Relations, the Investor Relations department takes the lead in conducting individual meetings with shareholders and institutional investors.

Where necessary, the Director in charge of Investor Relations attends these meetings.

(2) The Investor Relations Department works in collaboration with relevant internal departments, such as the Management Strategy Department, the Accounting and Finance Department, and the Human Resources and General Affairs Department, to gather the necessary information and identify key points likely to be of high interest to investors, thereby striving to enhance the quality of our dialogue.
(3) The content of our dialogue with shareholders and institutional investors, as well as the opinions received, is reported to senior management in a timely and appropriate manner; this serves to stimulate discussion at management meetings and board meetings, and to enhance our disclosure practices.
(4) In our dialogue with shareholders and institutional investors, we also pay close attention to the management of inside information in accordance with our Insider Trading Regulations.

[Principle 1-4 Strategic Shareholding]
(1) Policy on Strategic Shareholdings
The Company holds shares in listed companies as strategic shareholdings where this contributes to the enhancement of corporate value over the medium to long term through the maintenance and strengthening of stable business relationships with the companies in which it holds shares.

(2) Details of the Review Regarding the Appropriateness of Holdings
With regard to the shares held as strategic holdings, the Board of Directors reviews, on an annual basis and for each individual stock, the rationality of the purpose of holding them, as well as the related income and benefits derived from holding them, and determines whether to retain the holdings by comparing this with the alternative of not holding them.
For the current year, the review confirmed that all strategic holdings currently held are held for purposes consistent with the holding policy.

(3) Specific Criteria for the Exercise of Voting Rights
Furthermore, the exercise of voting rights in relation to policy-held shares is carried out based on a comprehensive assessment of whether it would impair the Company's corporate value or contribute to enhancing the value of the investee company.
We will cast a vote against proposals in cases where there is a risk of impairment to shareholder value, such as the occurrence of unlawful acts, or where there are serious concerns regarding corporate governance.

(4) Response in the event a strategic shareholder indicates an intention to sell
Should a strategic shareholder indicate an intention to sell its shares in the Company, we shall not take any action that might hinder the sale, such as suggesting a reduction in trading volume; rather, we shall fully respect the other party's intentions and take appropriate measures, such as facilitating a smooth sale.

[Principle 2-2 Ensuring Diversity Within the Company]
(1) Approach to Ensuring Diversity
We believe that ensuring and respecting diversity amongst our workforce—comprising individuals with various attributes and backgrounds, such as gender, age, educational background, nationality, race, disability status, sexual orientation, values, career history and areas of expertise—leads to the enhancement of corporate value in the medium to long term through the promotion of innovation, the strengthening of risk management, the ability to adapt to changes in the market environment, and the recruitment and retention of talented personnel.

(2) Voluntary and Measurable Targets for Ensuring Diversity
When appointing individuals to managerial and similar positions, the Company places emphasis on individual ability, achievements and aptitude, regardless of length of service, nationality, age or gender.
As we believe that setting measurable numerical targets for specific attributes could actually hinder fair recruitment, we have not set uniform numerical targets at this stage. We will continue to strive to promote a diverse workforce based on fair assessment.

(3) Status of Diversity Initiatives
Since 2024, we have been working to foster a corporate culture that respects diversity, including by accepting student interns from overseas.
Furthermore, to ensure that a diverse workforce—regardless of nationality, age, gender or other factors—receives fair and impartial assessment, we have established and are implementing a human resources system based on achievements and ability.
Furthermore, we are accelerating investment in organisational and human resource development, overhauling our in-house training programmes, and supporting initiatives that enable each employee to shape their own career proactively and autonomously, based on their own will and responsibility.
We also support the work-life balance for childcare and caregiving, promote the development of a flexible and employee-friendly working environment, and have introduced flexitime and home-working schemes.
(4) Personnel Development Policy, Policy on Improving the Internal Working Environment, and Current Status
To ensure diversity among our core workforce, we will promote further initiatives and conduct practical reviews, including revising the recruitment process, promoting the recruitment of mid-career hires, actively utilising global talent, and promoting merit-based appointments that are not constrained by nationality, age or other factors.

Furthermore, specific policies, strategies and numerical targets regarding staff development and the improvement of the working environment are set out in our Securities Report, which is also available on our website.
Securities Report:

[Principle 2-4 Exercising the Role of Asset Owner in Corporate Pension Plans]
While our company does not offer a defined-benefit corporate pension plan, as part of our employee benefits program, we have established a defined-contribution pension plan that allows employees to choose their own investment options.
Therefore, in collaboration with the plan administrator, we actively promote awareness of the plan among employees and encourage its use. Additionally,the Human Resources and General Affairs Department, which oversees pension plans, assigns staff members who possess a solid understanding of all public and private pension systems, including defined contribution plans,to these roles.
These staff members continuously enhance their expertise through external training and other means so that they can provide investment education to plan participants and offer proposals for a secure retirement lifestyle.

[Principle 3-1 Sufficient disclosure of information]
(1) Missions, Corporate Philosophy, Corporate Slogans
Based on the following "Missions" "Corporate Philosophy" and "Slogans", the Company is managing its business with the corporate philosophy to make people happy through “information & telecommunication” and “entertainment”.

Missions: "Solving problems in society by using SUNCORPORATION’s technology"
Corporate philosophy: “The company will continue to be challenge-seeking”
Corporate slogans: “Materialize, Challenge, and Accomplish”

Action policies
- Consider success to be the beginning of the next success.
- Making improvements, streamlining are our eternal challenge.
- Complacency is the enemy of progress.
- Never be satisfied with yesterday’s success.
- Be self-critical when you’re succeeding.

The Company's basic strategy, medium-term vision, and other financial explanatory materials are available on the Company's website. https://www.sun-denshi.co.jp/

(2) Basic ideas and policies regarding corporate governance
Please refer to "I 1. Basic Policy" in this report.

(3) Policies and Procedures for Determining Compensation for Management and Other Executives
The amount of remuneration and other compensation for directors (excluding directors who are members of the Audit Committee) is determined by the Board of Directors in accordance with the remuneration policy (hereinafter referred to as the 'Remuneration Policy') established by the Board of Directors, within the limits of the remuneration ceiling approved by the General Meeting of Shareholders.

The Company shall design the compensation system for directors to effectively function as a medium- to long-term incentive that promotes value sharing with shareholders while aiming for continuous growth in corporate performance and sustainable improvement in corporate value. The basic policy is to ensure that the compensation system enables the recruitment and retention of outstanding talent necessary to achieve these objectives and that the compensation levels are appropriate for the roles and responsibilities expected of each director. The Board of Directors has delegated to the Representative Director and CEO the responsibility for preparing draft proposals for the basic compensation and other compensation of each director. This delegation was made because the Board of Directors determined that the Representative Director and CEO is best suited to evaluate each director individually while taking into account the overall performance of the company. The draft proposals prepared by the Representative Director and CEO will be reviewed by the Compensation Committee and decided upon by the Board of Directors.

The amount of compensation for directors who are members of the Audit and Supervisory Committee shall be determined by the Audit and Supervisory Committee within the compensation limit approved by the shareholders' meeting.

The remuneration of directors consists specifically of a basic remuneration and stock-based remuneration in the form of the Board Benefit Trust (BBT).
The basic remuneration of directors is a fixed monthly amount, and the specific amount paid to each director is prepared by the President and CEO based on the role and responsibilities of each director, which is discussed by the Nomination and remuneration Committee and with the final decision made by the Board of Directors. For directors who are members of the Audit and Supervisory Committee, the remuneration is determined by the Audit and Supervisory Committee.
In addition, the stock compensation system, which is a stock grant trust (BBT) for directors, aims to clarify the link between directors' compensation and stock value, and to raise awareness among directors of the importance of contributing to the long-term growth of corporate value by sharing not only the benefits of stock price increases but also the risks of stock price declines with shareholders. Details of this system are described in the reference materials accompanying the notice of the 54th Ordinary General Meeting of Shareholders.
https://contents.xj-storage.jp/xcontents/AS02371/ddb1d5f7/33bb/4df8/a6fa/82c3f81a34ca/140120250529572386.pdf

(4) Appointment and Removal of Management, Policies and Procedures for Nominating Candidates for Directors and Other Positions
With regard to executive directors (directors who are not members of the Audit and Supervisory Committee or outside directors), we take into account a balance of knowledge, experience and ability. The President and Representative Director then draws up a draft proposal based on the results of mutual evaluations among the executive directors. The appropriateness of this proposal is then deliberated by the Nomination and Remuneration Committee, which includes independent outside directors as members. Taking into account the opinions expressed there, a resolution on the appointment proposal is adopted by the Board of Directors.

With the consent of the Audit Committee, the Company selects Directors who are Audit Committee members and who have sufficient expertise, experience, and insight to conduct appropriate audits and

supervision.
With respect to outside directors, in accordance with the requirements of the Companies Act and the independence standards stipulated by the Tokyo Stock Exchange, the Company selects as independent outside directors those who do not present a risk of conflicts of interest with general shareholders.
In the event of any violation of laws, regulations, or the Articles of Association by any member of the management team, including the Representative Director, or in the event that the criteria for selection are not met or it is deemed difficult for such a member to perform his/her duties, the Nomination Advisory Committee will deliberate on the matter and, based on its opinion, the Board of Directors will determine a proposal to be submitted to the General Shareholders Meeting to dismiss such director.

(5) Explanation of Individual Appointments, Removals, and Nominations
With respect to the individual election and dismissal and nomination of candidates for Directors, a brief personal history of each individual and the reasons for their appointment are provided in the "reference materials for the General Meeting of Shareholders" in the "notice of the General Meeting of Shareholders".
https://contents.xj-storage.jp/xcontents/AS02371/0f1113d1/2bb6/4fcc/9e1e/71377df306c9/140120260528551655.pdf

[Principle 4-3 Roles and Responsibilities of the Board of Directors]
When conducting transactions with related parties such as directors and major shareholders, the Company shall explain the rationality of the transaction and the terms and conditions of the transaction in advance to the Board of Directors from the perspective of preventing conflicts of interest with the Company and ensuring the fairness and impartiality of the transaction, in accordance with laws and regulations and internal rules. In the event that such transactions are implemented, the details of the transactions are reported to the Board of Directors.
The Company confirms whether or not there are any transactions between the Company and related parties by conducting a written survey of the Company's directors every year.

[Principle 4-7 Utilizing any available mechanism]
Our company has established a voluntary Nomination and Compensation Committee that includes independent outside directors among its members.

The Nomination and Remuneration Committee deliberates and reports on the nomination of directors in consultation with the Board of Directors, and also deliberates on the remuneration of such directors (excluding directors who are members of the Audit Committee) in accordance with the policy on remuneration decided by the Board of Directors.
The remuneration of directors who are members of the Audit Committee is determined by the Audit Committee.

Seven out of eleven directors of the company are outside directors (three of them are independent outside directors), who participate in deliberations and express their opinions at board meetings from a standpoint independent of the management team. The Nomination and Remuneration Committee also provides appropriate involvement and advice on the diversity and skills of the directors, and the system further enhances the objectivity and transparency of the procedures.

[Principle 4-13 Prerequisites for Ensuring the Effectiveness of the Board of Directors]
(1) The combination of skills and other qualifications possessed by the directors
Our Articles of Incorporation stipulate that the number of directors (excluding directors who are members of the Audit and Supervisory Committee) shall not exceed eight, and the number of directors who are members of the Audit and Supervisory Committee shall not exceed four.
Currently, there are eight directors (excluding directors who are members of the Audit and Supervisory Committee), and the number of outside directors was increased by three to five effective as of the 55th Ordinary General Meeting of Shareholders held on June 24, 2026.
There are three directors serving as members of the Audit and Supervisory Committee, two of whom are outside directors.

As a business company operating multiple businesses, our basic policy is to appoint a well-balanced group of individuals with expertise in each business area,
as well as in corporate management, financial accounting, legal affairs and risk management, and global operations, in order to oversee business execution and make important decisions.
Currently, the Company has appointed one female director and several directors of foreign nationality to ensure diversity. At the same time, we are promoting a strategy of “selection and concentration.”
We believe it is important to identify the appropriate skills based on business characteristics and the management environment in order to consider M&A and business restructuring for new ventures, and to achieve the sustainable growth and enhancement of corporate value of our Group.

Furthermore, the Audit and Supervisory Committee consists of three members: one director with deep business expertise, one director with high expertise in accounting, and one director with high expertise in law.

With regard to the appointment and removal of directors, the Nomination and Remuneration Committee—comprising three members, including independent outside directors—discusses and offers its views on the balance of knowledge, experience and capabilities within the Board, as well as the appropriate number of directors, drawing on each member’s expertise and management experience.
We have compiled a summary of the directors’ skill sets (skill matrix) and included it at the end of this report.
Furthermore, the policies and procedures governing the Board of Directors’ appointment and removal of management and nomination of directors are as described in Principle 3-1(4).

(2) Summary of the Evaluation of the Board of Directors' Effectiveness
With a view to enhancing the functioning of our Board of Directors, we conduct a self-assessment and evaluation, having sought advice from an external body regarding the Board’s effectiveness. Based on the results of this evaluation, we recognise that the Board’s effectiveness is generally assured, taking into account factors such as the Board’s operational procedures, the time spent on deliberations and the substance of discussions. However, we will continue to address the issues identified in this effectiveness assessment and strive to further improve the functioning of the Board.

[Principle 4-15 Professional Development for Directors]

Upon assuming office, the Company provides and mediates various training opportunities for Directors to acquire and appropriately update the knowledge necessary to properly assign and deepen their understanding of their roles and responsibilities. In addition, even after assuming office, the Company provides opportunities necessary for Directors to fulfill their roles, such as providing knowledge and information necessary for supervising management, and the Company bears these costs.

【Actions to achieve cost of capital and share price conscious management】

Description	Disclosure of the status of the examination
English-language disclosures	None

We are reviewing measures to enhance shareholder value in accordance with the Tokyo Stock Exchange's “Guidelines for Management in Response to Capital Costs and Stock Prices” and we consider return on equity (ROE) to be one of our key management indicators and aim to maintain a balance between shareholder capital efficiency and shareholder returns while securing the financial foundation necessary to achieve medium to long-term growth in corporate value. Based on the above, we will continue to review the timing, items, and methods of disclosure regarding management indicators such as revenue, operating profit, ordinary profit, and net profit, as well as other matters to be disclosed at earnings briefings and in medium-term business plans.

2. Capital Structure

Foreign shareholding ratio	30% or more

[Major Shareholders]

Name or Company name	Number of shares held (shares)	Percentage (%)
Tokai Engineering Co.Ltd.	4,267,600	19.83
Hebara Holdco II, L. P	4,239,600	19.70
OASIS INVESTMENTS II MASTER FUND LTD	2,031,672	9.44
STATE STREET BANK AND TRUST COMPANY 505010	1,700,000	7.90
OASIS JAPAN STRATEGIC FUND LTD.	1,167,428	5.43
GOLDMAN SACHS INTERNATIONAL	1,112,103	5.17
Fujishoji Co., Ltd.	740,000	3.44
Michie Utsumi	680,000	3.16
CGML PB CLIENT ACCOUNT／COLLATERAL	550,471	2.56
MSIP CLIENT SECURITTIES	398,681	1.85

Name of controlling shareholder	―

Parent company	None

3. Company Attributes

Listed Stock Market and Market Section	Tokyo Standard
Fiscal Year-end	March
Type of Business	Electronic equipment
Number of employees (consolidated) as of the end of the previous fiscal year	Between 100 and 500
Sales (Consolidated) in the previous fiscal year	Between ¥10 billion and ¥100 billion
Number of consolidated subsidiaries as of the end of the previous fiscal year	Fewer than 10 companies

4. Guidelines on measures to protect minority shareholders in transactions with controlling shareholders

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5. Other special circumstances that may have a significant impact on corporate governance

None

II. Status of the management control organization and other corporate governance systems for management decision-making, execution and supervision

1. Matters related to the composition and management of the organisation

Form of organization	Company with an Audit Committee

Directors

Number of directors under the articles of association	12
Term of office of directors under the articles of association	1 year

Chairman of the Board of Directors	President
Number of directors	9
Appointment of outside directors	existent
Number of outside directors	5
Number of outside directors designated as independent directors	3

Relationships with the company (1)

Full name	Category	Relationship with the company (*1)									
		a	b	c	d	e	f	g	h	i	j	k
Lisa Hammitt	from another company											
Norito Manabe	from another company											
Thomas Hegge	from another company											
Tomoyuki Shinkai	Certified Public Accountant											
Takashi Matsui	Lawyer											

∗Items regarding the relationship with the company

*If the person corresponds to each item in the "present and recent", "○"; if the person corresponds to each item in the "past", "△".

*If a close relative is applicable to each item in the "present and recent" period, the item is marked with "●"; if the item is applicable to the "past" period, the item is marked with "▲".

a. Business executors of listed companies or their subsidiaries

b.Executive or non-executive directors of the parent company of the listed company

c.Executives of sibling companies of listed companies

d. A person who has a listed company as a major business partner or an executive of such a person

e.Major business partners of the listed company or their business executors

f. Consultants, accounting experts, and legal experts who receive a large amount of money or other property from listed companies other than remuneration for their services as directors.

g.Major shareholders of the listed company (if the major shareholder is a corporation, the executive person of the corporation)

h. Business executors (in person only) of listed companies' business partners (not falling under any of d, e and f)

i.Executives of parties with whom the external director has a relationship of mutual appointment (in person only)

j. Executives of companies to which listed companies have made donations (in person only)

k. Others

Relationships with the company (2)

Full name	Audit Committee members and other committee members	Independence Board members	Supplementary information on applicable items	Reasons for appointment
Lisa Hammitt		○	—	Ms. Hammitt has many years of experience in senior management positions leading technology companies or consumer software divisions, where she has achieved growth and success in a number of businesses. We have determined that she is well-suited to serve as an outside director because she can provide objective and expert advice and recommendations regarding our management, and we expect her to contribute to the growth and development of our Group. In addition, she has no special interest in the Company, does not fall under any of the

				independence criteria set out by the Tokyo Stock Exchange (Guideline III 5.(3)-2 for listing management, etc.), and has been designated as an independent director, as there is no risk of conflict of interest with general shareholders.
Norito Manabe			—	Mr. Norito Manabe has extensive experience in strategic consulting and principal investments, with a proven track record across a wide range of areas, including investment decision-making, financial analysis, due diligence, the formulation of medium-term business plans, pricing strategies, and the development of shareholder engagement strategies. At Oasis Management, he has led efforts to support portfolio companies in optimizing capital allocation, reforming business portfolios, and executing growth strategies, providing practical recommendations and hands-on support aimed at enhancing corporate value. Based on this experience and expertise, we believe he is well-suited to contribute to the growth and development of our Group, and have therefore appointed him as an outside director.
Thomas Hegge			—	For many years, Mr. Thomas Hegge has served on the boards of both private and public companies, primarily in the technology sector, where he has worked to implement business and capital allocation strategies, contributing to the maximization of long-term corporate value. He possesses extensive experience in finance and accounting, M&A, strategic planning such as finance and accounting, M&A, strategic planning, corporate governance, and risk management. We have determined that he is well-suited to serve as an outside director because, from an independent standpoint, he can provide objective and expert advice and recommendations regarding the Company’s management, and we expect him to contribute to the growth and development of our Group.
Tomoyuki Shinkai	○	○	—	Mr. Shinkai has a wealth of expertise and experience as a certified public accountant, and is expected to strengthen the functions of the Board of Directors, and therefore judged suited for the appointment as an outside director. In addition, he has no special interest in the Company, does not fall under any of the independence criteria set out by the Tokyo Stock Exchange (Guideline III 5.(3)-2 for listing management, etc.), and has been designated as an independent director, as

				there is no risk of conflict of interest with general shareholders.
Takashi Matsui	○	○	―.	Mr. Matsui has a wealth of expertise and experience as a lawyer, and is expected to strengthen the functions of the Board of Directors, and therefore judged suited for the appointment as an outside director. In addition, he has no special interest in the Company, does not fall under any of the independence criteria set forth by the Tokyo Stock Exchange (Guideline III 5.(3)-2 for listing management, etc.), and has been designated as an independent director because he is judged to have no risk of conflict of interest with general shareholders.

[The Audit and Supervisory Committee]

Composition of the committee and attributes of the chairman

	All committee members (Name)	Full-time members (Name)	Internal directors (Name)	Outside directors (Name)	Chairman of the committee (Chairman)
Audit and Supervisory Committee	3	1	1	2	Internal directors

Directors and employees to assist the Audit Committee in its duties	existent

Matters concerning the independence of the directors and employees concerned from the executive directors

As described in "IV. 1. Basic policy on the internal control system and the status of its development", employees of the department in charge of internal audit assist the Audit Committee in its duties. Decisions on matters relating to the personnel rights of employees in the Internal Audit Department require the prior consent of the Audit Committee, thereby maintaining independence from the executive directors.

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

The Internal Audit Department also carries out audits at the direction of the Audit Committee.
In addition, at the request of the Audit and Supervisory Committee, the Audit and Supervisory Committee, the Accounting Auditor and the Internal Audit Department hold liaison meetings and cooperate with each other by reporting and explaining.

[Voluntary committees]

Whether there is a voluntary committee equivalent to a nomination committee or a remuneration committee	Yes

Status of voluntary committees, composition of members and attributes of the chairman (chairperson)

	Name of the committee	All committee	Full-time committee	Internal directors	Outside directors	External experts	Others	Chairman of the

		members (total)	members (total)	(total)	(total)	(total)		committee (Chairman)
Committees equivalent to the nomination committee	Nomination and Remuneration Committee	3	2	2	1	0	0	Outside directors
A voluntary committee equivalent to the Remuneration Committee	Nomination and Remuneration Committee	3	2	2	1	0	0	Outside directors

Supplementary information

The Company has a voluntary Nomination and Compensation Committee that includes independent outside directors among its members.
Regarding Executive Directors (excluding Audit Committee members and outside directors), we consider the balance of knowledge, experience, and capabilities, and based on the results of mutual evaluations among Executive Directors, the President and CEO prepares a draft proposal. This draft is then submitted to the Nomination and Compensation Committee, which consists of a majority of independent outside directors, for consultation. Following the committee's recommendations, the Board of Directors resolves to determine the appointment proposal.
Regarding the compensation, the Board of Directors has delegated to the Representative Director the preparation of draft proposals for the compensation of directors (excluding directors who are members of the Audit Committee) in accordance with the compensation policy established by the Board of Directors. The reason for this delegation is that the Representative Director is deemed appropriate to evaluate each director individually while taking into account the overall performance of the Company. The Nomination and Compensation Committee will review the draft proposals prepared by the Representative Director and Board of Directors make the final decision.
Regarding the compensation of directors who are members of the Audit and Supervisory Committee, such compensation is determined by the Audit and Supervisory Committee.

[Relationship with independent directors]

Number of independent directors	3

Other matters relating to independent directors

The Company has designated Ms. Lisa Hammitt, Mr. Tomoyuki Shinkai, and Mr. Takashi Matsui—all of whom are outside directors who meet the qualifications for independent directors—as independent directors and has filed this designation with the Tokyo Stock Exchange.

[Incentive-related]

Status of implementation of measures to provide incentives to directors	Introduction of stock option plans, etc.

Supplementary information on relevant items

Stock option plans are determined based on comprehensive consideration of the Company's business environment, stock price, and other factors at the time of granting. The level of each payment is also determined based on comprehensive consideration of each director's position, business performance, and contribution to the improvement of the Company's business performance.

As part of other compensation systems, we have introduced a stock compensation system in the form of a stock grant trust (BBT = Board Benefit Trust). For further details, please refer to the reference materials included in the notice of the 54th Regular General Meeting of Shareholders.
https://contents.xj-storage.jp/xcontents/AS02371/ddb1d5f7/33bb/4df8/a6fa/82c3f81a34ca/140120250529572386.pdf

Persons to whom stock options have been granted	Internal directors, employees

Supplementary information on relevant items

We believe that the growth of a company can be achieved not only through the work of a few senior executives, but also through the work of the entire Group's workforce, which is why not only senior executives but also the entire Group's workforce are eligible for grants.

[Directors' remuneration]

Status of disclosure (of individual directors' remuneration)	Individual remuneration is not disclosed.

Supplementary information on relevant items

The total amount of directors' remuneration paid in the fiscal year ended in March 2026 was as follows.
Directors (excluding directors who are members of the audit committee and outside directors) : 4 eligible people ¥ 150,819,000
Directors (excluding members of the audit committee and outside directors): 1 eligible person ¥ 16,750,000
Outside directors: 4 eligible people ¥ 36,682,000
The total amount of directors' remuneration is also stated in the Business Report and Annual Securities Report, which are also available on the Company's website.
Notice of convocation：https://contents.xj-storage.jp/xcontents/AS02371/0f1113d1/2bb6/4fcc/9e1e/71377df306c9/140120260528551655.pdf
Annual Securities Report： https://contents.xj-storage.jp/xcontents/AS02371/fc7e0f88/96d2/400f/9bd2/9d26c3e2a9fa/S100YKGG.pdf

Whether there is a policy for determining the amount of remuneration or its calculation method	Yes

Details of the disclosure of the policies for determining the amount of remuneration or its calculation method

① Matters related to the policy on the amount of remuneration for officers or the method of calculation of such remuneration.

(i)Matters related to the determination of the amount of remuneration of officers or the method of calculation of such remuneration.
The Company is a company with an audit committee and the remuneration policy for directors (excluding directors who are members of the audit committee) is determined by the Board of Directors.
The remuneration policy as at the date of submission was decided by a resolution of the Board of Directors under our group's medium-term management plan 2024-2026.

a. Basic policy

The remuneration of the Company's directors is designed to function effectively as a medium- to long-term incentive for continued growth in corporate performance and sustainable enhancement of corporate value while promoting value sharing with shareholders. The basic policy is to ensure that it is appropriate and commensurate with the roles and responsibilities required of each director, while making it possible to attract and retain excellent human resources to realize these objectives.
Specifically, it consists of basic remuneration and share-based payment, which is a share-based payment trust (BBT = Board Benefit Trust).

b. Policy on determining the amount of basic remuneration
The basic remuneration (monetary remuneration) of the Company’s directors shall consist of a fixed monthly allowance. The President and Representative Director shall draw up a draft proposal for each position, which shall then be deliberated upon by the Nomination and Remuneration Committee—

comprising independent outside directors—before being finalised by the Board of Directors. Payment is made at a fixed time each month.

c. Policy on determining the content, amount, number, or calculation method of non-monetary remuneration

Non-monetary remuneration, etc. is a share-based compensation scheme, which is a share benefit trust (BBT = Board Benefit Trust), with the aim of promoting the sustainable growth of the Company's corporate value and value sharing with shareholders. This is a share remuneration scheme under which the Company's shares are acquired through the Trust using money contributed by the Company as the source of funds, and the Company's shares and money equivalent to the amount converted to the market value of the Company's shares are paid to the Directors and others through the Trust in accordance with the Directors' Share Benefit Regulations set by the Company.

d. Policy for determining the percentage of each type of remuneration

The President of the Company drafts a proposal for the proportion of remuneration by type of executive director, based on the remuneration levels of companies of a similar business size to the Company, so that the weight of non-monetary remuneration increases for the more senior positions.

The remuneration of directors who are members of the Audit Committee consists solely of base remuneration.
The amount of remuneration, etc. for directors who are members of the Audit Committee is determined by consultation of the directors who are members of the Audit Committee, within the remuneration limit set by resolution of the General Meeting of Shareholders.

(ii) Details of resolutions of the General Meeting of Shareholders regarding remuneration of directors

The amount of monetary remuneration for directors was resolved at the 54th Annual General Meeting of Shareholders held on 24 June 2025 to be ‘not more than 300 million yen per annum’. At the conclusion of the 54th Annual General Meeting of Shareholders the number of Directors who are not members of the Audit Committee is six.
The amount of monetary remuneration for Directors who are members of the Audit Committee was resolved at the 54th Annual General Meeting of Shareholders held on 24 June 2025 to be ‘no more than ¥ 45 million per annum’. At the conclusion of the 54th Annual General Meeting of Shareholders, the number of Directors who are members of the Audit Committee is three.

(iii) Summary of bodies and procedures for determining the policy on the amount of remuneration or the method of calculation of remuneration for directors

The Board of Directors is the decision-making body for the Directors' remuneration policy. The Board of Directors has delegated the task of drafting the basic remuneration, etc. of each director to the President and CEO.
The reason for the delegation is that the Board of Directors has decided that the President and Representative Director is the most suitable person to evaluate each individual Director while taking into account the Company's overall performance and other factors.
The details of individual remuneration for the current financial year were decided at the Board of Directors' meeting held in June 2025.
Details of the remuneration, etc. of the directors are also provided in the Annual Report.
Annual Securities Report : https://contents.xj-storage.jp/xcontents/AS02371/fc7e0f88/96d2/400f/9bd2/9d26c3e2a9fa/S100YKGG.pdf

[Support system for outside directors]
There is no full-time staff to support the outside directors, but each department, led by the full-time director, provides the necessary materials and information and other necessary support.

2. Matters related to functions such as business execution, auditing and supervision, nomination and remuneration decisions (overview of the current corporate governance system)

・The Board of Directors
In addition to the regular monthly meetings of the Board of Directors, the Board of Directors meets as necessary to resolve, deliberate and report on matters relating to the overall management of our group.

・Audit and Supervisory Committee
In addition to the regular monthly meetings of the Audit Committee, meetings are held as necessary to receive reports from the full-time Audit Committee members on the status of the execution of their duties and from the selected Audit Committee members on the status of the audit.
The Board of Directors receives reports and deliberates on the results of investigations and surveys, and reports and proposes resolutions and discussion results to the Board of Directors as necessary.

・Management Meetings
Meetings attended by the directors (excluding outside directors), executive officers, and full-time Audit Committee members are held once a month, at which the general managers of each division report on the progress of the management plan.
The Board is responsible for reporting and discussing management issues.

・Independent auditors
The Company has engaged Frontier Audit Corporation as its independent auditor for the fiscal years through 2025.
The certified public accountants who performed the audit were Mr. Yukio Fujii and Mr. Daisuke Hongo.
In addition, the audit team consisted of eight certified public accountants.
Furthermore, at the 55th Annual General Meeting of Shareholders held on June 24, 2026, Avantia GP was newly appointed as the Company’s auditor.

・Limited liability contract
The Company has entered into agreements with non-executive directors to limit their liability under Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability under such agreements is stipulated in Article 425(1) of the Companies Act.

3. Reasons for choosing the current corporate governance system

The Company has adopted a corporate governance system with an Audit Committee for the following reasons

1. Enhanced monitoring

As Audit Committee members have voting rights at meetings of the Board of Directors, they are able to exercise a monitoring function over management by opposing inappropriate proposals by executive directors.
In addition, the Audit and Supervisory Committee members appointed by the Audit and Supervisory Committee have the right to express their opinions on the election, dismissal and remuneration of directors (excluding directors who are Audit and Supervisory Committee members) at the General Meeting of Shareholders. The Audit and Supervisory Committee members, who are selected by the Audit and Supervisory Committee, also have the right to express their opinions on the election, dismissal, remuneration, etc. of directors (excluding directors who are Audit and Supervisory Committee members) at the General Meeting of Shareholders.

2. Speeding up decision-making in the execution of business

In the case of a company with an Audit and Supervisory Committee, if the majority of the directors are outside directors, or if the articles of incorporation so stipulate, certain important business execution decisions may be delegated to directors (excluding directors who are Audit and Supervisory Committee members). This enables the Board of Directors to make quick decisions on important business operations. This allows the Board of Directors to concentrate on monitoring the executive directors.

III. Status of implementation of measures concerning shareholders and other interested parties

1. Efforts to revitalise the General Meeting of Shareholders and to facilitate the exercise of voting rights

	Supplementary information
Early dispatch of notices of general meetings of shareholders	The electronic provision measures were disclosed earlier than the statutory deadline. However, the mailings were sent out on the existing statutory date (9 June).
Setting up shareholder meetings to avoid concentrated days	The date of the Ordinary General Meeting of Shareholders is set to avoid concentrated days.
Exercise of voting rights by electromagnetic means	We recognise that this is an issue that needs to be considered in the future.
Participation in the electronic voting platform and efforts to improve the voting environment for other institutional investors	We recognise that this is an issue that needs to be considered in the future.
Provision of the notice of convocation (summary) in English	The English version will be available from the Notice of Convocation of the General Meeting of Shareholders in June 2020.
Others	From the perspective of early disclosure of information to shareholders, the Company takes measures to provide the notice electronically on its website and TDnet earlier than the statutory deadline. In addition, 1. Every year at the General Meeting of Shareholders of the Company, explanatory slides including graphs are displayed when explaining the business report and consolidated financial statements, in order to help shareholders understand the Company's business. 2. Narration is used in the reports on the business report and consolidated financial statements to improve the shareholders' understanding.

2. Activities related to investor relations

	Supplementary information	Whether the representatives themselves give explanations
Regular briefings for analysts and institutional investors	The financial results briefing (online) is held after the announcement of the second quarter (interim) and full-year results. Videos of the financial results briefings are also posted on the company's website.	Existent
IR materials posted on website	"Investor Relations" pages have been created on the company's website, where the "Financial Results", "Financial Results Presentation Materials", "Annual Securities Report" and "Timely Disclosure Materials" are available. Investor Relations website: https://www.sun-denshi.co.jp/ir_info/	
Establishment of a department (or person) in charge of IR	The IR Office has been established as the department in charge of IR at the Company; the IR Office Manager is responsible for IR administrative	

	liaison.	

3.Efforts to respect the position of stakeholders

	Supplementary information
Respect for the position of stakeholders in internal rules and regulations	A number of internal rules and regulations are in place to raise awareness within the company.
Implementation of environmental protection activities, CSR activities, etc.	Recognising that the 21st century is the "Environmental Century", we have established the "Environmental Management Regulations" and are committed to the growth of our business and the reduction of our impact on the global environment. In addition, we have obtained the "Privacy Mark" and are promoting activities to protect personal information.
Formulation of policies and other matters relating to the provision of information to stakeholders	A number of internal rules and regulations are in place to raise awareness within the company.
Others	Our Group is actively recruiting foreign nationals and promoting gender-diverse hiring across all job categories. Furthermore, to support the work-life balance for employees juggling work with childcare and elder care, we are working to create a supportive work environment through measures such as leave and time-off policies for periods before and after childbirth, as well as for childcare and elder care, and reduced-hour work arrangements. The use of parental leave by male employees is also becoming increasingly common. In addition, we offer a variety of programs designed to support personal development, employee interaction, and workplace engagement. Whilst striving to strictly manage working hours and reduce long working hours, we conduct health check-ups, provide guidance on lifestyle-related diseases, and have established mental health counselling services at each of our sites. Furthermore, through training programmes such as self-care and line care, we aim to encourage employees to take a proactive approach to their own physical and mental wellbeing, thereby raising their awareness of stress and helping them develop the habit of dealing with it appropriately. We believe that these various initiatives promote employees' own health management, which in turn improves productivity and leads to an increase in corporate value.

IV. Matters relating to internal control systems, etc.

1. Basic policy on internal control system and its development

1. Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

・Directors and employees shall strive to engage in legitimate and fair business activities that meet the needs of society in accordance with the Directors' Regulations and the Employees' Employment Regulations.

・In order to ensure compliance with laws, regulations and internal rules in our business activities, we have established compliance regulations and appointed a compliance officer.

・We will identify the laws and regulations that apply to our business, establish a basis for compliance with legal requirements, and provide education and awareness from time to time.

・The Internal Audit Department, which reports directly to the President and CEO , shall audit compliance and report to the Board of Directors and the Audit Committee.

・The Company has introduced an internal reporting system to prevent violations of laws, regulations,

the Articles of Incorporation and internal rules, and in the event of a violation, the Company will promptly ascertain information and take action.
・The Company shall resolutely exclude and block antisocial forces and groups, and the General Affairs Department shall deal with them in close cooperation with the police and other external specialized agencies.

2. System for the storage and management of information relating to the execution of duties by directors
・In accordance with laws, regulations, the Articles of Incorporation, and internal rules, the Company shall preserve and manage information related to decision-making at the Board of Directors, the Executive Committee, and other important meetings, information related to important decisions made by the President and Representative Director, executive officers, and other persons, and information related to finance, other administrative operations, risk, and compliance. The information shall be stored and managed in accordance with laws, regulations, the Articles of Incorporation and internal rules.

3. Regulations and other systems for managing the risk of loss
・In accordance with the Risk Management Rules, the Company aims to minimize losses by preventing the occurrence of risks and responding appropriately to any risks that may arise.

4. System to ensure the efficient execution of duties by directors
・In order to achieve swift and highly efficient corporate management, an executive officer system will be introduced to clarify the roles of directors (excluding directors who are members of the Audit Committee) and executive officers. The roles of directors (excluding directors who are members of the Audit Committee) and executive officers will be clarified.
・The Board of Directors, which meets once a month in principle, makes decisions on important management matters in accordance with relevant laws and regulations, the principles of business judgment, and the duty of care of a good manager, and regularly reports on the status of the execution of duties.
・The responsibilities and authorities for the execution of business are set out in the Rules on Division of Duties and Organization Rules.
・Important business operations are deliberated on by the Management Committee, which consists of directors and executive officers, in order to conduct a multifaceted review.
・Matters relating to the operation of the Board of Directors are set out in the Regulations of the Board of Directors, and basic matters relating to directors are set out in the Regulations of the Directors.

5. The following systems and other systems to ensure the appropriateness of business operations of the corporate group consisting of the Company and its subsidiaries (hereinafter referred to as the "Group")
a. A system for reporting to the Company on matters relating to the performance of duties by directors, executive officers, employees who execute business, persons who are required to perform duties under Article 598, Paragraph 1 of the Companies Act, and other persons equivalent to these persons (referred to as "directors, etc." in C and D) of subsidiaries. Systems for reporting to the Company on matters relating to the execution of duties by directors, executive officers, employees, persons who are to perform duties under Article 598, Paragraph 1 of the Companies Act, and other persons equivalent thereto (referred to as "directors, etc." in (c) and (d))
・The Company requires its subsidiaries to submit to the Company monthly financial statements, quarterly financial statements, and other relevant materials as necessary, in order to obtain an accurate understanding of the management of the subsidiaries, in accordance with the Company's Regulations for the Management of Affiliated Companies.
・The Company shall require subsidiaries to report to the Company their operating results, financial condition, and other important information at the quarterly meetings of the Board of Directors, which are attended by the Company's directors.
b. Rules and other systems for managing the risk of loss in subsidiaries
・In accordance with the Company's risk management regulations, the Company requires its subsidiaries to prevent the occurrence of risks and to take appropriate measures to deal with any risks

that may arise, in order to minimize the Company's losses.
・The Company requires its subsidiaries to establish a system whereby any violation of laws and regulations, or any other fact that may cause significant damage to our group, is immediately reported to the department in charge of managing the subsidiary as soon as it is discovered.
c. System to ensure the efficient execution of duties by directors, etc. of subsidiaries System to ensure that the execution of duties by directors, etc. of subsidiaries is carried out efficiently
・The Company shall respect the autonomy and independence of the management of its subsidiaries, and shall require its subsidiaries to formulate basic policies and rules necessary for the execution of their business operations in order to contribute to the proper and efficient management of its subsidiaries.
・The Company shall require its subsidiaries to make decisions on important management matters at the quarterly meetings of the Board of Directors attended by the Company's directors in accordance with relevant laws and regulations, principles of business judgment, and the duty of care of a good manager, and to report regularly on the status of execution of duties and other matters.
d. System to ensure that the execution of duties by directors and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation
・The Company requires its subsidiaries to establish a system whereby its directors, etc. and employees strive to conduct legitimate and fair business activities that meet the needs of society in accordance with the basic policies established by the subsidiaries.
・The Company shall require its subsidiaries to be assessed by a member of the Audit Committee selected by the Audit Committee of the Company and the department in charge of internal audit in order to confirm the status of compliance and the development and operation of internal control systems.
・The Company requires its subsidiaries to introduce and use an internal reporting system for the early detection and correction of legal violations and other compliance issues.

6. Matters concerning employees who are to assist the Audit Committee in its duties
・Employees of the Internal Audit Department shall assist the Audit Committee in its duties (hereinafter referred to as "Audit Assistants"). Employees of the Internal Audit Department assist the Audit Committee in its duties (hereinafter referred to as "Audit Support Staff").

7. Independence of audit support staff from directors (excluding directors who are members of the audit committee)
・Audit assistants shall give priority to their duties of the Audit Committee.
・The prior consent of the Audit Committee is required for decisions on matters relating to the appointment of audit support staff.

8. Matters relating to ensuring the effectiveness of instructions given by the Audit Committee to employees who assist the Audit Committee in its duties
・Directors (excluding directors who are members of the Audit and Supervisory Committee) and employees shall cooperate in the development of the audit environment so that the work of the audit support staff, who are to assist the Audit and Supervisory Committee, can be carried out smoothly. Directors (excluding Directors who are members of the Audit Committee) and employees shall cooperate in the development of the audit environment so that the work of the audit support staff who are to assist the Audit Committee in its duties can be carried out smoothly.

9. The following systems and other systems for reporting to the Audit and Supervisory Committee of the Company
a. System for reporting to the Audit Committee by the Company's directors (excluding directors who are members of the Audit Committee) and employees b. Systems for reporting by the Company's directors (excluding directors who are members of the Audit Committee) and employees to the Audit Committee of the Company
・Directors (excluding Directors who are members of the Audit Committee) and employees shall immediately report to the Audit Committee any fact that may cause significant damage to the Company. Directors (excluding Directors who are Audit & Supervisory Board Members) and employees shall immediately report to the Audit & Supervisory Board any facts that may cause

significant damage to the Company.
・The Audit Committee members selected by the Audit Committee shall attend meetings of the Board of Directors and other important meetings in order to gain an understanding of the important decision-making process and the status of business execution.
・The Audit and Supervisory Committee members selected by the Audit and Supervisory Committee may inspect major approval documents and other important documents related to the execution of business, and may request explanations from directors (excluding directors who are Audit and Supervisory Committee members) or employees as necessary. The Audit and Supervisory Committee members selected by the Audit and Supervisory Committee may inspect major approval documents and other important documents concerning the execution of business, and may request explanations thereof from directors (excluding directors who are Audit and Supervisory Committee members) or employees as necessary.
b. The Company's subsidiaries' Directors, corporate auditors, executive officers, employees who execute the business of the Company's subsidiaries, persons who are required to perform duties under Article 598(1) of the Companies Act, and other persons equivalent to these persons. (referred to as "Directors, etc." in this item) (in this item, "Directors, etc.") and employees, or persons who receive reports from these persons, to the Audit Committee of the Company.
・Directors, etc. and employees of subsidiaries shall promptly and appropriately report to the Audit Committee of the Company on matters related to the execution of business when requested to do so by the Audit Committee members selected by the Audit Committee.
・Directors, etc. and employees of subsidiaries shall immediately report to the department in charge of managing subsidiaries as soon as they discover any violation of laws and regulations, etc., or any other facts that may cause significant damage to our group, and the department in charge shall report to the Audit Committee.
・The department in charge of the management of the Company's subsidiaries and the department in charge of internal audit regularly report to the Audit Committee of the Company on the current status of internal control audit, compliance, risk management, etc. in the subsidiaries.

10. System to ensure that those who report to the Audit Committee of the Company are not subjected to disadvantageous treatment by reason of such reporting
・The Company shall clearly stipulate in its Internal Reporting System Operation Rules that it shall prohibit any disadvantageous treatment of directors, corporate auditors and employees of our group who have reported to the Audit Committee of the Company on the grounds that they have made such a report.

11. Matters relating to the policy regarding the prepayment of expenses incurred in the execution of duties by members of the Audit Committee of the Company
・When a member of the Audit & Supervisory Board of the Company makes a request to the Company for advance payment of expenses in connection with the performance of his/her duties, the Company shall promptly dispose of such expenses or debts after deliberation by the department in charge of accounting, unless it is proved that the expenses or debts relating to such request are not necessary for the performance of the duties of the Audit & Supervisory Board member.

12. Other systems to ensure that the audits of the Audit Committee of the Company are conducted effectively
・Regular exchange of opinions between the Representative Director and the Audit and Supervisory Committee shall be held.
・In addition to holding liaison meetings between the Audit Committee, the accounting auditor and the department in charge of internal audit at the request of the Audit Committee, the Company shall establish a system to ensure that the Audit Committee's audits are conducted effectively by ensuring the attendance of Audit Committee members at various meetings.

2. Basic approach to the elimination of antisocial forces and the status of its development

1. Basic approach towards antisocial forces
・The Company shall not provide any benefits to antisocial forces, nor shall it be involved with antisocial forces in any way.

・The Company's employees (all those who work for the Company) must be committed to social justice, and to winning the trust of customers, the market and society, they must not tolerate unjustified intervention by anti-social forces, and must show their determination to eliminate them.

2. System for the elimination of antisocial forces

・In order to cope with antisocial forces, the Company will describe such forces in the Compliance Rules and the Rules for Dealing with Antisocial Forces, and under the supervision of the officer in charge of compliance, the entire company will work together to ensure that all employees are aware of and thoroughly understand how to deal with such forces.

・Organizationally, the director in charge of compliance, the head of the division in charge of general affairs, the head of the division in charge of legal affairs, and the legal counsel will take the lead in seeking guidance from external organizations such as the police to deal with the situation.

V. Others

1. Introduction of anti-takeover measures

Introduction of takeover defense measures	None

Supplementary information on relevant items

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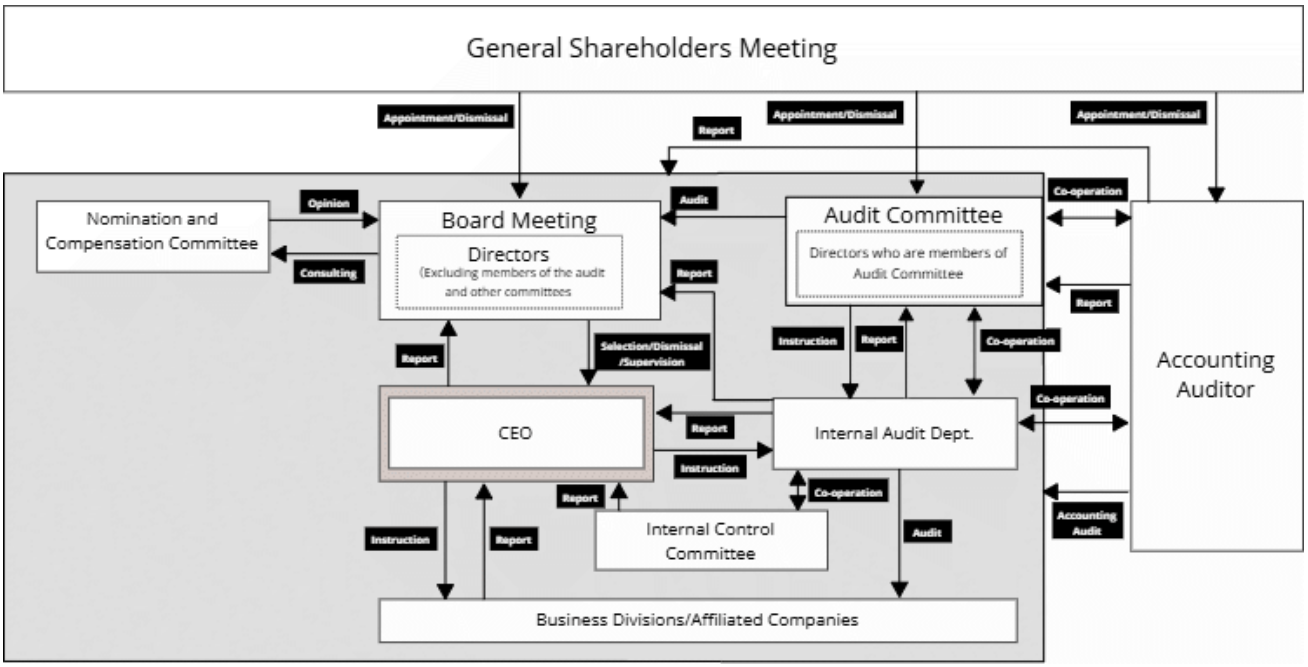
2. Other matters related to corporate governance systems, etc.

“A schematic diagram of the corporate governance system" and "An outline of the timely disclosure system".



(Reference) Skills matrix of the Company's directors (expected after the Annual General Meeting on June 24, 2026)

Name	Position and responsibilities	Business Management	Financial Accounting	Legal & Risk Management	Global	Business (Entertainment)	Business (Global DI)	Business (IT)	M&A	Marketing Sales	HR
Ryusuke Utsumi	CEO	○		○		○	○	○	○	○	○
Yoshimi Kimura	Director	○	○		○			○	○		○
Yakov Zlicha	Director	○		○	○		○	○	○	○	
Lisa Hammitt	Director	○			○		○	○	○	○	
Norito Manabe	Director		○		○				○	○	
Thomas Hegge	Director	○	○	○	○			○	○		
Yasushi Muto	Director/Audit committee Member		○	○		○	○	○			
Tomoyuki Shinkai	Director/Audit committee Member	○	○						○		
Takashi Matsui	Director/Audit committee Member	○		○					○		