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Corporate Governance Report

Last Update: June 30, 2025

SANKYO CO., LTD.

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Securities Code: 6417

<https://www.sankyo-fever.co.jp>

The corporate governance status of SANKYO CO., LTD. (the “Company”) is as follows.

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

1. Basic Views

The basic philosophy of the Company and its consolidated subsidiaries and affiliates (the “SANKYO Group”) is to fulfill its mission, namely, to contribute to the sound development of pachinko and pachislot, which are popular leisure activities in Japan, and to the quality of life in society at large as a leading company in the pachinko and pachislot industry. The SANKYO Group’s stakeholders include shareholders, pachinko parlors, which are the Group’s customers, pachinko players, suppliers, local communities, and employees. One of the most important management tasks is to maintain good relations with each of these stakeholders, and the Company recognizes this task as a basic component of corporate governance.

Based on the above, the Group has set the following fundamental policies for business operations:

1. Maximize stakeholder value and achieve the optimum distribution of that value
2. Ensure compliance with laws and regulations, social norms, and corporate ethics
3. Enhance efficiency and transparency of management
4. Inspire employees and develop their capabilities
5. Enhance society’s trust in the pachinko and pachislot industry

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

The Company has implemented each Principle of the Corporate Governance Code in its entirety.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

[Principle 1.4] Strategic Shareholdings

The Company does not engage in strategic shareholdings unless it considers it to be necessary. In addition, with respect to the standards for strategic shareholdings, such factors as the continuity of transactions and whether they will serve the mid- to- long-term interests of the Company are assessed annually from a comprehensive viewpoint, and the results are informed to the Board of Directors.

With respect to the exercise of voting rights of strategic shareholdings, the Company will make decisions with top priority on whether it will lead to increases of the Company’s corporate value.

[Principle 1.7] Related Party Transactions

When engaging in transactions with related parties or conflict of interest transactions with Directors, a resolution of the Board of Directors is required upon excluding the parties involved from the vote to prevent harm to the interests of the Company and common interests of shareholders. In addition, the Company has its officers submit written confirmations on the status of such transactions once a year. If an officer is to engage in a significant transaction, the Company will request the officer to report to the Board of Directors.

[Supplementary Principle 2.4.1] Ensuring diversity in the appointment of core human resources, etc.

Comprehensively considering the experience and skills of employees, the Company promotes employees to managerial positions regardless of their gender or nationality, or whether they joined the Company immediately after they graduated from schools or after they worked at another company. Nevertheless, the Company has never appointed foreign nationals as managers due to the characteristics of the pachinko and pachislot business that the Company operates and operations sites, which is limited to the domestic market. When it comes to the appointment of women and mid-career hires to managerial positions, the ratios of women and of mid-career hires to all employees were 12% and 50%, respectively, as of March 31, 2025. The ratios of female managers and of mid-career hires in managerial positions were 4% and 41%, respectively. Owing to the nature of the pachinko and pachislot industry, men account for over 80% of the new graduate applicants for the Company, and the number of female applicants is low. In these circumstances, with the aim of increasing the ratios of female employees and female managers, the Company has set targets as follows and is promoting various measures linked to the degree of achievement of these targets.

(Metrics and targets)

Ratio of female hires to total hires: target of 15% or more

Average length of service of female workers: target of 17 years or more

Ratios of female managers is over 10%

The Company's initiatives for promotion of human capital, diversity and inclusion are disclosed on our website, in Securities Reports, and Integrated Reports.

[Principle 2.6] Roles of Corporate Pension Funds as Asset Owners

The Company has no corporate pension fund at present, and thus is not an asset owner. However, in order to support asset building by employees, the Company has a defined contribution pension plan for which the employees themselves provide investment instructions. In order to facilitate stable asset building by employees, the Company has selected an investment management institution with sophisticated expertise in asset investment. The Company has established systems that contribute to stable asset building by employees, such as the holding of seminars on defined contribution pensions as part of employee education in order to provide employees with basic knowledge about the plan upon the start of investment, points to bear in mind concerning investment, and so on.

[Principle 3.1] Full Disclosure

(i) [Management plans]

The Company disclosed its "Management Policies and Mid-Term Management Plan" etc. on our website.

<https://www.sankyo-fever.co.jp/corporate/>

The Company discloses the explanation of the management strategy and management plan on our website, in Securities Reports, Integrated Reports, Financial Statements, and Presentation on Business Results.

(ii) [Basic views and basic policy on corporate governance]

As stated in "I-1. Basic Views" of this Report.

(iii) [Policies in determining the remuneration of senior management and Directors]

The remuneration is determined by the Board of Directors upon the deliberation of the Nomination and Remuneration Committee, a majority of whose members consists of Independent Outside Directors.

The policy on determining amounts and calculation methods of remuneration, etc. for Directors are stated in II -1. [Director Remuneration] "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" of this report. In addition, the details is disclosed in securities report.

(iv) [Board of Directors' policies in the appointment/dismissal of senior management and the nomination of candidates for Directors]

The Company established a voluntary Nomination and Remuneration Committee that is independent of the Board of Directors and the majority of whose members are Independent Outside Directors in January 2024

for the purpose of ensuring objectivity, transparency, and fairness in evaluation and decision-making procedures concerning nomination and remuneration of Directors etc. so as to further enhance the corporate governance system.

The Board of Directors of the Company determines the nomination of Directors and the appointment and dismissal of senior management based on the information presented by the Representative Director, President & CEO, taking into consideration the candidates' qualifications, such as their experience and personal achievements, motivation to improve their personal qualities, and their health, following discussion and submission of a report by the Nomination and Remuneration Committee.

(v) [Explanations with respect to the individual appointments and nominations when appointing senior management and nominating candidates for Directors]

When nominating candidates for Directors, the Company discloses the reasons for each nomination in the Reference Documents for the General Meeting of Shareholders.

* Reasons for nomination as a candidate for Directors who are Audit and Supervisory Committee Members (NOTICE OF THE 59th ORDINARY GENERAL MEETING OF SHAREHOLDERS)

* Reasons for nomination as a candidate for Directors (excluding Directors who are Audit and Supervisory Committee Members)

(NOTICE OF THE 60th ORDINARY GENERAL MEETING OF SHAREHOLDERS)

<https://www.sankyo-fever.co.jp/corporate/ir/meeting.html>

[Supplementary Principle 3.1.3] Sustainability initiatives, etc.

The basic philosophy of the SANKYO Group is to fulfill its mission, namely, to contribute to the sound development of pachinko and pachislot, which are popular leisure activities in Japan, and to the quality of life in society as a leading company in the pachinko and pachislot industry. Through consideration for and cooperation with all stakeholders, including customers, suppliers, shareholders, employees, and local communities, the Group aims to realize both a sustainable society and continuous corporate growth so as to enhance corporate value. In order to further concretize this basic philosophy, the Company has decided to establish a Sustainability Committee in April 2024, chaired by the Representative Director, President & CEO. The Committee forms cross-functional project teams to address specific sustainability issues and oversees the implementation of a PDCA (Plan-Do-Check-Act) management cycle. Important matters are reported by the Sustainability Committee to the Board of Directors and the Management Committee, where response policies and action plans are deliberated, supervised, and directed.

The Group disclosed its sustainability and human capital initiatives in the most recent securities report and the Integrated reports. Moreover, the Company recognizes that intellectual property is sources of its competitiveness. Having established the Intellectual Property Division, the Company is promoting its intellectual property strategy. The Company has one of the largest number of patents in the pachinko and pachislot industry. With regard to climate change initiatives, the Group endorses the Task Force on Climate-related Financial Disclosures (TCFD) and has disclosed information using the framework recommended by the TCFD.

This information is disclosed on our website and in the most recent Integrated Report.

The Company's website (Sustainability information)

<https://www.sankyo-fever.co.jp/en/corporate/sustainability/>

Securities Reports

<https://www.sankyo-fever.co.jp/corporate/ir/library/report.html>

Integrated Reports (Former Corporate Reports)

<https://www.sankyo-fever.co.jp/en/corporate/ir/library/annual.html>

[Supplementary Principle 4.1.1] Roles and Responsibilities of the Board of Directors (1)

The Board of Directors Regulations specifies procedures for convocation of meetings of the Board of Directors, the method of resolution, etc. and the Regulations on Official Authority specifies matters to be deliberated and decided. The Board of Directors is operated in accordance with laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations. The Company has an operating officer system for the purposes of strengthening corporate governance and securing swiftness and accuracy of decision-making. To clarify the role of the Board of Directors as an organizational body to make management decisions and supervise business execution, decisions on business execution have been delegated to Directors or Operating Officers, except for matters that require the resolution by the Board of Directors.

[Principle 4.9] Independence Standards and Qualification for Independent Outside Directors
As stated in “II-1. Organizational Composition and Operation, Independent Directors” of this Report.

[Supplementary Principle 4.10.1] Use of Voluntary Committees

The Company established the Nomination and Remuneration Committee, a committee that is independent of the Board of Directors and the majority of whose members are Independent Outside Directors in January 2024 for the purpose of ensuring objectivity, transparency, and fairness in evaluation and decision-making procedures concerning nomination and remuneration of Directors and senior management and further enhancing the corporate governance system. The Committee discusses and reports on matters concerning nomination and remuneration, etc. of Directors and senior management, and the Board of Directors adopts a resolution, giving respect to the Committee’s report.

[Supplementary Principle 4.11.1] Views on the appropriate balance among knowledge, experience and skills of the Board of Directors as a whole, and on diversity and the size

The Board of Directors of the Company consists of four Directors (excluding Directors who are Audit and Supervisory Committee Members) and five Directors who are Audit and Supervisory Committee Members (including three Outside Directors who are Audit and Supervisory Committee Members). As of June 30, 2025, the ratio of Independent Outside Directors was 33.3%, and the ratio of female Directors was 22.2%. To ensure diversity of the Board of Directors, two of the three Outside Directors who are Audit and Supervisory Committee Members have management experience at listed companies.

The Company disclosed a skills matrix, listing the knowledge, experience, skills, etc. expected of each Director, in the Reference Documents for the General Meeting of Shareholders.

* Directors’ Skills Matrix (NOTICE OF THE 60th ORDINARY GENERAL MEETING OF SHAREHOLDERS)

<https://www.sankyo-fever.co.jp/corporate/ir/meeting.html>

[Supplementary Principle 4.11.2] Preconditions for Ensuring the Effectiveness of the Board of Directors

If an Outside Director of the Company concurrently serves as an officer of another listed company, the Company shall request him/her to attend 80% or more of the Board of Directors meetings and to limit his/her concurrent service to no more than five other listed companies in order that he/she will assign sufficient active time necessary to appropriately fulfill the roles and responsibilities for the duties of Directors. In addition, the status of concurrent service is disclosed in the notice of convocation of the General Meeting of Shareholders every year.

[Supplementary Principle 4.11.3] Preconditions for Ensuring the Effectiveness of the Board of Directors

The Company’s Board of Directors has lively discussions at its meetings involving all its members on topics including its operation. In order to enhance the functions of the Board of Directors, the Company carries out an evaluation of the Board of Directors once a year based on a questionnaire to gather the opinions from Directors on “operation of the Board of Directors meetings” and “effectiveness of the Board of Directors.” Upon aggregating and analyzing the results of the questionnaire, the Company assesses that the Board of Directors has sufficiently high effectiveness.

In order to further strengthen the audit and supervisory function of the Board of Directors and further enhance governance, the Company transitioned to a company with an Audit and Supervisory Committee, upon obtaining approval at the Ordinary General Meeting of Shareholders held on June 27, 2024. The Company strives to invigorate discussions at the meetings of the Board of Directors and enhance its effectiveness under a structure of four Directors (excluding Directors who are Audit and Supervisory Committee Members) and five Directors who are Audit and Supervisory Committee Members (including three Outside Directors who are Audit and Supervisory Committee Members).

[Supplementary Principle 4.14.2] Training for Directors

Upon their assumption of office, the Company briefs Directors on operation of the Board of Directors based on various regulations and also briefs them on regulations concerning Directors and other regulations to facilitate their understanding. The Company is implementing measures to ensure that Directors can appropriately fulfill their duties. For example, in addition to explanation on corporate governance, Directors are also briefed on compliance. In addition, for Independent Outside Directors, the Company prepares opportunities to inspect its major facilities, plants, etc. and holds briefings, as necessary.

[Principle 5.1] Policy for Constructive Dialogue with Shareholders

The Board of Directors has established a policy for constructive dialogue with shareholders. The Company proactively conducts engagement activities such as dialogue with shareholders (interviews) in accordance with the policy.

[Better Dialogue with Shareholders and Related Disclosure]

This information is disclosed in the most recent Integrated Report.

Integrated Reports (Former Corporate Reports)

<https://www.sankyo-fever.co.jp/en/corporate/ir/library/annual.html>

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

Description Updated	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Update Date Updated	May 12, 2025

Supplementary Explanation **Updated**

The Company announced, in May 2024, a three-year Mid-term Management Plan “SANKYO VISION 25-27 –A portent for sustainable growth–” which started in FY 3/2025 and ends in FY 3/2027.

The outline of the Mid-term Management Plan is composed of “Business Strategies”, “Financial Strategies”, and ESG and sustainability as follows.

(Business Strategies)

We aim to make our top sales share in the pachinko business a robust one, and also become one of the companies in the top group in the pachislot business.

(Financial Strategies)

In order to achieve ROE that exceeds our capital cost, we will work on appropriate investment and measures for return of profits to shareholders centered around measures to improve the return on sales.

(ESG and sustainability)

We will work to identify sustainability issues and solve such issues, while strengthening information disclosure, in the aim of improving corporate value.

For details on the Mid-term Management Plan, please refer to the Company’s website

In addition, for updates on these initiatives, please refer to the Presentation on Business Results of FY 3/2025, announced on May 12, 2025.

The Company’s website

<https://www.sankyo-fever.co.jp/corporate/ir/policy.html>

The Mid-term Management Plan

https://www.sankyo-fever.co.jp/corporate/modify/IR_EN/Policy_Policy/files/Mid-Term_Management_Plan_en_20240509.pdf

Presentation on Business Results of FY 3/2025

[https://www.sankyo-](https://www.sankyo-fever.co.jp/corporate/modify/IR_EN/Library_Briefing/files/explanation_20250512_en.pdf)

[fever.co.jp/corporate/modify/IR_EN/Library_Briefing/files/explanation_20250512_en.pdf](https://www.sankyo-fever.co.jp/corporate/modify/IR_EN/Library_Briefing/files/explanation_20250512_en.pdf)

2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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[Status of Major Shareholders] **Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	35,736,600	16.17
Custody Bank of Japan, Ltd. (Trust Account)	14,550,000	6.58
JP MORGAN CHASE BANK 380055	11,252,245	5.09
Hideyuki Busujima	8,000,000	3.62
STATE STREET BANK AND TRUST COMPANY 505001	4,575,443	2.07
Takeshi Busujima	4,339,500	1.96
Akiko Busujima	4,000,000	1.81
Marf Corporation	4,000,000	1.81
JPMorgan Securities Japan Co., Ltd.	3,918,038	1.77
Masako Komori	3,072,000	1.39

Controlling Shareholder (excluding Parent Company)	-----
Parent Company	None

Supplementary Explanation **Updated**

Percentages of shares owned stated for the Status of Major Shareholders are the ratios of the numbers of shares owned to the total number of shares outstanding (220,928,929 shares) excluding treasury stock (39,071,071 shares) as of March 31, 2025.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Most Recent Fiscal Year	From 500 to less than 1000
Sales (consolidated) as of the End of the Most Recent Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Most Recent Fiscal Year	Less than 10

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

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

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

1. Organizational Composition and Operation

Organization Form	Company with an Audit and Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	14
Term of Office Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Taro Kitani	Attorney at law												
Hiroyuki Yamasaki	Certified public accountant								○				
Takashi Miura	From another company												

* Categories for “Relationship with the Company”

* “○” 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;

“▲” when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as an officer

g. Major shareholder of the Company (or an executive thereof if it is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which the Company mutually appoints outside officers (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Name	Audit and Supervisory Committee Members	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Taro Kitani	○	○	-----	<p>Mr. Taro Kitani is well versed in corporate legal affairs as an attorney at law and has sufficient insight into corporate governance. He has been stating objective and fair opinions at meetings of the Board of Directors from a third-party perspective, considering the achievement of both economic performance and social performance. He is overseeing the Company's management appropriately and is contributing to strengthening of the Company's corporate governance.</p> <p>Although Mr. Kitani has never been directly involved in corporate management, for the reasons stated above, the Company believes that he will be able to adequately perform decision-making on important matters of the Company's management and oversight of business execution as an Outside Director, Audit and Supervisory Committee Member. Therefore, the Company appointed him as an Outside Director, Audit and Supervisory Committee Member. He is unlikely to cause conflict of interest with general shareholders based on the Company's independence criteria, and therefore has been appointed as Independent Directors.</p> <p>Mr. Kitani has never been the Company's legal advisor.</p>
Hiroyuki Yamasaki	○	○	The Director in question was engaged in the execution of audit services for the Company during his tenure at ChuoAoyama Audit Corporation until 2006. He was not involved in any audit services, etc. for the Company at Ernst & Young ShinNihon LLC where he worked from 2007 to 2017 after he retired from ChuoAoyama Audit	<p>Mr. Hiroyuki Yamasaki has a wealth of professional knowledge on finance and accounting cultivated through his career as a certified public accountant. He also has many years of experience in conducting accounting audits of companies at audit firms. He is providing advice and suggestions on overall management from an independent, objective standpoint based on his expertise, including experience as a manager of a listed company, and is contributing to strengthening the effectiveness of the decision-making function and the oversight function of the Company's Board of Directors.</p>

			Corporation. Moreover, as a sufficient period of time has passed since his retirement from the said auditing firm in 2017, and he has not been involved in any operations of the said auditing firm since his retirement, the Company judges that his independence is sufficiently secured.	For the reasons stated above, the Company believes that he will be able to adequately perform decision-making on important matters of the Company's management and oversight of business execution as an Outside Director, Audit and Supervisory Committee Member. Therefore, the Company appointed him as an Outside Director, Audit and Supervisory Committee Member. He is unlikely to cause conflict of interest with general shareholders based on the Company's independence criteria, and therefore has been appointed as Independent Directors.
Takashi Miura	○	○	-----	<p>Mr. Takashi Miura has a wealth of experience and deep insight gained through his long years of service as a corporate manager. He is expected to provide advice and suggestions on overall management from an independent, objective standpoint based on his experience and to contribute to strengthening the effectiveness of the decision-making function and the oversight function of the Board of Directors.</p> <p>For the reasons stated above, the Company believes that he will be able to adequately perform decision-making on important matters of the Company's management and oversight of business execution as an Outside Director, Audit and Supervisory Committee Member. Therefore, the Company appointed him as an Outside Director, Audit and Supervisory Committee Member. He is unlikely to cause conflict of interest with general shareholders based on the Company's independence criteria, and therefore has been appointed as Independent Directors.</p>

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	No. of Total Members	No. of Full-time Members	No. of Inside Directors	No. of Outside Directors	Committee Chairperson
Audit and Supervisory Committee	5	1	2	3	Inside Director

Appointment of Directors and/or Employees to Support the Audit and Supervisory Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Employees from Executive Directors

The Company has established a Secretariat of Audit and Supervisory Committee to assist Audit and Supervisory Committee Members' duties. If the Company assigns full-time staff at the Secretariat of Audit and Supervisory Committee, such staff shall be under the command and control of Audit and Supervisory Committee Members. Any concurrent service of the staff at another department or his/her performance evaluations or personnel changes shall be decided with approval from Audit and Supervisory Committee Members in advance.

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

The Company has three Outside Directors who are Audit and Supervisory Committee Members, who have no conflict of interest with the Company, audit and supervise the execution of duties by Directors at its Board of Directors, and therefore has developed a system in which monitoring of management from an external perspective functions sufficiently. Moreover, the Company's Audit and Supervisory Committee, the Accounting Auditor, and the Internal Audit Office strive to coordinate with each other by exchanging opinions as necessary when drawing up audit plans and implementing interim and year-end audits. At meetings they exchange various opinions from the viewpoint of audit reporting, as well as improving audit quality, improving audit efficiency, and strengthening corporate governance.

[Voluntary Committees]

Establishment of Voluntary Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Name of Committee	No. of Total Members	No. of Full-time Members	No. of Inside Directors	No. of Outside Directors	No. of Outside Experts	No. of Others	Committee Chairperson
Committees Corresponding to Nomination Committee	Nomination and Remuneration Committee	4	0	1	3	0	0	Inside Director
Committees Corresponding to Remuneration Committee	Nomination and Remuneration Committee	4	0	1	3	0	0	Inside Director

Supplementary Explanation

The Company established the Nomination and Remuneration Committee, a committee that is independent of the Board of Directors and the majority of whose members are Independent Outside Directors in January 2024 for the purpose of ensuring objectivity, transparency, and fairness in evaluation and decision-making procedures concerning nomination and remuneration of Directors and senior management and further enhancing the corporate governance system.

[Independent Directors]

Number of Independent Directors	3
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Matters relating to Independent Directors

- ☐ The Company designates all Outside Directors who meet the requirements for Independent Directors as Independent Directors.
- ☐ The Company has established a minimal standards for attribute information (relationship with the Company): for a relationship with a customer or supplier or a person formerly working therefor, less than 2% of net sales of the Company and the customer or supplier; for a relationship with a donee or a person formerly working therefor, the total annual sum of the donation not exceeding ¥10 million or 30% of the total annual expenses of the donee, whichever is larger.
- ☐ When appointing Outside Directors, the Company judges their independence in accordance with independence criteria as shown in the Guidelines for Listing of the Tokyo Stock Exchange as well as the categorical standards model to assist in determining independence announced by the Japan Association of Corporate Directors, etc.

[Incentives]

Implementation of measures on granting incentive to Directors	Introduction of performance-linked compensation
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Supplementary Explanation Updated

The Company resolved at the Board of Directors meeting held on May 11, 2023 to introduce a performance-linked stock compensation plan and the proposal to introduce this plan was approved at the 58th Ordinary General Meeting of Shareholders held on June 29, 2023. Meanwhile, the Company transitioned from a company with a Board of Statutory Auditors to a company with an Audit and Supervisory Committee based on the resolution to amend the Articles of Incorporation at the 59th Ordinary General Meeting of Shareholders held on June 27, 2024. Accordingly, the Company re-determined the amounts of compensation and details of the plan, and obtained approval at the said Ordinary General Meeting of Shareholders.

With regard to the compensation limit of the stock-compensation-type stock options for the Company's Directors (in an amount not exceeding ¥200 million per year), which was approved at the 49th Ordinary General Meeting of Shareholders held on June 27, 2014, the Company abolished such compensation limit by the introduction of this plan, and haven't made any allotment of share acquisition rights since the fiscal year ended March 31, 2024. However, such share acquisition rights already granted to the Company's Directors shall survive unless they have been exercised.

For details on the performance-linked compensation, please refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in this Report. For details on status of share acquisition rights already granted to the Company's Directors, please refer to securities report.

Recipients of Stock Options	
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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The amount of remuneration, etc. for Directors and Statutory Auditors of the Company for the fiscal year ended March 31, 2025 was as follows.

Classification / Total remuneration, etc. / Fixed compensation / Performance-linked compensation / Performance-linked stock compensation / Number of Directors and Statutory Auditors covered

Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) / ¥1,218 million / ¥419 million / ¥468 million / ¥331 million / 5

Directors who are Audit and Supervisory Committee Members (excluding Outside Directors) / ¥55 million / ¥55 million / - / - / 2

Statutory Auditors (excluding Outside Statutory Auditors) / ¥6 million / ¥6 million / - / - / 2

Outside Directors and Outside Statutory Auditors / ¥11 million / ¥11 million / - / - / 5

(note) Amount of performance-linked stock compensation is amounts recorded as expenses in the fiscal year ended March 31, 2025 for performance-linked stock compensation of five directors (excluding Outside Directors).

The amount of consolidated remuneration, etc. for each Director is as follows. (limited to a person whose total consolidated remuneration, etc. is ¥100 million or more)

Name / Classification / Total consolidated remuneration, etc. / Company classification / Fixed compensation / Performance-linked compensation / Performance-linked stock compensation

Hideyuki Busujima / Director / ¥926 million / Filing company / ¥315 million / ¥360 million / ¥251 million

Akihiko Ishihara / Director / ¥156 million / Filing company / ¥54 million / ¥60 million / ¥41 million

Policy on Determining Remuneration Amounts
and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

☐ Matters related to the policy on determining the details of remuneration for individual Directors
The Policy on Determining the Details of Remuneration, etc. for Individual Directors (hereinafter, the “Determination Policy”) described below was resolved by the Board of Directors of the Company (resolution made on February 8, 2021, the revision made on June 27, 2024).

The Company’s system for remuneration, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) is designed to enhance linkage with shareholders’ interests in order to function effectively as an incentive for Directors to achieve sustainable and stable enhancement of the Company’s performance and corporate value. To determine remuneration of individual Directors, the Company’s basic policy is to ensure that the level of remuneration reflects the responsibilities, performance, the degree of contribution, and other factors. Directors’ remuneration consists of basic compensation, which is fixed compensation, performance-linked compensation as bonuses, and performance-linked stock compensation. As for remuneration of Outside Directors, only basic compensation is paid in view of their duties. As for remuneration of Directors who are Audit and Supervisory Committee Members, it consists of basic compensation and bonuses as fixed compensation not linked to performance.

i. Basic compensation

The basic compensation is fixed compensation: monthly salaries in the same amounts are paid at the end of each month. Basic compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined by the Board of Directors upon the deliberation of the Nomination and Remuneration Committee, a majority of whose members consists of Independent Outside Directors. Basic compensation for Directors who are Audit and Supervisory Committee Members is determined upon consultation by Directors who are Audit and Supervisory Committee Members.

ii. Performance-linked compensation and non-monetary compensation, etc.

Performance-linked compensation (bonus) shall be paid on the bonus payment date in July. Amounts of performance-linked compensation shall be determined by the Board of Directors within a range of 0% to 150% of the standard amount, without exceeding the maximum amount of compensation determined by resolution of the General Meeting of Shareholders, based on the degree of achievement of consolidated operating income for the previous fiscal year, while also considering the business environment and other factors in the current fiscal year. The amount of bonus for executive officers is also determined within the range of 0% to 150% of the standard amount. Bonuses for Operating Officers are also linked to business performance in the same manner as those for Directors. As for remuneration of Directors who are Audit and Supervisory Committee Members (excluding Outside Directors), it consists of basic compensation and bonuses as fixed compensation not linked to performance.

Non-monetary compensation, etc. is performance-linked stock compensation. The purpose is to clarify the linkage between compensation of Directors of the Company and the Company's performance and stock value, enhance their motivation toward contributing to improvement of the med- to long-term performance and increasing corporate value, by sharing them with the shareholders not only the benefits of a rise in stock price but also the risk of a fall in stock price. The ratio of the fixed portion to the performance-linked portion is 1:4. Performance-linked stock compensation is granted at approximately the same time each year as points, without exceeding the maximum amount determined by resolution of the General Meeting of Shareholders, based on the degree of achievement of consolidated operating income for the previous fiscal year. Performance-linked stock compensation is also granted to Operating Officers in a manner similar to that for Directors.

Performance-linked compensation and non-monetary compensation, etc. shall be determined based on the calculation method determined by the Board of Directors, provided the Board of Directors will determine them by taking into account opinions and advice from the Nomination and Remuneration Committee or opinions, etc. of the Audit and Supervisory Committee, if available.

The amounts of performance-linked compensation (bonus) and non-monetary compensation, etc. (performance-linked stock compensation) vary depending on the achievement of consolidated operating income for each fiscal year, which the Company considers important as profit from its core business, and changes in stock value. Therefore, the proportions of remuneration change, however, basic compensation, performance-linked compensation (bonus), and non-monetary compensation, etc. (performance-linked stock compensation) are determined such that the ratio is approximately 5:3:2, when performance-linked compensation is paid in standard amounts.

- ☐ Matters related to resolution at the General Meeting of Shareholders on remuneration, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members

It was resolved at the 59th Ordinary General Meeting of Shareholders held on June 27, 2024, that the maximum amount of compensation to be paid to Directors (excluding Directors who are Audit and Supervisory Committee Members) shall not exceed ¥1,200 million per year. (The number of Directors at the closing of the said Ordinary General Meeting of Shareholders was four.) It was resolved at the 59th Ordinary General Meeting of Shareholders held on June 27, 2024, that the maximum amount of performance-linked stock compensation shall not exceed 500 million yen and 625,000 shares a year, separately from the maximum amount of monetary compensation for Directors stated above (The number of eligible Directors for this plan at the closing of the said Ordinary General Meeting of Shareholders was four).

It was resolved at the 59th Ordinary General Meeting of Shareholders held on June 27, 2024, that the maximum amount of compensation to be paid to Directors who are Audit and Supervisory Committee Members shall not exceed ¥200 million per year. (The number of Directors who are Audit and Supervisory Committee Members at the closing of the said Ordinary General Meeting of Shareholders was five.) Remuneration of Directors who are Audit and Supervisory Committee Members consists only of fixed compensation from the viewpoint of independence and objectivity and the amounts of remuneration of individual Directors who are Audit and Supervisory Committee Members are determined upon consultation by Directors who are Audit and Supervisory Committee Members.

[Supporting System for Outside Directors]

For Outside Directors, a person in charge distributes the relevant materials for agenda, etc. at the Board of Directors meeting in advance and gives explanations while appropriately providing information as necessary.

In addition, a “Secretariat of the Audit and Supervisory Committee” has been established in order to assist the performance of duties by the Audit and Supervisory Committee, including the Outside Directors who are Audit and Supervisory Committee Members.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions, etc. (Overview of Current Corporate Governance System) **Updated**

☐ Overview of current system

The Company adopts “a company with an Audit and Supervisory Committee” and has four Directors (excluding Directors who are Audit and Supervisory Committee Members) and five Directors who are Audit and Supervisory Committee Members (including three Outside Directors who are Audit and Supervisory Committee Member) as of June 28, 2024. In addition, in April 2008 the Company introduced an operating officer system for the purposes of strengthening corporate governance and securing swiftness and accuracy of decision-making. The Company specifies the Board of Directors as an organ that makes management decisions and oversees the execution of business operations, and positions operating officers as responsible persons entrusted by the Board of Directors with the authority to execute business operations in the fields under their charge.

The Nomination and Remuneration Committee, a committee that is independent of the Board of Directors and the majority of whose members are Independent Outside Directors, discusses and reports on matters concerning nomination and remuneration, etc. of Directors and senior management, and the Board of Directors adopts a resolution, giving respect to the Committee’s report.

(Composition of Directors and operating officers)

Four Directors (excluding Directors who are Audit and Supervisory Committee Members): composed of four members, including one Director concurrently serving as operating officer. Three Directors are male and one Director is female.

Five Directors who are Audit and Supervisory Committee Members: composed of five members, including three Outside Directors, Audit and Supervisory Committee Member, who meet the requirements for Independent Director. Four Directors who are Audit and Supervisory Committee Members are male and one Director who is Audit and Supervisory Committee Member is female.

Operating officers (not concurrently serving as Directors) (fourteen members): composed of fourteen male operating officers.

In addition to the Board of Directors, the Company has established a “Management Committee” consisting of Directors and Operating Officers to be held regularly each month. The Management Committee makes preliminary deliberations on matters to be resolved at the Board of Directors meeting and makes swift and accurate decisions on matters relating to business strategies and supervision of overall compliance and risk management, and instructs each division of the Company and each group company to execute matters decided. In addition, to promote flexible business operations, the Company has established “Information Security Committee” and “Sustainability Committee”, and several committees for specific objectives, such as a “Sales Strategy Committee” and “Product Committee.”

With respect to internal audits, the Company has established an Internal Audit Office composed of four members under the direct rule of the President as an internal audit department. The Audit and Supervisory Committee consists of five members, including three Outside Directors who are Audit and Supervisory Committee Members. When implementing audits, the Company confirms and deliberates whether business activities in each division or base are in compliance with laws and regulations and various rules, etc. and operate appropriately and efficiently, based on an audit plan formulated at the beginning of the fiscal year.

In addition, the Company forms the “J-SOX Project” across the Company for internal control, and the Internal Audit Office grasps the status of project operation from the standpoint of an internal auditor and evaluates the establishment and operation of internal controls. Besides, the Audit and Supervisory Committee investigates the Project by conducting hearings, etc., as necessary, to oversee and verify the status of maintenance and operation. The Audit and Supervisory Committee also exchanges opinions with the Accounting Auditor on the Project as necessary to mutually grasp and cooperate on matters to be shared.

☐ Status of accounting audit

The Company has concluded an audit agreement with Ernst & Young ShinNihon LLC to serve as an accounting auditor pursuant to the Companies Act and to conduct accounting audit pursuant to the Financial Instruments and Exchange Act.

Members of audit corporation engaged in the audit of the Company for the fiscal year ended March 31, 2025

Name of the certified public accountants engaged in the audit

Designated partner engagement partner: Motoaki Ikeuchi

Designated partner engagement partner: Tatsuya Suzuki

Number of audit assistants

Certified public accountants: 8

Other: 18

Note: Other includes persons who have passed the CPA examination, persons engaged in system audits, etc.

Details of audit remuneration

Remuneration for audit certification services: ¥68 million

Remuneration for non-audit services: -

3. Reasons for Adoption of Current Corporate Governance System

The Company transitioned from “a company with Board of Statutory Auditors” to “a company with the Audit and Supervisory Committee” as of June 27, 2024, and aims to strengthen the supervisory functions of the Board of Directors and accelerate decision-making and business execution through delegation of authority with the aim of achieving continuous enhancement of corporate value.

Prior to the transition of the corporate governance system, the Company established the Nomination and Remuneration Committee, a committee that is independent of the Board of Directors and the majority of whose members are Independent Outside Directors in January 2024. The Committee discusses and reports on matters concerning nomination and remuneration, etc. of senior management and Directors, and the Board of Directors adopts a resolution, giving respect to the Committee’s report.

In April 2008 the Company has introduced an executive officer system to strengthen corporate governance and ensure swift and accurate decision-making. The Company has clearly defined the Board of Directors as an organization that makes management decisions and supervises the execution of business. Executive officers are delegated authority by the Board of Directors and are positioned as responsible for the execution of business in their assigned fields.

The Company believes that the current system is appropriate in view of the Group’s business activities and scale, and that it is functioning effectively to earn the trust and meet the expectations of shareholders and other stakeholders.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

Updated

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	For the Ordinary General Meeting of Shareholders held on June 27, 2025, the Company commenced electronic provision of information on June 3, 2025 and sent the notice of convocation on June 9, 2025.
Allowing Electronic Exercise of Voting Rights	Has introduced the exercise of voting rights by electromagnetic means via the Internet since the Ordinary General Meeting of Shareholders held in June 2010. Furthermore, from the Ordinary General Meeting of Shareholders held in June 2020, we have introduced the “Sumāto kōshi”, which allows shareholders to exercise their voting rights via smartphone.
Participation in Electronic Voting Platform and other measures to facilitate exercise of voting rights by institutional investors	In use, starting from the Ordinary General Meeting of Shareholders held in June 2010.
Providing Convocation Notice (Summary) in English	Disclosed on the Company’s website, etc., starting from the Ordinary General Meeting of Shareholders held in June 2009.
Other	Introduced the use of visual media, starting from the Ordinary General Meeting of Shareholders held in June 2006, to promote shareholders’ understanding of the Company.

2. IR Activities Updated

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Individual Investors	Held briefings for individual investors online in the fiscal year ended March 31, 2024. Intends to continuously provide the same activities to individual investors on an ongoing basis. Since the financial results briefing for the second quarter of the fiscal year ended March 31, 2022, we have disclosed transcripts of financial results briefings for analysts and institutional investors on our website, and have also distributed this information through information vendors to further enhance the disclosure of information to individual investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	Held briefings on business results following the closing of the fiscal year and following the closing of the first six-month period. Held briefings as necessary, in addition to the above.	Yes
Regular Investor Briefings for Overseas Investors	Attended conferences sponsored by securities companies that invite many overseas investors. We have also been engaging with overseas investors mainly through individual online meetings. Through these online meetings, we actively provide information and strive to maintain ongoing dialogue with overseas investors.	Yes
Posting of IR Materials on Website	Posted various press releases (Japanese/English), financial statements (“kessan tanshin”) (Japanese/English), securities reports, semiannual reports, financial results briefings	

	materials (Japanese/English), financial historical data (Japanese/English) , integrated reports (Japanese/English), etc.
Establishment of Department and/or Manager in Charge of IR	Established the IR Office in the Corporate Planning Division as a department dedicated to IR.
Other	Otherwise conducted meetings to observe facilities and product briefings, etc. in a timely manner.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	As with the Basic Views on Corporate Governance, we express our stance of primary emphasis on stakeholders in our basic philosophy.
Implementation of Environmental Activities, CSR Activities etc.	With regard to “pachinko and pachislot machines,” our key products, we make efforts on product development based on recycling in order to restrain industrial waste and reuse parts and resources. Specific initiatives are disclosed in the Company’s website and the Integrated Reports.
Development of Policies on Information Provision to Stakeholders	In addition to statutory information disclosure, we define information on facts expected to significantly affect the SANKYO Group’s management and the Company’s stock price, etc. as “Material Information,” formulate a policy to work with proactive information disclosure, and implement it.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

☐ Basic Views

The SANKYO Group has established a basic policy on constructing and operating an internal control system by resolution at the Board of Directors, in order to realize its basic stance toward corporate governance, namely, “to maintain good relations with each of these stakeholders, including shareholders, pachinko parlors, which are the Group’s customers, pachinko players, suppliers, local communities, and employees.” The basic policy is established with close attention paid to the viewpoints of shareholders among Group stakeholders by emphasizing the construction and maintenance of “reliable financial reporting,” “effectiveness and efficiency of business,” and the “compliance system.”

The Group operates in an environment which is conducive to nurturing the perception of legal compliance, because the development, manufacturing, and sale of game machines, the key businesses of the Group since its foundation, require permissions and approvals as preconditions pursuant to laws and regulations such as the “Act on Control and Improvement of Amusement and Entertainment Business.”

☐ Progress of system development

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

The SANKYO Group shall supervise corporate ethics and overall compliance and formulate policies and measures at a “Management Committee” consisting of Directors (excluding Directors who are Audit and Supervisory Committee Members) and operating officers of the Company. In addition, the Company seeks to improve transparency and ensure objectivity of management by appointing multiple Independent Directors.

The Internal Audit Office of the Company (hereinafter, the “Internal Audit Office”) audits the Group’s status of compliance with laws and regulations and internal rules by conducting regular internal audits. The Internal Audit Office shall report the results of audits to the President of the Company and promptly formulate measures for compliance or assist improvement if any problems are detected. In addition, the Group distributes slogans on the execution of operations to all of its officers and employees, in order to spread awareness of the importance of compliance and the specific code of daily conduct, while providing guidance and supplementary training mainly at outside educational institutions, etc., as necessary.

The SANKYO Group adopts a resolute stand against anti-social forces and bodies, works in close cooperation with the police and other relevant organizations, and always strives to take sensible actions so as to not take part in anti-social acts, with common sense and a sense of justice in mind.

2. System to store and manage information on the execution of duties by Directors and employees

The Company shall manage information on the execution of duties and store and manage related documents, etc. in accordance with laws and regulations and internal rules. The Company shall continue to monitor and guide the status of storage and management of information mainly through internal audits, etc. by the Internal Audit Office. In addition, the Company shall promptly disclose the stored information as necessary in cooperation with a person responsible for handling information for timely disclosure.

3. Rules and other systems pertaining to management over risks of loss

The “Management Committee” shall supervise overall risks in relation to the business operations of the Company and set forth a policy on specific responses upon the occurrence of significant crises and a policy on the risk management system. In addition, the Internal Audit Office and “Sustainability Committee”, etc. shall abstract potential risks of the SANKYO Group, deliberate on measures to mitigate risks, and revise internal rules, etc. as necessary, so as to enable the response system to take root in the Group. With respect to risk management in ordinary business operations, each division of the Group shall take control in accordance with internal rules and the status of compliance shall be monitored and supervised through internal audits by the Internal Audit Office.

4. System to ensure the efficient execution of duties by Directors

In addition to ordinary meetings of its Board of Directors, the Company shall hold extraordinary meetings of its Board of Directors for swift decision-making as necessary, in order to make important management decisions and oversee the execution of operations by Directors (excluding Directors who are Audit and Supervisory Committee Members).

The Company has introduced an operating officer system to strengthen management decision-making functions and oversight functions by the Board of Directors. In addition, the “Management Committee” shall be periodically held each month to make detailed preliminary deliberations on matters to be resolved at the Board of Directors meeting, and shall make swift and accurate decisions on matters relating to management strategies, etc. Furthermore, for the flexible promotion of Group business, the Company has established several committees for specific objectives, such as the “Product Committee” to discuss the development of new products and the “Sales Strategy Committee” to decide sales policy, and thereby clarifies the responsibilities and roles regarding the execution of duties by Directors under the division of duties.

5. System for ensuring appropriate business operations within the Group

Each company of the SANKYO Group shall periodically report management conditions, etc. to the Accounting Division of the Company each month. Fairness and efficiency, as well as the status of compliance, etc., of each group company shall be monitored through internal audits by the Internal Audit Office. In addition, with regard to the dissemination of compliance, the Company shall establish a system under which the Company not only gives daily guidance by distributing and posting slogans on the execution of operations, but also offers opportunities to participate in the Company’s training as necessary. With regard to the management of each group company, the Company shall receive reports on important matters at the “Management Committee” and discuss them in advance, while respecting its autonomy.

6. System for ensuring reliability of financial reporting

The Company and each major company of the SANKYO Group shall formulate the “Basic Policy for Internal Control” in order to ensure the appropriateness of documents related to financial accounting as set forth in the Financial Instruments and Exchange Act and other information, and establish and operate a system under which internal control over financial reporting is implemented on a company-wide level and operational process level in accordance with the Policy.

7. Matters related to the employees if Audit and Supervisory Committee request for employees assisting with their duties

The Company may establish a Secretariat of Audit and Supervisory Committee to assist Audit and Supervisory Committee Members’ duties, assign employees as full-time staff or staff serving concurrently at other departments as necessary, and decide upon personnel affairs thereof after consulting in advance by and between the Directors (excluding Directors who are Audit and Supervisory Committee Members) and Audit and Supervisory Committee Members.

8. Matters to ensure the independence of employees assisting with the Audit and Supervisory Committee’ duties from the Directors (excluding Directors who are Audit and Supervisory Committee Members), and the effectiveness of instructions to the employees

If the Company assigns full-time staff at the Secretariat of Audit and Supervisory Committee, such staff shall be under the command and control of Audit and Supervisory Committee Members. Any concurrent service of the staff at another department or his/her performance evaluations or personnel changes shall be decided with approval from Audit and Supervisory Committee Members in advance.

9. System for reporting by Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to the Audit and Supervisory Committee and other reporting to the Audit and Supervisory Committee, and systems to ensure that persons who report to the Audit and Supervisory Committee are not treated disadvantageously because of their reporting

The Company shall maintain a system under which the Audit and Supervisory Committee shall request the Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees, etc. of the SANKYO Group to report or explain facts as necessary to fully monitor the status of execution of duties and compliance by Directors.

In addition, to grasp the process of important decision-making and the status of execution of operations, Audit and Supervisory Committee Members may attend the Board of Directors meetings and other important meetings of the Company and receive reports about important information of the Group, as well as inspect major approval documents and others concerning the execution of operations, and request Directors (excluding Directors who are Audit and Supervisory Committee Members), etc. to report or explain the facts. If Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees, etc. of the SANKYO Group discover a fact likely to significantly damage the Group, they shall report the fact to

a department in charge, etc. or the Audit and Supervisory Committee Members of the Company, pursuant to laws and regulations, etc.

Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees, etc. of the Group who have reported to Audit and Supervisory Committee Members shall not be treated disadvantageously in any way whatsoever as a consequence of such reporting, and the Company shall seek the thorough elimination of such disadvantageous treatment.

10. Matters related to procedures for the advance payment or redemption of expenses arising from the execution of duties by Audit and Supervisory Committee Members and other policies for handling of expenses or liabilities arising from the execution of their duties

Expenses arising from the execution of duties by Audit and Supervisory Committee Members shall be borne by the Company upon request by the Audit and Supervisory Committee Member unless the Company proves that the expenses or liabilities relating to such request are not required for the execution of duties by the Audit and Supervisory Committee Member. In addition, if an Audit and Supervisory Committee Member requests the Company to make an advance payment of such expenses, the Company will comply with the request.

11. Other systems for ensuring effective audits by Audit and Supervisory Committee

The Internal Audit Office shall regularly report to the Audit and Supervisory Committee on the implementation status of internal audits, and exchange opinions.

In addition, Audit and Supervisory Committee Members may request attorneys at law or other professionals to give advice, etc. on audit operations as necessary.

2. Basic Views on Eliminating Anti-Social Forces and the Progress of System Development

The Company adopts a resolute stand against anti-social forces and bodies, works in close cooperation with the police and other relevant organizations, and always strives to take sensible actions so as to not take part in anti-social acts, with common sense and a sense of justice in mind.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	

2. Other Matters Concerning Corporate Governance System

☐ Efforts to conduct timely disclosure

To conduct fair and equitable information disclosure in a timely and appropriate manner, the Company complies with laws and regulations and rules and has established a disclosure system in accordance with the “Regulations on the Management of Internal Information,” its internal rules. The IR Office, Corporate Planning Division takes charge of information disclosure under a person responsible for handling information; provided, however, that the IR Office discloses account settlement-related information in cooperation with the Accounting Division.

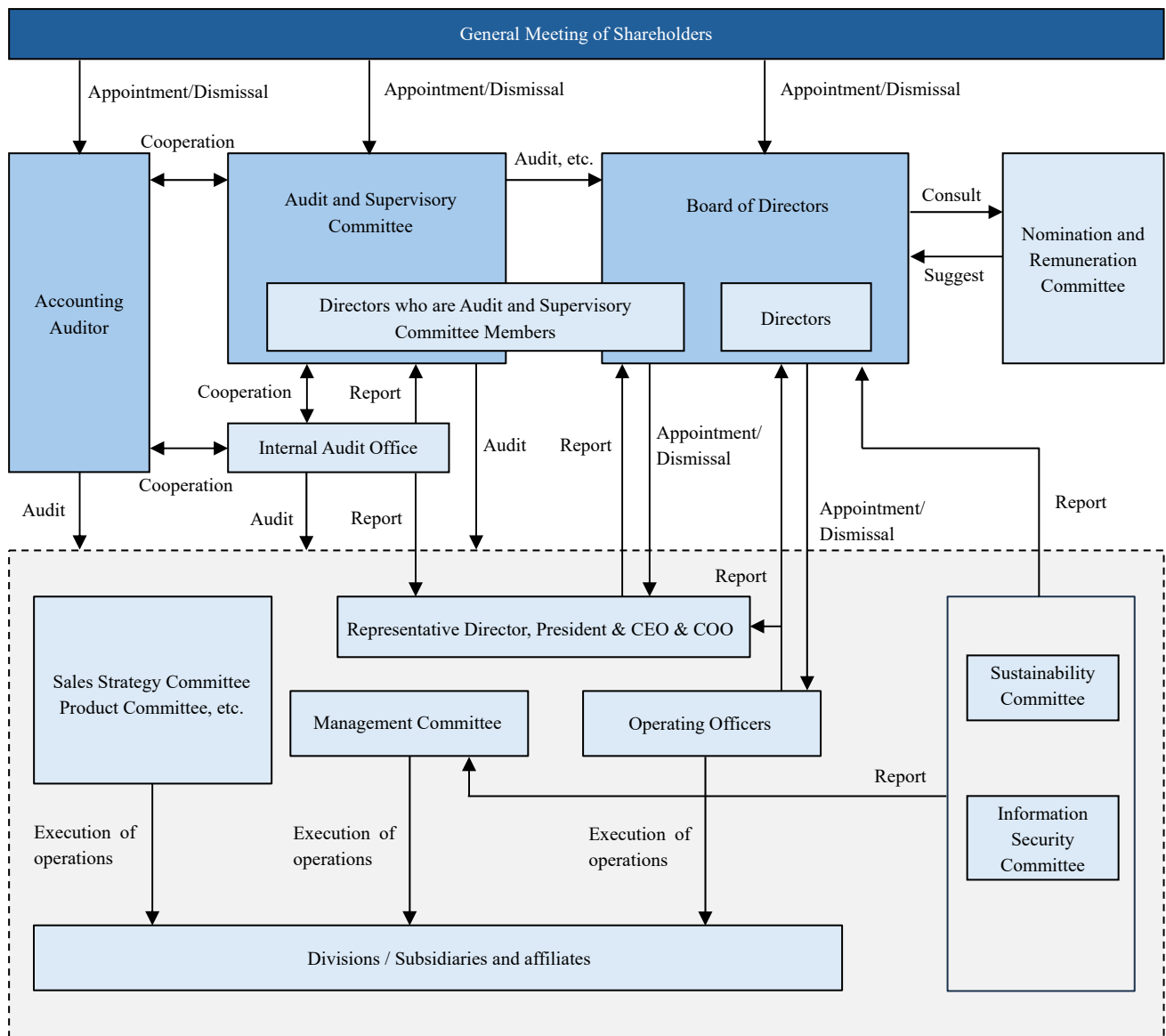
☐ Judgment for timely disclosure

We define information on facts expected to significantly affect the SANKYO Group’s management and the Company’s stock price, etc. as “Material Information.” “Material Information” is reported by the person responsible for handling information to the Representative Directors and Board of Directors, which deliberates whether or not to disclose the information.

☐ Internal system relating to timely disclosure

For details on the Company’s internal system relating to timely disclosure, please see the attachment.

The Company's Corporate Governance System



<<Attachment>> Schematic of the Internal System concerning Timely Disclosure

