Compilation of Case Studies on Such Matters as Parent-Subsidiary Listings

Listing Department

Tokyo Stock Exchange, Inc.

December 26, 2025

Note: The case studies in this document are included solely for informational purposes to serve as a reference for listed companies when considering approaches to group management and minority shareholder protection. They are not intended for any other purpose, including the solicitation of investment in specific issues.

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Introduction

- This document is a compilation of **companies' initiatives relating to such matters as parent-subsidiary listings that have received positive feedback from investors**. The case studies were selected based on interviews with numerous investors both in Japan and overseas and **focus on group company management and the protection of minority shareholders (ensuring shared benefits for shareholders of subsidiaries)**

- Case studies include **not only dissolving parent-subsidiary listings** but also how companies are **considering the significance of parent-subsidiary listings toward enhancing mid- to long-term group corporate value** and are **working to ensure governance systems that protect minority shareholders,** from the shareholder and investor perspective.

- We hope these case studies will be a useful reference for you when **considering parent-subsidiary approaches and disclosures**, and for **dialogue with investors**.

Note: Investors like information on **approaches and initiatives on such matters as parent-subsidiary listings** to **be disclosed in mandatory documents and documents submitted to TSE (such as annual securities reports and corporate governance reports)**, rather than just in voluntary reports (such as integrated reports). So we would also like you to consider where to disclose information.

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Ref: The Investor's Perspective on Such Matters as Parent-Subsidiary Listings (published in Feb. 2025)

◆ Please also refer to The Investor's Perspective on Such Matters as Parent-Subsidiary Listings, published in February 2025, which details **listed companies' disclosures and initiatives**, as well as **examples of actions likely to cause misalignment with the investor's perspective**.

Main examples of misalignment

	Group Management	Protection of Minority Shareholders
Parents	– The company only cites the advantages of listing its subsidiary (such as securing human resources), **and does not examine overall approaches to parent-subsidiary listings from the perspective of enhancing parent company group corporate value and of capital efficiency**	– It is important for the subsidiary's minority shareholders to know the parent company's stance on protecting its subsidiary's minority shareholders, **but the parent company does not get involved in ensuring the effectiveness of the subsidiary's governance systems, stating the subsidiary is independent**
Subsidiaries	– The subsidiary defers to the parent company and **does not examine whether its current form of listing is optimal from the perspective of enhancing its own corporate value**	– There is limited disclosure of discussions held by the subsidiary's board of directors or special committee and limited dialogue between outside directors and investors, **so the effectiveness of the subsidiary's governance systems cannot be assessed**


The Investor's Perspective on Such Matters as Parent-Subsidiary Listings

Listing Department
Tokyo Stock Exchange, Inc.
February 4, 2025

Please see:
https://www.jpx.co.jp/english/equities/improvements/study-group/b5b4pj0000032jkr-att/sjcobq000000hflb.pdf

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Points featured in this compilation:

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Roche (SIX Swiss Exchange) / Chugai Pharmaceutical (Prime: 4519) (1)

Comments from investors

Group Management

- ✓ Both the parent company, Roche, and the subsidiary, Chugai Pharmaceutical, give explanations of **the significance of their strategic alliance and of maintaining the subsidiary's listing** in relation to their business models
- ✓ Although subsidiaries are often passive under the parent company, it is **good that Chugai Pharmaceutical communicates the rationale for its current capital structure from the perspective of enhancing its own corporate value**
- ✓ **The parent company, Roche, performs effective governance over the subsidiary while respecting its autonomy and independence.** It **exercises its influence appropriately** and strongly encourages the subsidiary to enhance corporate value. It is evident there is a **healthy tension between the parent and subsidiary**, as the subsidiary must achieve results that merit Roche's investment in research bases and production functions

Protection of Minority Shareholders

- ✓ Given that the parent company is a listed company in Switzerland, and to protect minority shareholders, **Chugai Pharmaceutical has put a governance system in place that meets European standards**
- ✓ The subsidiary, Chugai Pharmaceutical, **describes in detail why it believes its current governance systems, including the composition of its Board of Directors, are appropriate**. It actively distributes information relating to the protection of minority shareholders. One way it does this is by **arranging opportunities for dialogue with independent outside directors** to explain what is being discussed by its Board of Directors and about relations with Roche

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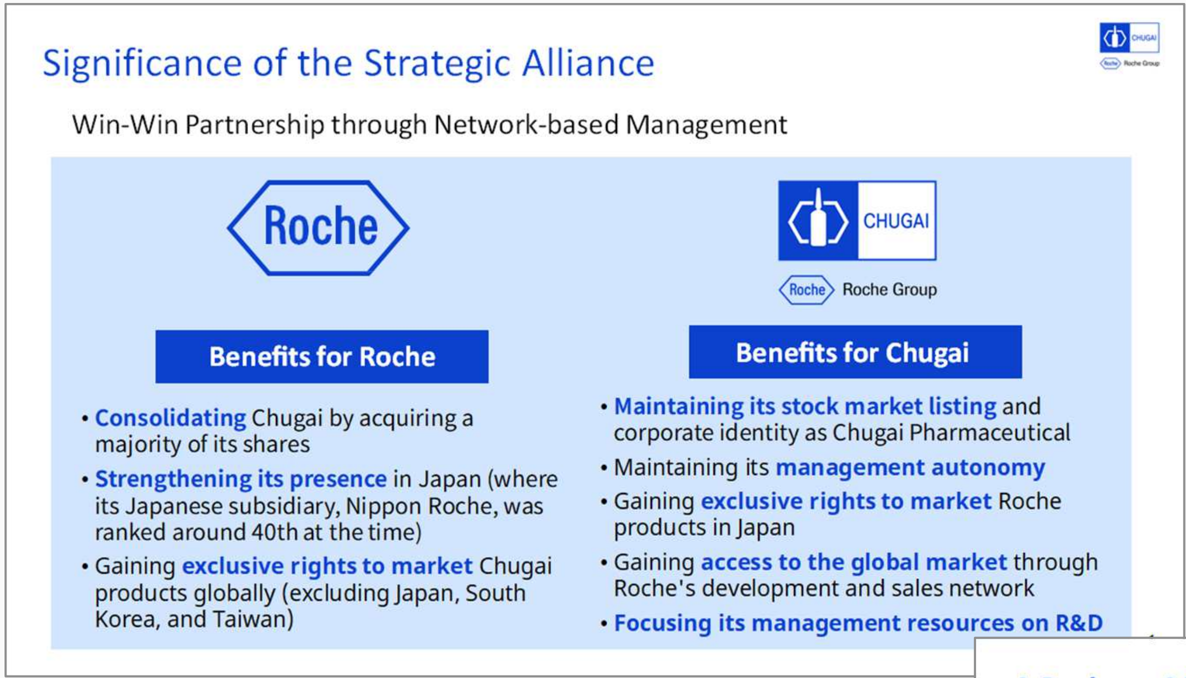
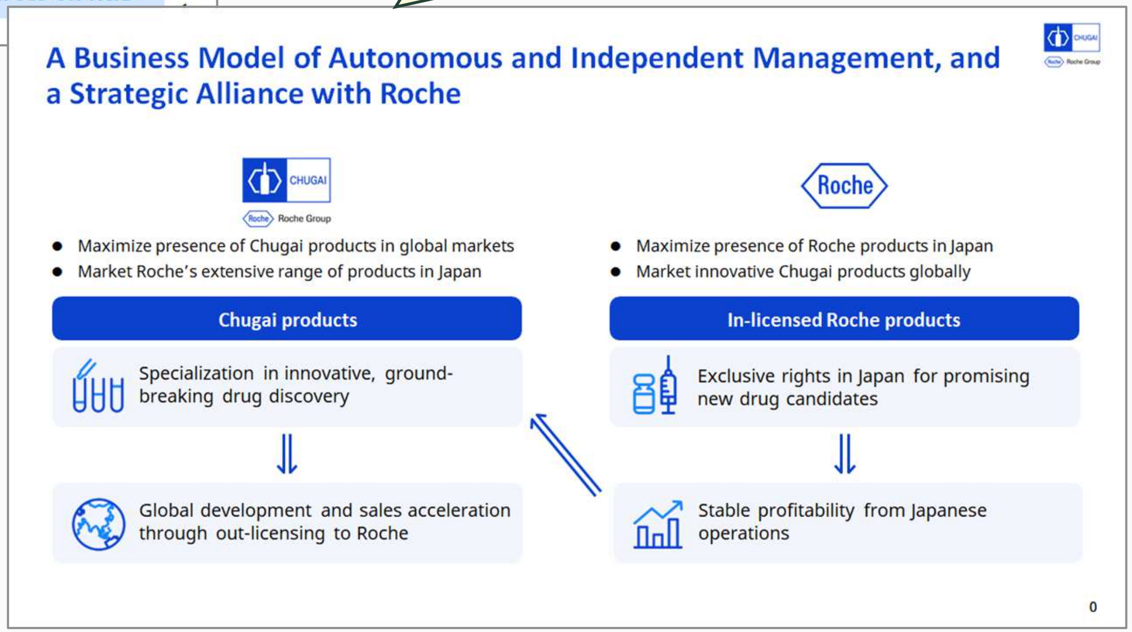
Roche (SIX Swiss Exchange) / Chugai Pharmaceutical (Prime: 4519) (2)

Information disclosed by Chugai Pharmaceutical



The stable income base provided through the strategic alliance with the parent company, Roche, enables the subsidiary to concentrate management resources on drug discovery. The subsidiary explains in detail **how significant this strategic alliance is** and **the reasons for prioritizing autonomous and independent management, linking it to its own business model**.



Note: The two slides on this page were translated into English by Chugai Pharmaceutical

Source: Pages 5 & 6 of report on roundtable meeting between Chugai Pharmaceutical Co., Ltd. and institutional investors on October 30, 2024 (in Japanese only)
https://www.rakuten-sec.co.jp/web/special/chugai-pharm/pdf/pdf-03.pdf

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Roche (SIX Swiss Exchange) / Chugai Pharmaceutical (Prime: 4519) (3)

Information disclosed by Chugai Pharmaceutical

Towards Realizing Our Mission

Chugai's mission is to dedicate itself to adding value by creating and delivering innovative products and services for the medical community and human health around the world. Under this mission, Chugai aims to achieve the advanced and sustainable patient-centric healthcare set forth in its Envisioned Future through the creation of shared value with its various stakeholders.

To create this value, under its strategic alliance with Roche, Chugai maintains its managerial autonomy and independence as a publicly listed company while being a member of the Roche Group. Chugai pursues management that fulfills the mandate of its diverse stakeholders appropriately and fairly. The composition of the Board of Directors and the associated monitoring mechanisms are also based on this approach, which is designed to generate innovation by leveraging the essential value of our unique business model with its emphasis on diversity.

We have verified our compliance with each principle of the Corporate Governance Code of the Tokyo Stock Exchange. In the case of non-compliance, the item and the reason are indicated below as well as in our Corporate Governance Report.

Reasons for Not Implementing the Respective Principles of the Corporate Governance Code
Supplementary Principle 4-10-1 Establishment of independent advisory committees

Although the Company's Compensation Committee is not comprised of a majority of independent outside directors, all four of the committee members are non-executive directors, including at least two independent outside directors. At least one of the independent outside directors also serves as a Special Committee* member. In the deliberation by the Compensation Committee, if the deliberation by the Special Committee is considered appropriate by the member who also serves as a Special Committee member, the committee will deliberate and consider it, and report it to the Board of Directors. Therefore, in view of the purpose of the Corporate Governance Code, we believe that deliberations on remuneration are conducted with transparency and objectivity in the current structure.

* **Special Committee:** The Company has established the Special Committee as a permanent advisory body to the Board of Directors to create a structure for protecting the interests of minority shareholders. The Special Committee deliberates and reviews significant transactions and conduct, etc. that may generate a conflict of interest between Roche and minority shareholders, from the perspectives of necessity and rationality of the transaction, as well as the appropriateness and fairness of the transaction conditions and other aspects, and provides an answer and report to the Board of Directors. Depending on the importance of a transaction, the Special Committee deliberates matters to be placed on the board agenda for a resolution before the Board of Directors meeting, and receives regular reports on matters decided by the Executive Committee. To ensure the independence and objectivity of the Special Committee, it has a composition of at least three members, comprising independent outside directors or independent outside Audit & Supervisory Board members, with the members being selected by the Board of Directors.

A Governance Structure Supporting Chugai's Unique Business Model

While a member of the Roche Group, Chugai ensures the autonomy and independence of its management. To promote the Company's unique business model, the Board of Directors comprises three types of directors: executive directors, independent outside directors, and non-executive directors (excluding independent outside directors), each comprising one-third of the board, respectively. The basic intention of this board composition is to secure their respective diversity and skills.

Executive directors are responsible for business execution and supervision. They report on and explain business execution matters and execute the strategies decided in Board of Directors meetings. Independent outside directors are appointed based on their experience, knowledge, and expertise as outside corporate executives or as medical, academic, and other professionals. They participate in discussions and decision-making at Board of Directors meetings from an objective standpoint, as well as oversee business execution. Other non-executive directors (excluding independent outside directors) are appointed from among management members of Roche. They provide an objective, expert perspective from a standpoint that is independent from business execution and engage in discussion and offer recommendations and advice regarding strategies and management at Board of Directors meetings. These directors are essential to the Company as they possess world-leading skills and experience in the healthcare field, and also because Chugai shares Roche's mission of "providing solutions to patients" even as it pursues autonomous and independent management.

Details of the rationale for governance systems, including the composition of the current Board of Directors and the placement of a Special Committee, explained from both the perspective of group governance by the parent company, and of managing conflicts of interest in order to protect minority shareholders

Opportunities for **dialogue with independent outside directors** on topics such as governance systems and Board of Director discussions

Column **Dialogue with Independent Outside Directors and Investors**

As Roche owns the majority of the Company's shares, we recognize that dialogue with independent outside directors is essential to protect the interests of minority shareholders. To meet this need, at our IR Day in October 2024, we provided an opportunity for direct dialogue between two of our independent outside directors (Dr. Fumio Tateishi and Mr. Hideo Teramoto) and institutional investors. The dialogue was held without executive directors, which enabled the participants to have an open and direct exchange of opinions that was highly satisfactory. It provided an opportunity to explain the Company's governance initiatives aimed at creating shared value, including topics such as the governance system, discussions at Board of Directors meetings, and the Company's relationship with Roche. We will continue to provide opportunities for dialogue going forward as we strive to build relationships of trust with our shareholders and investors.

Mr. Teramoto (left) and Dr. Tateishi (right) in dialogue with investors at IR Day (October 2024)

Source: Pages 70, 71 & 75 of the Chugai Pharmaceutical Co., Ltd. Annual Report 2024 (May 30, 2025)
https://www.chugai-pharm.co.jp/english/ir/reports_downloads/annual_reports/files/eAR2024_12_spread.pdf

Comments from featured company

As our company has a controlling shareholder, we have been clearly explaining both the significance of our strategic alliance with Roche from the perspective of minority shareholders and our business model that is based on autonomous and independent management. We have also been making efforts to enhance the effectiveness and transparency of our governance, which include arranging opportunities for dialogue with independent outside directors. We will continue to strive to enhance our information disclosure further to earn the trust of all our stakeholders.

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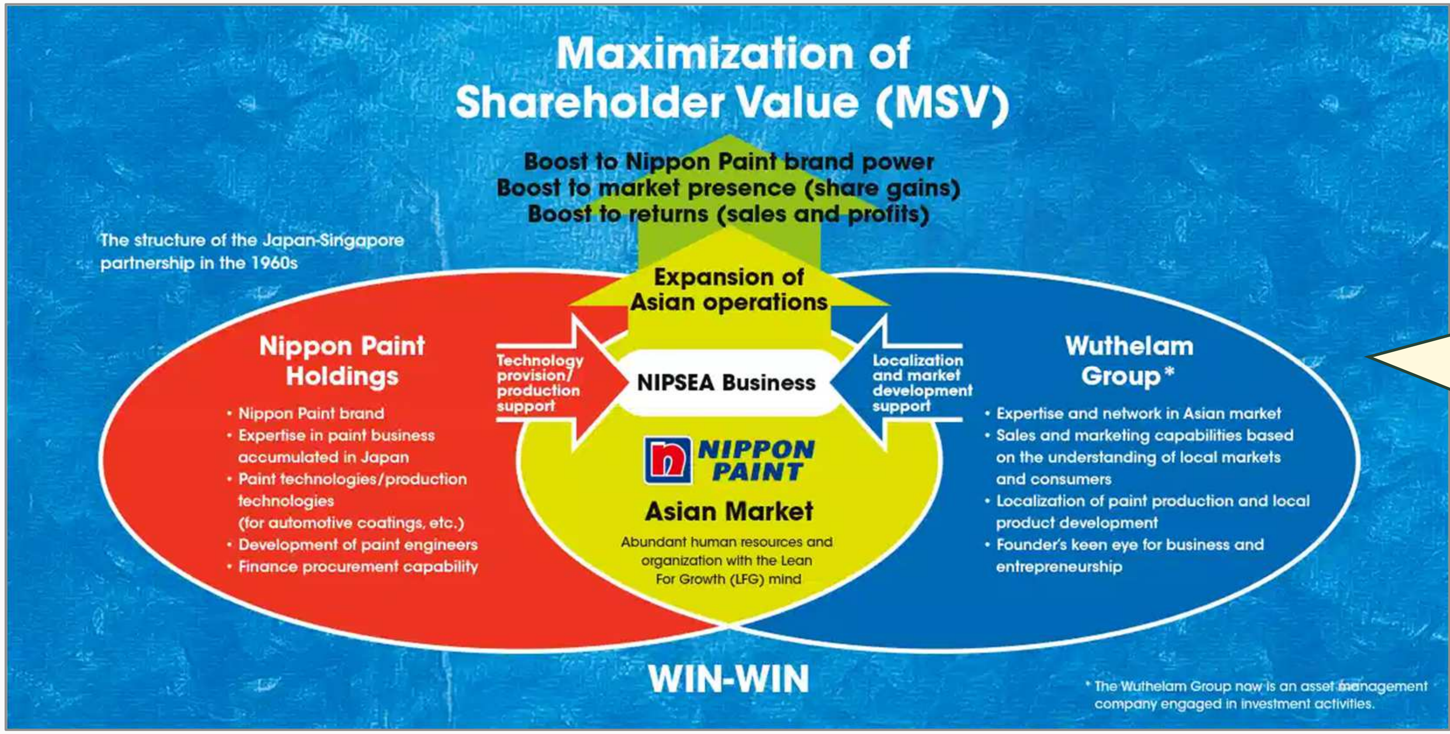
NIL (unlisted) / Nippon Paint Holdings (Prime: 4612) (1)

Comments from investors

Group Management	After Nippon Paint Holdings, the subsidiary, formed a partnership in the 1960s with the current parent company, Wuthelam Group (unlisted), it expanded its share in Asian markets. In recent times, **with active backing from the parent company side toward enhancing corporate value, it has been able to enhance corporate value significantly**, by leveraging synergies in the Asian market and through rigorous M&A activity based on its strengthened financial base. The subsidiary is **leveraging the parent-subsidiary capital relationship effectively in its growth strategy** and **discloses details of the rationale behind its parent-subsidiary relations and the risks involved**.

Information disclosed by Nippon Paint Holdings



Specific explanations of the significance of the strategic partnership with Wuthelam Group (unlisted) in the 1960s (* The Wuthelam Group now is an asset management company engaged in investment activities)

Source: Page 29 of Nippon Paint Holdings Co., Ltd. Integrated Report 2021 (Year Ended December 31, 2020)
https://www.nipponpaint-holdings.com/en/ir/assets/files/name/IntegratedReport_2021_en.pdf

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NIL (unlisted) / Nippon Paint Holdings (Prime: 4612) (2)

Information disclosed by Nippon Paint Holdings

Discussions by the Board of Directors

"Acquisition of 100% ownership of the Asian JVs, Indonesia business"

Decided by resolution of the Board of Directors based on repeated discussions to ensure the protection of minority shareholder interests

NPHD's Board of Directors is focused on improving the transparency, objectivity, and fairness of management through lively exchanges of opinions and discussions, mainly by the independent directors who comprise the majority of the Board. The acquisition of 100% ownership of the Asian JVs was decided based on repeated discussions held by the Board of Directors to ensure the protection of the interests of minority shareholders. These pages present the outcomes of the discussions held by the Board and the opinions of each Director.

Increasing net profit by more than 60% and EPS by more than 10%

NPHD has evolved its partnership with the Wuthelam Group through joint ventures for nearly 60 years. With our acquisition of a 100% stake in Asian JVs following their consolidation in FY2014, we can bring our partnership with the Wuthelam Group to full maturity, allowing us to further accelerate growth of our Group by building a management base that unites the two companies in both name and reality.

According to a simulation based on certain assumptions, this acquisition will increase profit attributable to owners of the parent by around 60% and EPS by more than 10%, making it sufficiently attractive from the perspective of protecting the interests of minority shareholders as well.

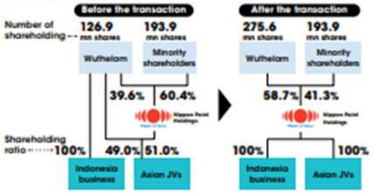
In addition, increasing capital through a third-party allotment has allowed us to strengthen the financial base to accelerate M&A activities in the future, as well as improve our credit rating. For these reasons, this acquisition has contributed to the Maximization of Shareholder Value (MSV).

Simplifying our ownership structure to one that is beneficial to all shareholders

Prior to this transaction, the Wuthelam Group held 39.6% of NPHD's shares, a 49% stake in the Asian JVs, and a 100% stake in the Indonesia business. This ownership structure has been criticized as complex, with outflows of profits from the Asian JVs that are the engine of the Group's growth, and a possibility of conflicts of interest in terms of governance. Accordingly, we held discussions and negotiations premised on protecting the interests of minority shareholders. For example, we have (1) shifted to a Company with a Three Committees Structure; (2) changed the composition of the Board of Directors to one where six out of the nine directors are independent directors; and (3) established the Special Committee, consisting of independent directors who are well versed in M&A, which has held eight Special Committee meetings and seven Board of Directors meetings.

After the implementation of this transaction, the

The transaction simplified the ownership structure and aligned the interests of the major shareholder and minority shareholders



* The denominator used for the calculation of the shareholding ratio is the number of outstanding shares (excl. treasury stock) as of June 30, 2020

Wuthelam Group owns 58.7% of NPHD shares and NPHD holds a 100% stake in the Asian JVs and the Indonesia business, making the ownership structure simpler and easier to understand.

As a result, the interests of both major and minority shareholders are perfectly aligned, and our Group's MSV is now a shared objective for both the Wuthelam Group and our minority shareholders.

For our minority shareholders, while the ratio of voting rights per share decreased, earnings per share (EPS) increased, which is an important point of the transaction.

Increase in the Wuthelam Group's shareholding is a result of our financing

After this transaction, the Wuthelam Group became a shareholder, with 58.7% shares of NPHD. The purpose of this transaction was not for the Wuthelam Group to acquire NPHD or make it a controlling subsidiary, nor did we receive a takeover bid (TOB) for our shares from the Wuthelam Group. The increase in the Wuthelam Group's shareholding in NPHD is merely the result of our negotiations to obtain financing from the Wuthelam Group to achieve further growth.

Sample comments from the Directors of the Board on the acquisition of 100% ownership of the Asian JVs

Significance of the transaction, the financing method, and major shareholder risks

We believe that the benefits to our minority shareholders also include the ability to fully capture Asian businesses with high growth potential and the ability to better incorporate a culture of ambitious new challenges into our Group's businesses in Japan.

One important issue is to sort out the complicated capital relationship. What would change if a shareholder with a 39% stake in NPHD became a shareholder with more than 50%? MSV remains our Group's paramount mission, and we believe that this can be fully explained by pursuing a higher quality of business and service with this major shareholder and the current management team. In addition, assuming the future growth of our Group mainly through M&A, there would be various methods such as leveraging borrowings and share exchanges. If so, it would be disadvantageous to choose a scheme that would complicate the capital structure.

The financing method in this transaction should be examined adequately. Financing the entire acquisition price using borrowings could lead to a loss of equity capital, and funds could be raised by issuing shares through public offering. However, new share issuance may entail some problems such as the issue price being offered at a discounted price and the number of shares issued not being able to be fixed. This is a matter of choice between the risk of incurring such problems and the risk of having a shareholder with a majority shareholding. From the perspective of growing EPS, the latter option is considered to have a smaller risk.

Regarding the absence of a 58.7% retention clause, we believe that the risk of further increase in the Wuthelam Group's stake is not that significant in terms of liquidity and the maintenance of market listing. On the other hand, given that capital can be increased in the future through M&As that are expected to improve EPS, I believe the absence of this clause has some advantages in terms of selection of a superior financing method and the potential reduction in the Wuthelam Group's stake.

Minority shareholder interests

After this transaction, the Wuthelam Group will become the major shareholder. However, since they are not an operating company but an asset management company, their interests are aligned with those of the minority shareholders in that the Nippon Paint Group's growth is important for the asset management of the Wuthelam Group, and this structure will not allow the Wuthelam Group to make decisions that conflict with the interests of minority shareholders.

What is important is the relationship of trust between the major shareholder and the management team. This will lead to the MSV that both sides aim for, and that is why we will be able to explain it to shareholders including potential shareholders and the capital market. It is important for the Nippon Paint Group's growth as One Team, instead of causing confrontation, and the basis of that growth is not the ownership ratio but the mutual trust between the major shareholder and the management team. We believe that the system represented by the upcoming new management structure will also be acceptable to minority shareholders.

Governance

The Special Committee is composed of three independent directors who are well versed in M&A, and resolutions by the Board of Directors will require the Committee's recommendation. We believe that the Special Committee functioned as a framework for making objective and independent judgments without the influence of the Wuthelam Group.

It is generally not a good thing when a listed company concludes a special contract with some of its shareholders that includes involving the exercise of voting rights. Therefore, we do not need to insist on continuing the strategic alliance contract concluded in 2014. Because we will need to build a relationship of trust with the Wuthelam Group through closer communication than ever before, we must promote management and business execution that constantly keeps achieving MSV in mind.

Resolution as Directors of the Board

Companies keep changing. If the management team has a view that is not aligned with the shareholders, as the major shareholder, the Wuthelam Group should replace the management team. The purpose of this transaction is not to protect the management team, but for the Nippon Paint Group to move on to a new phase. It is normal in capitalism for shareholders to have an appropriate authority. And it is more important to take a step forward to future development than to impose any kinds of restrictions to preserve the present form.

Information disclosed on actual discussions with outside directors held at Board of Directors meetings showing the subsidiary's thinking regarding the rationale behind its parent-subsidiary capital relationship with Wuthelam Group (unlisted) **and the risks involved**

Source: Pages 89 & 90 of Nippon Paint Holdings Co., Ltd. Integrated Report 2021 (Year Ended December 31, 2020)
https://www.nipponpaint-holdings.com/en/ir/assets/files/name/IntegratedReport_2021_en.pdf

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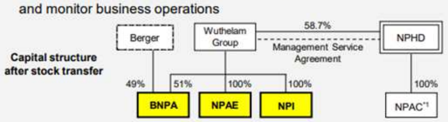
NIL (unlisted) / Nippon Paint Holdings (Prime: 4612) (3)

NIPPON PAINT HOLDINGS CO., LTD.

3. Background and Relevance of the Transaction

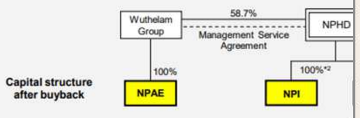
Transfer to Wuthelam Group
(announced on August 10, 2021)

- Summary
  Transfer of NPI, BNPA, NPAE to Wuthelam Group
- Background and relevance
  - Although Europe and India remained important markets from a strategic perspective, business environment had changed dramatically due to factors including the pandemic and raw material inflation
  - Given the challenging business environment, drastic measures and significant additional investments were considered necessary for medium- and long-term corporate value enhancement
  - Risk mitigation enabled by having Wuthelam Group bear additional investments and costs for restructuring in the short term
  - Agreement included call options for NPHD to buy back the transferred businesses
  - NPHD was to continue to support management, second management teams, and monitor business operations



Buyback from Wuthelam Group
(announced today)

- Summary
  Buyback of NPI and BNPA from Wuthelam Group
  (NPAE is excluded from this transaction)
- Background and relevance
  - NPI and BNPA have achieved revenue growth and pro
    faster than anticipated when they were transferred
  - These companies have potential for sustainable earnir
    profitability improvement without significant investment
  - We have concluded that exercising the call options at t
    the optimal decision from the perspective of MSV



NIPPON PAINT GROUP

*1 Nippon Paint Automotive Coatings Co., Ltd.
*2 NPHD's ownership ratio in NPI is 99.99% due to a local regulation that requires a minimum number of shareholders. The remaining 0.01% stake will be acquired by NPHD's subsidiary, Nippon Paint Holdings SG Pte. Ltd.

Nippon Paint Holdings **effectively leveraged its capital structure**, such as for the restructuring of its Indian businesses. It felt carrying out the restructuring by itself was difficult, so **transferred the businesses to the parent company and then bought them back after the restructuring**

Information disclosed by Nippon Paint Holdings

Specific explanations of independent outside directors' thoughts on the buyback **from the perspective of minority shareholders**

Corporate Governance

Discussions by the Board of Directors

Theme **India Businesses Buyback from Wuthelam Group**

In August 2023, our Board of Directors approved a resolution to repurchase two India businesses that had been part of the three businesses transferred to Wuthelam Group in August 2021. The third business, a European automotive entity, was not considered for repurchase. Prior to reaching this resolution, we sought an evaluation from an independent third-party entity, mirroring the process undertaken during the initial transaction two years ago. To ensure thorough consideration and protect the interests of minority shareholders, we established a Special Committee dedicated to this matter.

This section presents the key comments made by our Directors concerning this significant transaction.

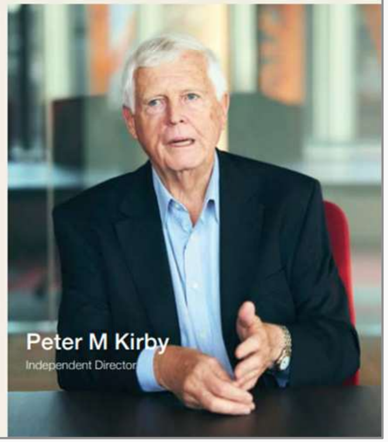
* Please note that Director Goh, being an interested party, abstained from participating in all relevant meetings.

»» For more information on the discussions by the Board of Directors regarding the share transfer of the European automotive business and the two India businesses to Wuthelam Group in August 2021, please refer to the "Share transfer of the European Automotive Coatings Business and India Businesses" section on our website.

Q In evaluating the validity of the repurchase transaction, we aim to revisit and ascertain whether our initial decision to transfer the businesses to Wuthelam Group was indeed the optimal choice for protecting the interests of minority shareholders and Maximization of Shareholder Value (MSV).

A The catalyst for reevaluating our India businesses was a comprehensive review of our business portfolio following the full integration of the Asian joint ventures in 2021. Our relatively late entry into the rapidly growing Indian market resulted in us lagging behind major competitors in terms of growth and profitability. At the same time, the market saw an influx of new entrants from various sectors. We faced a critical decision: whether to continue investing to compete with these new and existing competitors. It became clear that any reduction in investment would result in losing our competitive edge. However, winning the competition would necessitate substantial investments in advertising and channel development, with no guarantee of success.

Under these circumstances, we considered multiple scenarios, including independently restructuring the India businesses or selling them to a third party. Independent restructuring would entail a significant short-term financial burden. Given the complexities of the Indian market, we had reservations about whether such an allocation of capital, from a risk-return standpoint, would contribute to MSV. Conversely, selling the businesses to a third party would likely eliminate the opportunity to repurchase them in the future, potentially closing off a growth pathway for our Group in the region. With Wuthelam Group providing us with an alternative that assumes various risks and preserves future options, we determined that this was the optimal decision from the perspective of MSV and protecting the interests of minority shareholders compared to other restructuring proposals. Reflecting on the past two years, the performance of our India businesses has exceeded expectations in terms of profitability improvement and market share expansion, reinforcing our belief that the decision made at that time was indeed the right one.



Source: Nippon Paint Holdings Co., Ltd.
Left: Page 4 of Buyback of Indian Businesses from Wuthelam Group (August 29, 2023)
https://www.nipponpaint-holdings.com/en/ir/assets/files/name/20230829ir02_e.pdf
Right: Page 77 of Integrated Report 2024 (Year Ended December 31, 2023)
https://www.nipponpaint-holdings.com/en/ir/assets/files/name/IntegratedReport_2024_all_en.pdf

Comments from featured company

As we worked to enhance IR activities in 2019, one issue was investor concern about the relationship with the major shareholder and the protection of minority shareholders, so we disclosed information on actual Board of Director discussions and major shareholder perspectives. In addition, the Chair of the Board of Directors met with investors directly and we also provided detailed answers to investors' questions in a Q&A on the IR website As a result, concerns have been dispelled and there is now wide understanding of the advantages of having the Wuthelam Group as the major shareholder and of how the company is effectively managing the protection of minority shareholders

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Canon (Prime: 7751) / Canon Marketing Japan (Prime: 8060) (1)

Comments from investors

Group Management

As part of its **financial strategy to promote management that is conscious of cost of capital,** the subsidiary, Canon Marketing Japan, **has received full repayment for a loan made to the parent company, Canon,** and **the funds will be used for growth investments toward enhancing its own corporate value. It actively discloses such cash allocation policies** and **actively communicates with investors**

Information disclosed by Canon Marketing Japan

Sustainable Enhancement of Corporate Value and Financial Strategy

Financial Strategy

Maintaining Growth Investment and Shareholder Returns While Securing Cash on Hand

Cash Allocation

While steadily executing growth investments of approximately ¥200.0 billion by 2025, we continue to provide ongoing and stable shareholder returns and maintain sufficient cash on hand. During the five years from 2021 through 2025, we expect to generate approximately ¥200.0 billion in operating cash flow and distribute a cumulative total of approximately ¥70.0 billion in dividends. Beginning with fiscal 2023, we raised our target consolidated dividend payout ratio to around 40% or above and have continued dividend payments in line with this target.

In addition, we repurchased approximately ¥85.0 billion in treasury stock through two buybacks last year. This share buyback initiative is a category of cash allocation separate from growth investment and shareholder returns, and is aimed at enhancing corporate value by improving capital efficiency. As a result, all key financial indicators improved, with EPS reaching ¥320, ROE at 9.6%, and PBR of 1.5 times. Additionally, we promptly cancelled all repurchased treasury stocks, which reduced the total number of outstanding shares and raised the ratio of outstanding shares, a long-standing capital policy issue, from approximately 38% to around 45%.

Management with an Awareness of Cost of Capital

Our estimated capital cost is approximately 5-6%, as calculated using the Capital Asset Pricing Model (CAPM). However, based on our dialogue with shareholders and investors, we recognize that market expectations exceed this level. We have set an ROE target of 10.0% to be achieved by 2025. We are committed to raising ROE by growing operating revenue and advancing management with an awareness of capital efficiency at the same time, thereby widening the equity spread.

Achieving this will require not only improvements in ROE, but also reductions in our cost of capital. To this end, we recognize the importance of enhanced disclosure. We will provide more transparent explanations: on the business front, regarding the initiatives that have enabled us to achieve increases in both revenue and profit for four consecutive fiscal years; and, on the governance front, regarding how we maintain independence from our parent company despite being part of a parent-subsidiary listing structure. As of March 31, 2025, we had fully collected the ¥50.0 billion loan receivable from our parent company that remained on our books at the end of the previous year. These funds will be redirected to support growth investments by our Group.

With regard to cross-shareholdings, we will accelerate our efforts to reduce such holdings. Meanwhile, when a company holding our shares as part of a cross-shareholding arrangement expresses intent to divest, we will support such action. Funds generated from the reduction of cross-shareholdings will be redirected to growth investments. At the same time, we will strive to reduce capital costs and enhance disclosures, ultimately contributing to stock price appreciation.

Clear explanation of the **loan to the parent company being paid back in full** and the **funds being used for growth investments by the group**

Source: Page 15 of Canon Marketing Japan Inc. Integrated Report 2024 (red borders added by TSE)
https://corporate.jp.canon/-/media/Project/Canon/CanonJP/Corporate/ir/library/pdf/2024/report2024-en.pdf?sc_lang=en&hash=A1AD57ADB6CCA88EBA78355FFB4538AA

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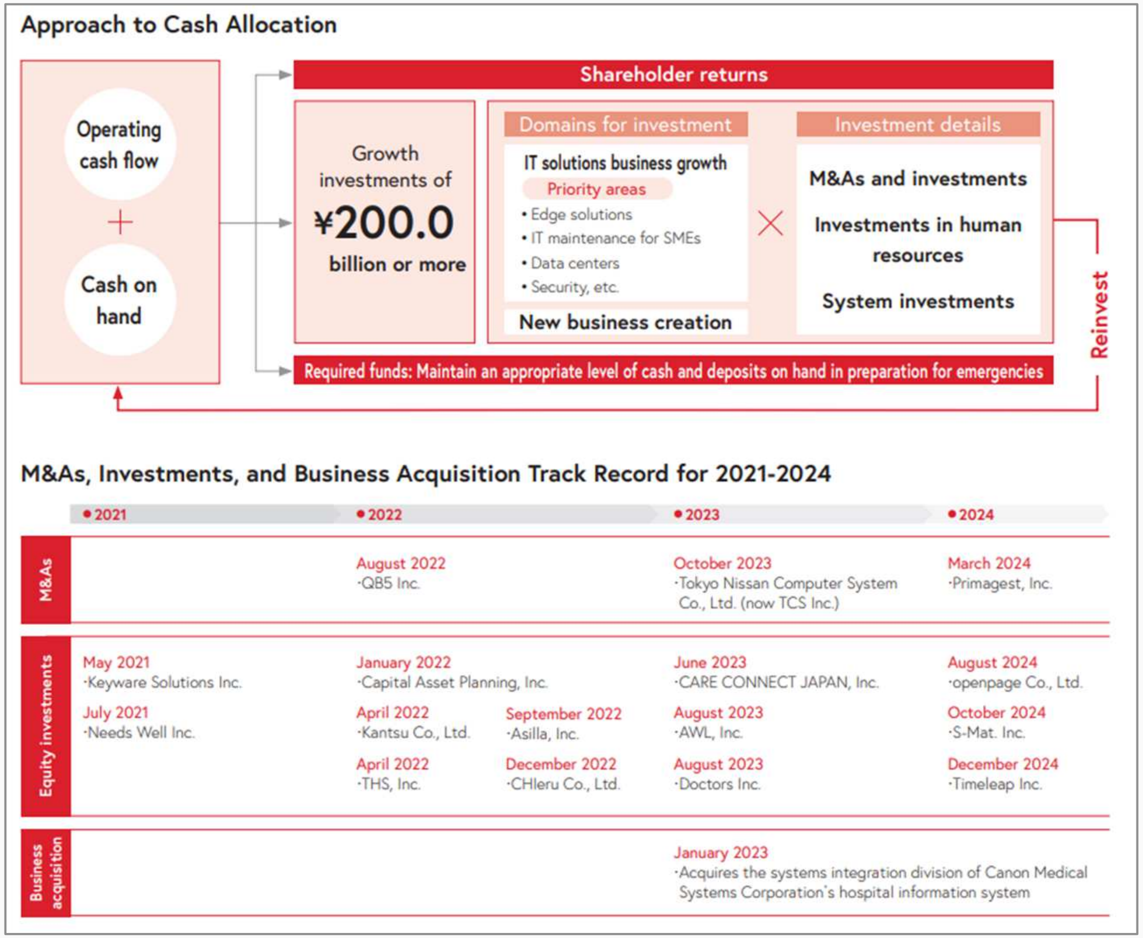
Canon (Prime: 7751) / Canon Marketing Japan (Prime: 8060) (2)

Reassessing the significance of participating in cash management of the group from the perspective of its own capital efficiency, and disclosing how surplus funds will be **redirected towards growth**

Information disclosed by Canon Marketing Japan



Source: Page 14 of Canon Marketing Japan Inc. Integrated Report 2024
https://corporate.jp.canon/-/media/Project/Canon/CanonJP/Corporate/ir/library/pdf/2024/report2024-en.pdf?sc_lang=en&hash=A1AD57ADB6CCA88EBA78355FFB4538AA

Comments from featured company

As a result of management reforms focusing on sustainable growth, we have enhanced our cash generating ability. We have prioritized dialogue with shareholders and investors on how to use that cash and on enhancing information disclosure, and will continue to place importance on dialogue with stakeholders in our management approach.

Based on this, we will implement measures toward growth investment and enhancing capital efficiency, striving to further raise expectations for our company's growth.

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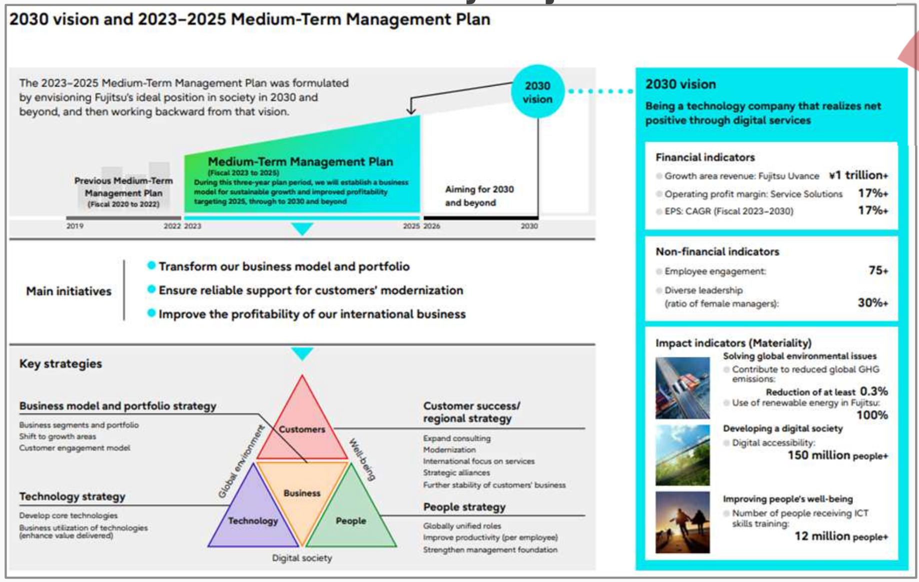
Fujitsu (Prime: 6702) / SHINKO, FDK, Fujitsu General

Comments from investors

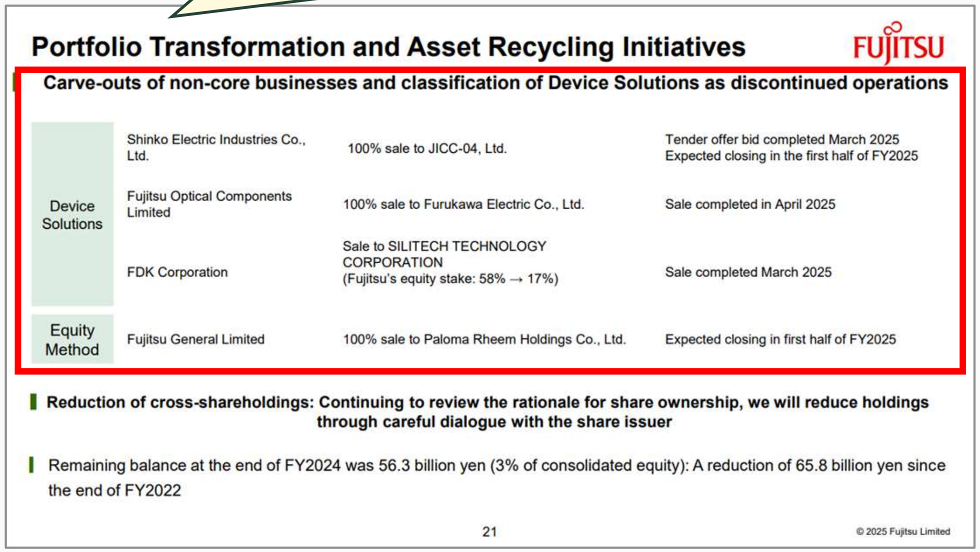
Group Management

Fujitsu has mapped out **transformations to its business portfolio, toward sustainable growth and enhancing profitability, and reorganization of its listed subsidiaries is a part.** Its approach to group management is clear, with **its policies about making non-core business subsidiaries independent in the future included in plans**

Information disclosed by Fujitsu



The parent company is carving out non-core business operations as one **part of its business portfolio strategy.** Whereas many companies' approach toward listed subsidiaries is just to make them wholly owned, **Fujitsu considers other options such as selling to third parties, in order to find the best ownership structure**



Portfolio Transformation and Asset Recycling Initiatives

FUJITSU

Carve-outs of non-core businesses and classification of Device Solutions as discontinued operations

Device Solutions	Shinko Electric Industries Co., Ltd.	100% sale to JICC-04, Ltd.	Tender offer bid completed March 2025 Expected closing in the first half of FY2025
	Fujitsu Optical Components Limited	100% sale to Furukawa Electric Co., Ltd.	Sale completed in April 2025
	FDK Corporation	Sale to SILITECH TECHNOLOGY CORPORATION (Fujitsu's equity stake: 58% → 17%)	Sale completed March 2025
Equity Method	Fujitsu General Limited	100% sale to Paloma Rheem Holdings Co., Ltd.	Expected closing in first half of FY2025

Reduction of cross-shareholdings: Continuing to review the rationale for share ownership, we will reduce holdings through careful dialogue with the share issuer

Remaining balance at the end of FY2024 was 56.3 billion yen (3% of consolidated equity): A reduction of 65.8 billion yen since the end of FY2022

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© 2025 Fujitsu Limited

Source: Fujitsu Limited
Left: Page 16 of Fujitsu Integrated Report 2024
https://global.fujitsu/-/media/Project/Fujitsu/Fujitsu-HQ/about/integrated-report/download-integrated-report/integrated-report-2024_en.pdf?rev=f3663dfe34394c24a44a6afe0d946132
Right: Page 21 of FY2024 Consolidated Financial Results (April 24, 2025) (red borders added by TSE)
https://pr.fujitsu.com/jp/ir/finance/2024/pdf/en/pm.pdf

Comments from featured company

To build a model for sustainable growth and enhanced profitability for 2030 and beyond, transforming our business model and portfolio is a key strategy in our current Medium-Term Management Plan, and we have been working on defining our core business and concentrating management resources.

For the recent carve-outs, we carefully considered how each company would be able to leverage synergies to the full with their new partners and accelerate mutual growth. When preparing disclosure materials, we prioritized stakeholder understanding by clearly communicating our company's vision and direction. We strived to provide timely updates on progress and outlook, and to present information in a way that would be helpful in predicting the impact on our performance.

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NTT (Prime: 9432) / NTT DATA

Comments from investors

Group Management

NTT **addressed issues arising from the parent-subsidiary relationship** with NTT DATA, the listed subsidiary, **and made it a wholly owned subsidiary from the perspective of enhancing parent company corporate value through the promotion of agile growth investments**

Objectives of Transaction to Make NTT DATA Group a Wholly Owned Subsidiary

NTT

◆ Challenges arising from the current capital relationship between NTT and NTT DATA Group

(1) Conflicts of interest associated with the dual listing

(2) Complex decision-making processes

(3) Accountability to shareholders of both companies regarding the investment of resources

Overcome challenges by making NTT DATA Group a wholly owned subsidiary

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Objectives of Transaction to Make NTT DATA Group a Wholly Owned Subsidiary

NTT

◆ Objectives of Transaction to Make NTT DATA Group a Wholly Owned Subsidiary

✓ By unifying decision-making processes, a structure will be established where NTT DATA Group plays a central role in NTT Group's global solutions business

✓ By making agile growth investments in response to rapid environmental changes, the growth of NTT DATA Group will accelerate the growth of NTT Group as a whole

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Information disclosed by NTT

(1) Listed Company Subsidiaries of NTT

Approach and Policies Related to Group Management

NTT develops management strategies for the entire NTT Group, while respecting the independence and autonomy of each group company, based on contractual agreements with each group company with the aim of maximizing profits for each group company, and provides appropriate advice and assistance for each company. Each company takes this advice into account but is accountable for its own management responsibilities and independently manages its businesses. Further, under NTT's medium-term management strategy, NTT is aiming to transform into a group that can create new value and achieve global sustainability by increasing its investments in new growth areas and strengthening its initiatives focused on cash generation ability for further sustainable growth. NTT has positioned the businesses undertaken by its listed subsidiary, NTT DATA GROUP CORPORATION — such as the promotion of digital transformation and data utilization across society and industry, including the system integration business, and the expansion and enhancement of data centers in response to the rapid growth in demand for cloud services, AI and related areas — as a key driver for the growth of the NTT Group. To further reinforce its global solutions portfolio, NTT intends to pursue more flexible and agile growth investments.

In line with this, the Company decided by a resolution of its Board of Directors on May 8, 2025 to conduct a tender offer for the common stock of NTT DATA GROUP CORPORATION, and the offer was completed on June 19, 2025. Following the completion of the tender offer, the Company plans to implement procedures to make NTT DATA GROUP CORPORATION a wholly owned subsidiary.

Analysis of the issues stemming from the parent-subsidiary relationship and making the listed subsidiary wholly owned as a means to resolving those issues

Source: NTT Corporation
Above: Pages 2 & 3 of Transaction to Make NTT DATA Group a Wholly Owned Subsidiary (May 8, 2025)
https://group.ntt/en/newsrelease/2025/05/08/pdf/250508bb.pdf
Below: Page 15 of CG Report (June 20, 2025)
https://group.ntt/en/ir/mgt/governance/pdf/c_gov20250620.pdf

Comments from featured company

In the field of global solutions, a core business area for the NTT DATA Group, the business environment is increasingly changing and competition intensifying more and more. By making the NTT DATA Group a wholly owned subsidiary to strengthen its competitiveness and attain growth, we aimed to achieve growth for the entire NTT Group, and we will continue in our efforts to do this.

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ITOCHU (Prime: 8001) / DESCENTE (1)

Comments from investors

Group Management

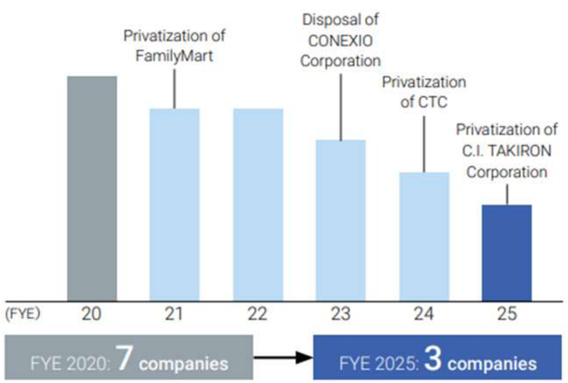
The parent company actively reviews the significance of holding listed subsidiaries and affiliates, and buys or sells their shares accordingly. Regarding group reorganization, it makes clear the opinions given by outside directors at Board of Directors meetings, and clarifies for investors how the effectiveness of the Board of Directors is guaranteed

Information disclosed by ITOCHU

Policy on the Governance of Listed Subsidiaries and Affiliates

ITOCHU respects the autonomy of listed subsidiaries and prohibits any acts that contradict the principle of shareholder equality, in accordance with ITOCHU's Policy on the Governance of Its Listed Subsidiaries, which was announced in October 2019. Each subsidiary and ITOCHU are in a mutually beneficial relationship to enhance corporate value as business partners. With the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders, we ensure independent decision-making at listed subsidiaries by encouraging them to establish well-functioning governance structures that effectively utilize independent Outside Directors. We periodically review the significance of holding listed subsidiaries in light of their position in management strategies and then purchase additional shares or dispose of shares as necessary.

Listed Subsidiaries Numbers



The parent company makes its **policy on governance at listed subsidiaries and affiliates** clear, then **regularly reviews the significance of holding those companies** and **buys or sells their shares accordingly**.

As of July 1, 2025, we holds investments in 12 domestic listed affiliated companies. In our transactions with these affiliated companies, we take care to prevent any conflicts of interest. Taking into consideration each company's actual circumstances—such as capital relationships and business transactions—we implement measures equivalent to those applied to listed subsidiaries, as necessary. In addition, we periodically review the significance of holding the shares. Over the past year, we made DESCENTE LTD. a wholly owned subsidiary and privatized, while also disposing of all shares in JAPAN FOODS CO., LTD. and excluding JAMCO Corporation and Orient Corporation from equity-method affiliates through the disposal of our shares.

Major Listed Affiliates (As of July 1, 2025)

Tokyo Century Corporation | HITACHI Reliable Solutions | FUJI OIL CO., LTD. | SKY Perfect JSAT Group

For details on policy for the governance of listed subsidiaries and affiliates, as well as cross-shareholdings, please refer to the Corporate Governance Report.
https://www.itochu.co.jp/en/files/CG_e.pdf

Source: ITOCHU Corporation
Page 90 of Integrated Report 2025
https://www.itochu.co.jp/en/files/ar2025E.pdf

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ITOCHU (Prime: 8001) / DESCENTE (2)

Information disclosed by ITOCHU

Activities of Outside Directors

POINT **Driving Sustainable Growth through Diverse Activities**

Major Activities of Outside Directors (FYE 2025)

Details of Activities	Number of Activities
Board of Directors	13 times
Participate in Pre-briefings for the Board of Directors	10 times
Advisory Committee	7 times
Interviews with Executive Officers (Division Company Presidents, Officers in charge of Headquarters' Administrative Divisions, Senior Operating Officers, Executive Officers)	19 times (total 24 persons)
Meeting with the presidents of the Group companies	10 times
Meeting with analysts and institutional investors	2 times
Site visits to global operations and the Group companies	3 times

For a summary of the dialogue between our Outside Directors and institutional investors, please refer to ITOCHU's website.
https://www.itochu.co.jp/en/ir/doc/presentation/#dialogue

Clearly shows questions and comments brought up by outside directors at the Board of Directors meetings regarding making DESCENTE a wholly owned subsidiary **and clarifying for investors the reasons from a group management perspective for making it a wholly owned subsidiary**

Discussion of Individual Cases: Example of the Privatization of DESCENTE LTD.

In FYE 2025, we executed a tender offer (TOB) with the aim of taking DESCENTE LTD. private. Our objective is to accelerate the company's growth by leveraging our expertise to strengthen brand management and production collaboration, enhance and expand its overseas business, and create new business opportunities. In advancing this initiative, the following two proposals were formally submitted to the Board of Directors: a policy proposal to commence negotiations, and an execution proposal requesting approval of a TOB price of ¥4,350 per share (total purchase amount: ¥182.6 billion) after a total of eight proposal submissions and related negotiations. Numerous questions and opinions were expressed by outside officers, leading to active and constructive discussions.

Main Opinions from Outside Directors	• The need to build a DX foundation by learning from industry peers with strong market valuations • Importance of promoting initiatives to realize synergies and ensure the appropriateness of investment variance
Main Opinions from Outside Audit & Supervisory Board Member	• Importance of realizing synergies with consideration for impairment risk • Importance of PMI • Importance of examining backup plans in case of deviations from synergy plans • Importance of negotiations that appropriately take into account capital market evaluations

Source: ITOCHU Corporation
Pages 86 & 87 of the Integrated Report 2025
https://www.itochu.co.jp/en/files/ar2025E.pdf

Comments from featured company

Capital policy for listed subsidiaries and affiliates has always been a key factor in our corporate management and our entire Board of Directors, including outside directors, engage in earnest discussion regarding its strategic significance and approaches to capital relationships. We strive to ensure investors and market players understand these discussions and decision-making processes as well as past trends by providing clear explanations. We consider publishing such details to be part of our ongoing dialogue with the market.

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ADEKA (Prime: 4401) / Nihon Nohyaku (Prime: 4997) (1)

Comments from investors

Protection of Minority Shareholders	The parent company, ADEKA, is **working to ensure that its subsidiary adequately maintains governance systems to protect minority shareholders** and the subsidiary, Nihon Nohyaku, **clearly discloses those systems.** For many other companies, even if minority shareholders ask for dialogue on such matters, companies do not get involved in ensuring the effectiveness of the subsidiary's governance systems, stating that the subsidiary is independent, so ADEKA's commitment can be rated positively.

<Measures to ensure the effectiveness of governance system of the listed subsidiary NIHON NOHYAKU CO., LTD.>

NIHON NOHYAKU CO., LTD. is listed on the Tokyo Stock Exchange. Pursuant to the basic policy of the capital and business alliance agreement with the company, the Company shall respect the independence of the company's management and will not engage in any conduct that may damage the benefit of minority shareholders of the company or violate the principle of equality of shareholders in transactions, etc. with the company. In addition, as a parent company, the Company exchanges information and holds debriefing on corporate governance and compliance systems and the status of their activities with the company as needed and provides advice and guidance on corporate governance, compliance and the establishment of internal control systems, etc. as necessary.

In addition, NIHON NOHYAKU CO., LTD. has established a governance committee as an advisory body to the board of directors, chaired by an independent external director, with a majority of its members being independent external directors, in order to further enhance corporate governance. Efforts are being made to increase the transparency of decision-making at the board of directors and to strengthen oversight of conflicts of interest. Furthermore, among the 11 members of the company's board of directors, 6 are independent external directors, making up the majority of the board. Additionally, since an external director serves as the chairman of the company's board of directors, the effectiveness of supervision over the company's management is further strengthened. From the perspective of ensuring the independence of management of NIHON NOHYAKU CO., LTD., the Company is not directly involved in its management decision-making and business judgment. However, the Company shall require NIHON NOHYAKU CO., LTD. to report in advance only on important matters (for example, matters that may have a material impact on the consolidated financial statements and the Company's timely disclosure) in order to ensure governance as a parent company.

Information disclosed by ADEKA

The parent company explains that it **provides advice to the subsidiary regarding strengthening governance systems** and this also contributes to a robust organizational structure at the subsidiary (see next page)

Source:
Page 14 of ADEKA Corporation CG Report (July 24, 2025) (red borders added by TSE)
https://www.adeka.co.jp/en/ir/library/pdf/250724cgre.pdf

Comments from featured company	**As the parent company, we are mindful about having dialogue with investors to discuss our parent-subsidiary listing. Regarding management of the subsidiary, we respect its autonomy and independence but at the same time offer timely and appropriate advice towards strengthening governance. Strong governance systems enable us to protect minority shareholders and incorporate stakeholder perspectives into management at the subsidiary, potentially enhancing corporate value though management reform. This ultimately contributes to enhancing the corporate value of the ADEKA Group.** **We are greatly encouraged by the fact that our disclosure regarding subsidiary governance was well received by investors. We will continue to exercise our influence over the subsidiary appropriately and fulfill our supervisory role, to enhance both Group and subsidiary corporate value.** (ADEKA)

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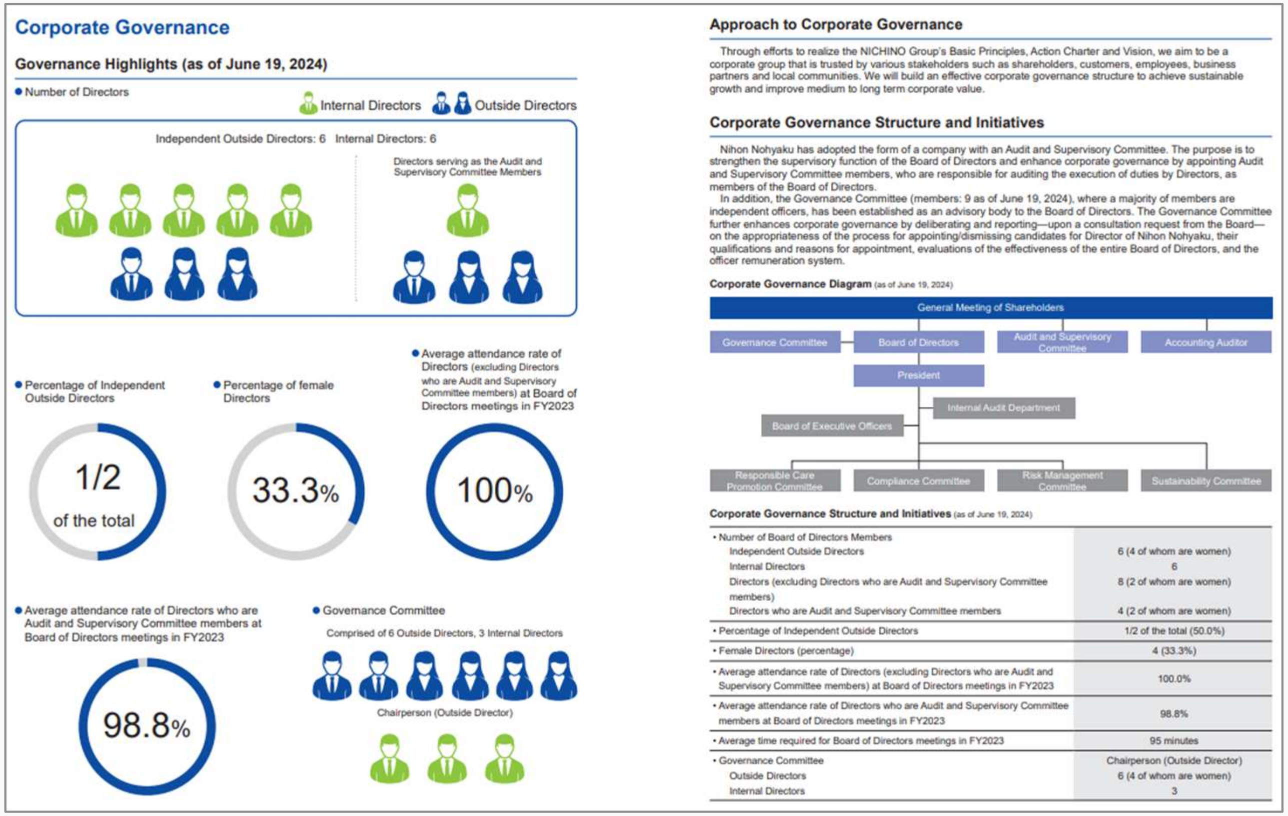
ADEKA (Prime: 4401) / Nihon Nohyaku (Prime: 4997) (2)

In response to encouragement from the parent company, clear explanations of current governance systems

Information disclosed by Nihon Nohyaku



Corporate Governance

Governance Highlights (as of June 19, 2024)

Approach to Corporate Governance

Through efforts to realize the NICHINO Group's Basic Principles, Action Charter and Vision, we aim to be a corporate group that is trusted by various stakeholders such as shareholders, customers, employees, business partners and local communities. We will build an effective corporate governance structure to achieve sustainable growth and improve medium to long term corporate value.

Corporate Governance Structure and Initiatives

Nihon Nohyaku has adopted the form of a company with an Audit and Supervisory Committee. The purpose is to strengthen the supervisory function of the Board of Directors and enhance corporate governance by appointing Audit and Supervisory Committee members, who are responsible for auditing the execution of duties by Directors, as members of the Board of Directors.

In addition, the Governance Committee (members: 9 as of June 19, 2024), where a majority of members are independent officers, has been established as an advisory body to the Board of Directors. The Governance Committee further enhances corporate governance by deliberating and reporting—upon a consultation request from the Board—on the appropriateness of the process for appointing/dismissing candidates for Director of Nihon Nohyaku, their qualifications and reasons for appointment, evaluations of the effectiveness of the entire Board of Directors, and the officer remuneration system.

Corporate Governance Diagram (as of June 19, 2024)

Corporate Governance Structure and Initiatives (as of June 19, 2024)

• Number of Board of Directors Members	
Independent Outside Directors	6 (4 of whom are women)
Internal Directors	6
Directors (excluding Directors who are Audit and Supervisory Committee members)	8 (2 of whom are women)
Directors who are Audit and Supervisory Committee members	4 (2 of whom are women)
• Percentage of Independent Outside Directors	1/2 of the total (50.0%)
• Female Directors (percentage)	4 (33.3%)
• Average attendance rate of Directors (excluding Directors who are Audit and Supervisory Committee members) at Board of Directors meetings in FY2023	100.0%
• Average attendance rate of Directors who are Audit and Supervisory Committee members at Board of Directors meetings in FY2023	98.8%
• Average time required for Board of Directors meetings in FY2023	95 minutes
• Governance Committee	Chairperson (Outside Director)
Outside Directors	6 (4 of whom are women)
Internal Directors	3

Source:
Pages 39 & 40 of Nihon Nohyaku Co., Ltd. Sustainability Report 2024
https://www.nichino.co.jp/contents/000025607.pdf

Comments from featured company

While we maintain an autonomous and independent management structure, we regularly have dialogue and share information with the parent company, receiving timely and appropriate advice toward enhancing the quality of our governance and disclosure. In addition to such collaboration, we continually review governance systems based on dialogue with investors. We strive to enhance disclosure by adding to or revising the information we disclose, and by using diagrams and charts so investors can evaluate our performance objectively and with visual tools. Most recently, at the June 2025 general shareholders meeting, it was decided that governance systems would be strengthened by making independent outside directors a majority and appointing an independent outside director as Chair of the Board of Directors. (Nihon Nohyaku)

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SoftBank Group (Prime: 9984) / SoftBank (Prime: 9434) (1)

Comments from investors

Protection of Minority Shareholders

The subsidiary, SoftBank, **actively distributes information on independent outside directors' thoughts on topics such as the protection of minority shareholders and governance systems**. SoftBank has been making **ongoing reviews to its systems**, **which includes making independent outside directors a majority on the Board of Directors**

Information disclosed by SoftBank

Q: What role are you expected to play as an independent external director?

My most important role is monitoring and checking. Given that both the Company and its parent, SoftBank Group Corp., are publicly listed, accountability and transparency of transactions between the two entities must be ensured. I also think I am expected to provide opinions from an objective standpoint and contribute to the enhancement of corporate value. Considering that the parent company holds roughly 40% of the Company's shares, I believe that I am in a position to represent the other 60% of our shareholders, who are by no means a minority. In addition, as we are a speedy company that moves quickly once we have made a decision, I purposely raise opinions that differ from internal views and encourage discussion from various angles, including risks. I closely scrutinize the risks and profitability of new businesses, particularly those not in the telecommunications industry, and check that the Company is not disadvantaged in transactions with the parent company and the subsidiary.

Q: What is your view of the parent-subsidiary listing?

As the parent company, SoftBank Group Corp. is a strategic investment company that oversees the Group companies in its investment portfolio. SoftBank Corp., on the other hand, is an operating company that aims to sustain growth in its mainstay telecommunications business whilst also expanding into domains outside of telecommunications. As long as this distinction is maintained, I believe it makes sense for both companies to be listed and evaluated separately by the market. In the US, case law recognizes that controlling shareholders have a fiduciary duty to act in the best interests of minority shareholders. They also bear the risk of liability for damages. In contrast, Japan does not have such provisions or judicial precedents, and legally, controlling shareholders are under no obligation to be liable for the shareholders of a listed subsidiary. The difference is that there is enhanced disclosure of information about parent-subsidiary transactions. Therefore, external directors need to strictly check whether transparency is ensured with regard to transactions between parents and subsidiaries.

Q: The Special Committee was established in February 2022 to mainly check parent-subsidiary transactions. What has it been discussing?

At the meetings of the Special Committee held in FY2022, we discussed the transactions (executed in October 2022) that made PayPay a subsidiary. Voting rights in PayPay are now held by the Company, Z Holdings, and SVF II Piranha (DE) LLC (SVF2), a subsidiary of SoftBank Group Corp. The conversion of preferred shares in PayPay was expected to change the voting rights ratios of each company, so we made it a priority to confirm the background and reasons for the change especially in terms of whether it would disadvantage the Company. This matter was complicated and some aspects of it were hard to follow, but we were allocated plenty of time for briefings prior to the meetings of the Board of Directors. I understand each shareholder had different views, but I voted to approve the transactions based on the perspective of maximizing the Company's own interests and corporate value, rather than the interests of SoftBank Group Corp., the parent company or Z Holdings.

Actively distributing information on topics such as the role of independent outside directors and discussions at the Special Committee from the perspective of minority shareholders

Making **independent outside directors a majority on the Board of Directors**, and deliberating and reviewing at the Independent Outside Directors' Meeting important transactions with the parent company

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

The Company recognizes that related party transactions including transactions with the parent company group are transactions that may have an impact on the financial position or the results of operations by using the advantageous position of the related party. As such, in implementing related party transactions, the Company carries out important transactions upon approval of the board of directors each time, by paying particular attention to whether such transactions are rational from a managerial standpoint of the Group and whether the terms and conditions of the transactions are appropriate compared to external transactions, in accordance with the Related Party Regulations and Related Party Transactions Management Manual. Among these transactions, for the ones that are particularly important, a structure was established around the Independent Outside Directors' Meeting, comprising exclusively independent external directors. The priority of the Independent Outside Directors' Meeting is to protect the interests of minority shareholders and is intended to further invigorate discussions at the board of directors from that perspective. The meeting engages in the prior consideration of matters in the same way as the former special committee.

Even with regard to related party transactions that do not fall under important transactions, the Finance and Accounting Division monitors the aggregate amount and details of such transactions once a year in principle.

In addition, the Board of Directors Rules stipulate that the board of directors must approve transactions conducted by directors if these may compete or cause conflicts with the Company's interests. Each transaction is subject to approval by the board of directors and the transaction results are reported to the board of directors.

Source: SoftBank Corp.
Left: Page 49 of Integrated Report 2023
https://www.softbank.jp/en/corp/set/data/ir/documents/integrated_reports/pdf/sbkk_integrated_report_2023_en.pdf
Right: Page 15 of CG Report (July 2, 2025) (red borders added by TSE)
https://www.softbank.jp/en/corp/set/data/aboutus/governance/corporate-governance/pdf/governance_20250709.pdf

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SoftBank Group (Prime: 9984) / SoftBank (Prime: 9434) (2)

Information disclosed by SoftBank Group

Approach to and policy concerning group management

SBG's approach to and policy concerning group management of group companies are as described in "1. Basic views" under "I. Basic views on corporate governance, capital structure, corporate profile, and other basic information."

Furthermore, based on its unique organizational strategy, "Cluster of No. 1 Strategy,"* SBG will make direct investment (including investment through its subsidiaries) in the Group companies (for example, SoftBank Corp. and Arm Holdings plc), as well as investment funds (for example, SoftBank Vision Funds 1 and 2, and SoftBank Latin America Funds)*2, to build a corporate group that operates a diverse range of businesses in the information and technology sector, and to improve its net asset value (NAV). In this process, each investee will seek self-sustained growth, while SBG, as a strategic investment holding company, will support each investee company in its improvement of corporate value, by utilizing the network of group of companies as well as promoting collaboration among the investee companies.

The Company will confirm, or make reasonable efforts to ensure, that each investee company is operating under environmental, social, and corporate governance standards that are substantially equivalent to the standards set forth in the Policy on Governance and Investment Guidelines for Portfolio Companies of SBG.

* The goal of the "Cluster of No. 1 Strategy" is to form a diverse group of companies with outstanding technologies and business models in specific fields. Under this strategy, the companies are encouraged to create synergies to continue evolving and growing together, based on capital relationships and a shared vision, while making decisions independently. As a strategic investment holding company, SBG will seek to provide guidance on decision-making of companies in the cluster. SBG, however, will largely not seek to acquire majority equity interests or integration of brands, as it places greater importance to preserving companies' autonomy. By comprising such a diverse group of companies, SBG believes that it will be able to grow over the long term through flexible transformation and expansion of business lines.

*2 SoftBank Vision Fund 1 refers to SoftBank Vision Fund L.P. and its alternative investment vehicles, SoftBank Vision Fund 2 refers to SoftBank Vision Fund II-2 L.P., and SoftBank Latin America Funds refer to SBLA Latin America Fund LLC.

Significance of having listed subsidiaries

SBG believes that corporate value can be maximized over the medium to long term and growth opportunities can be provided through collaborations within the Cluster of No.1 Strategy if listed subsidiaries deal with various stakeholders while operating responsibly and autonomously, with each subsidiary performing its own financial management and raising its own funds.

The significance of having listed subsidiaries as a strategic investment holding company is that it ensures transparency for SBG's equity value and liquidity of its portfolio.

Furthermore, in order to maximize the corporate value, SBG shares the common interests as minority shareholders of its listed subsidiaries. SBG constantly monitors the listed subsidiaries in which it directly invests (including investment through subsidiaries) from the position of a shareholder, regarding whether or not their management teams work sufficiently to maximize corporate value. SBG determines how to exercise voting rights considering whether it contributes to this cause.

While SBG in principle does not disclose its policies or plans on whether it intends to keep holding or sell its listed subsidiaries to avoid impacting stock prices, decisions are made comprehensively taking into account various factors, such as latent growth potential, strategic importance to the Group, and the Company's financial position.

SBG holds 40.26% of the voting rights (as of March 31, 2025) of SoftBank Corp. (Prime Market, stock code: 9434), a subsidiary listed in Japan, and will continue to maintain it as a consolidated subsidiary.

The roles and values of SBG, which is investing on a global scale as a strategic investment holding company, and those of SoftBank Corp., as a core company in the Group's telecommunications business field, are clearly separated. SBG believes that it is desirable, from the perspective of group management for SoftBank Corp. to raise funds independently and improve its corporate value with a more autonomous management perspective and growth strategy.

Information disclosed by SoftBank

Parent companies of the Company

(1) Relationship with the parent companies

SoftBank Group Corp., which is a parent company of the Company, holds 40.26% of the voting rights of the Company (as of March 31, 2025) through its subsidiary SoftBank Group Japan Corporation. One of 11 directors and one of four audit & supervisory board members of the Company concurrently serve as directors and a managing executive officer of SoftBank Group Corp., respectively.

(2) Views and policy of the parent companies on group management

Please refer to the Corporate Governance Report of SoftBank Group Corp. for the views and policy of the company on group management.

Among investees of SoftBank Group Corp. and its subsidiaries (the "SoftBank Group"), the Company collaborates with companies that possess cutting-edge technologies and companies that provide solutions to expand new businesses, and enjoys the benefits of belonging to the SoftBank Group.

Softbank Group Corp. intends to continue maintaining the Company as a consolidated subsidiary.

Furthermore, based on the policy of clearly demarcating the roles and valuations between Softbank Group Corp., a strategic holding company making investments on a global scale, and the Company, a core company of the Group's telecommunication business, Softbank Group Corp. believes that from a group management standpoint, it is best for the Company to independently procure financing as a listed company and pursue the enhancement of enterprise value from a more autonomous management perspective based on its proprietary growth strategies.

Clear explanations by the parent company and subsidiary company of their own stances **from both the perspective of group management and the protection of minority shareholders. Good consistency between information disclosed by both, and can see that with the parent company's strong commitment, the necessary reviews and discussions are being undertaken**

Source: SoftBank Group Corp.
Left: Pages 16-18 of CG Report (July 4, 2025) (red borders added by TSE)
https://group.softbank/media/Project/sbg/sbg/pdf/about/corporate_governance/governance_20250704_01_en.pdf
Source: SoftBank Corp.
Right: Page 15 of CG Report (July 2, 2025) (red borders added by TSE)
https://www.softbank.jp/en/corp/set/data/aboutus/governance/corporate-governance/pdf/governance_20250709.pdf

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SoftBank Group (Prime: 9984) / SoftBank (Prime: 9434) (3)

Information disclosed by SoftBank Group

Measures to ensure the effectiveness of the governance system of listed subsidiaries

SBG respects the independence of management of the listed subsidiaries. Guided by a corporate philosophy of "Information Revolution – Happiness for everyone," as described in "1. Basic views" under "I. Basic views on corporate governance, capital structure, corporate profile, and other basic information," the subsidiaries conduct their operations based on independent decision-making and management judgments while adhering to the SoftBank Group Charter, Group Company Management Regulations of the SoftBank Group, the SoftBank Group Code of Conduct and the SoftBank Group Sustainability Principles. SBG's listed subsidiaries manage their funds independently.

Information disclosed by SoftBank

(3) Measures to ensure independence from the parent companies

The Company took measures to ensure independence from the parent companies, such as the removal of matters to be resolved by and matters to be reported to the parent companies in advance, the reduction of personnel relationships such as concurrent positions of officers and employees, and the elimination of borrowings and debt guarantees from the parent companies, in preparation for listing in December 2018. At the 38th Annual General Meeting of Shareholders held on June 20, 2024, the Company appointed six independent external directors in accordance with the independence standards established by the Tokyo Stock Exchange, resulting in independent external directors accounting for the majority (54.5%) of the total number of directors (eleven directors). The Company also appointed two independent external audit & supervisory board members, thus ensuring a robust governance structure for the Company, a company with a parent company, where important transactions and actions, particularly those posing conflicts of interest between controlling and minority shareholders, could be exhaustively discussed in terms of their necessity and reasonableness, appropriateness of their terms and conditions, fairness, etc., by the board of directors, after which a decision could be made.

Furthermore, pursuant to Supplementary Principle 4.8.3 of the Corporate Governance Code, the Company had the special committee, consisting of independent external directors, as an advisory body to the board of directors for the purpose of deliberating and examining important transactions and actions that may cause conflicts of interest between the controlling shareholder and minority shareholders. However, the special committee was abolished on June 20, 2024, and a new structure was established around the Independent Outside Directors' Meeting. This is because a majority of the Company's board directors became independent external directors, which would enable the Company to fundamentally strengthen the supervisory function of the board of directors including from the perspective of protecting the interests of minority shareholders. The priority of the Independent Outside Directors' Meeting is to protect the interests of minority shareholders and is intended to further invigorate discussions at the board of directors from that perspective. The meeting engages in the prior consideration of matters in the same way as the former special committee, and also serves as a forum where all independent external directors can frankly exchange opinions and share information. It is managed to contribute to improving the effectiveness of the board of directors.

As a result, the Company has been able to establish systems that enable independent business operation through minimized involvement of the parent companies.

(Same Comment as on the previous page)

Clear explanations by the parent company and subsidiary company of their own stances **from both the perspective of group management and the protection of minority shareholders. Good consistency between information disclosed by both, and can see that with the parent company's strong commitment, the necessary reviews and discussions are being undertaken**

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Comments from featured companies

With the subsidiary running its business autonomously, it is able to make decisions and expand business promptly. We disclosed information in such a way that made it clear how both this and promoting mutual collaboration contribute to enhancing mid- to long-term corporate value for us, the investment holding company. We also strived to communicate how we respect the independence of the listed subsidiary (SoftBank Group)

Since our listing, and with the presence of the parent company in mind, we have been working continually to enhance disclosure and strengthen governance systems, considering comments from investors. This is so we can communicate the merits of being a listed subsidiary that manages its company independently and of being listed even though we are a subsidiary. (SoftBank)

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