

The corporate governance of NAGAWA Co., Ltd. (the “Company”) is described below.

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

1. Basic Views

The Company recognizes the importance of accurate information and prompt decision-making in realizing growth based on a sound long-term outlook. Also, in light of the increasing importance of compliance with laws and regulations, the Company has established a Code of Conduct for Directors and Employees and is striving to maintain a high-level corporate philosophy. In addition, the Company strives to disclose information promptly.

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

The items in this report are based on the Corporate Governance Code revised in June 2021.

[Supplementary Principle 1.2.4 Improvement of the environment for the electronic exercise of voting rights and English translation of the convening notices for general shareholder meeting]

As part of efforts to improve the environment for the exercise of voting rights, the Company has introduced a system that enables the exercise of voting rights via the internet, although it does not use a voting platform.

[Supplementary Principle 2.4.1 Diversity of core human resources]

Currently, more than 80% of managers are midcareer hires, and we recognize that we are not in a position to set measurable targets for midcareer hires. On the other hand, the Company recognizes that securing diversity by appointing women and non-Japanese nationals as core human resources is an issue at present.

At present, we have not set any measurable targets for appointing women and non-Japanese nationals as core human resources. However, since last year, we have started efforts to ensure diversity, including the hiring of female sales representatives.

As for non-Japanese employees, we will continue to hire a small number of new graduates every year with a view to future management.

The Company’s basic policy is to appoint employees in accordance with their abilities and achievements, regardless of their characteristics, such as “women,” “non-Japanese,” or “midcareer employees.” The Company will further promote various measures aimed at ensuring diversity, and will consider formulating and disclosing personnel development policies, internal environment improvement policies, and specific targets.

[Supplementary Principle 4.1.3 Successor plan]

The Company does not currently have a successor plan for the President and CEO. Not only for the position of President, but also for each officer, the Board of Directors shall select the person the Company considers to be the most appropriate taking into account their experience, ability, personality and other qualities, and in accordance with the business situation and issues to be addressed from time to time, and in consideration of the deliberations of the Nomination and Remuneration Committee.

[Supplementary Principle 4.2.1 Introduction of incentive-type remuneration]

Compensation for Directors is determined based on a comprehensive review of performance, the state of achievement of management policies and goals, and contribution to performance, within the total limit resolved at the General Meeting of Shareholders.

At present, the Company has not introduced stock compensation, but in the future, we will consider the introduction of stock compensation, etc., based on the discussions of the Nomination and Compensation Committee, in order to

build a system in which more appropriate incentives function to improve corporate value over the medium to long term.

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

[Principle 1.3 Basic Strategy for Capital Policy]

The Company's basic capital policy is to utilize internal funds from a long-term perspective, including the development of new products and new construction methods necessary for business expansion, the reinforcement of the sales and distribution system, and the expansion and renewal of loan assets.

In addition, a total payout ratio of approximately 30% or more is used as a guideline after taking into account long-term and comprehensive factors such as growth in business results and future business development and capital investment. We will continue to provide returns to our shareholders by increasing dividends and acquiring treasury stock in consideration of capital investment trends in the future.

[Principle 1.4 Cross-Shareholdings]

(Policy for Holding)

The Company attaches importance to communication with its business partners. In cases where it is recognized that it will contribute to the improvement of the Company's corporate value due to the further strengthening of business alliances or maintaining and strengthening stable business relationships, and in consideration of the trends of cross-shareholding companies, the state of transactions and the market value of such shares, the Company holds shares for the purpose of cross-shareholding.

The Board of Directors verifies the significance of holding cross-shareholdings and the medium to long-term economic rationality of doing so, and reduces as appropriate holdings of stocks whose holding is recognized to have diminished in significance after also taking into account matters such as the impact on the market.

(Results of Verification by the Board of Directors)

This year, the significance of all cross-shareholdings and the medium to long-term economic rationality of doing so were recognized, and holding continued.

(Criteria for the Exercise of Voting Rights)

When exercising voting rights pertaining to cross-shareholdings, the Company does not approve the proposals of the company unconditionally. Instead, the exercise of voting rights is based on the exercise of voting rights from the viewpoint of whether it contributes to the improvement of the Company's corporate value by maintaining and strengthening business alliances and business relationships with the Company.

Based on this, votes may be cast against proposals that harm shareholder value or that are likely to harm the corporate value of the company concerned.

[Principle 1.7 Related Party Transactions]

In principle, the Company prohibits, transactions with directors and other related parties such as people within the second degree of kinship of directors.

When conducting transactions with related parties, explanations are required at meetings of the Board of Directors in accordance with laws and regulations and internal rules. In such cases, from the perspective of ensuring the fairness and impartiality of transactions, the relevant officers are excluded from such resolutions as special interested parties, and approval resolutions are obtained with regard to the reasonableness of transactions and their terms and conditions. When such transactions are executed, their details are reported to the Board of Directors.

In addition, the Company has established a system to manage transactions with related parties by conducting a quarterly questionnaire survey of all officers and executive officers, including the Company and its subsidiaries, to confirm whether there are transactions with related parties. When transactions occur with these related parties, disclosure is made in accordance with relevant laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, as well as the rules established by the stock exchanges.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

The Company changed its management from a defined benefit pension plan to a defined contribution corporate pension plan on October 1, 2024, and employees themselves will manage the reserve funds related to the defined

contribution corporate pension plan.

The General Affairs Department, which is responsible for the asset management of corporate pension funds, is staffed by personnel with the experience and knowledge necessary for the job, and we strive to improve our employees' knowledge of the system and its management by holding seminars for employees through the investment management institution.

In addition, the selection of investment products is left to the discretion of the investment trustee, thereby preventing any conflict of interest between the corporate pension trustee and the company.

[Principle 3-1 Full Disclosure]

- (i) Company objectives (management philosophy, etc.), management strategies, and management plans.

The Company's management philosophy is to create a company that is trusted by customers and local communities through management based on the mottos "Be Cheerful" "With Vigor" and "Be Positive."

The details can be found on our website.

<https://group.nagawa.co.jp/company/philosophy.html>

The Medium-Term Business Plan is also available on the Company's website.

<https://group.nagawa.co.jp/ir/plan.html>

- (ii) Basic concepts and basic policies concerning corporate governance based on the respective principles of the Code.

The Company's basic views on corporate governance are described in "1. Basic Views" of "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information"

- (iii) Policies and procedures for the Board of Directors to determine the compensation of senior management and directors

The remuneration of the Company's directors consists of basic remuneration and bonuses.

Decisions are made within the total limits approved at the General Meeting of Shareholders, taking into account overall performance, the state of achievement of the management policies and targets formulated for each business year, and the degree of contribution.

A rough draft of the specific remuneration amount for each Director is determined by the Representative Director, taking into account overall performance, management policies, the state of achievement of goals, and the degree of contribution. The Board of Directors deliberates and makes decisions based on the draft.

The Company has also established a Nomination and Remuneration Committee, half of whose members are Independent Outside Directors. From the next fiscal year, the Board of Directors will consult with the Nomination and Compensation Committee and make decisions on the compensation system for Directors, the policy for determining compensation, and the details of compensation for individual Directors.

- (iv) Policies and procedures for the Board of Directors to select and dismiss senior management and nominate candidates for director and Audit & Supervisory Board members

(Nomination policy for Candidates)

The selection criteria for candidates for director are having a wealth of experience and knowledge in each field, capabilities and qualifications as a corporate manager, and a broad perspective in global management.

The Company nominates candidates for external director who have extensive knowledge and experience and sufficient experience in their fields of origin, and who satisfy the Company's "Independence Standards for External Directors/Auditors" in order to further strengthen the management supervision function.

The selection criteria for candidates for Audit & Supervisory Board member include the requirement that they have advanced knowledge and skills in auditing the overall business of the Company, including auditing of accounting.

The Company appoints candidates for Outside Audit & Supervisory Board member who have a high level of specialized knowledge and abundant experience in finance, accounting, technology, corporate management, etc., and satisfy the Company's standards on the independence of external executives in order to further strengthen the neutrality of the audit system.

Candidates for director and Audit & Supervisory Board member are recruited actively not only from within the Company but also from outside the Company, regardless of nationality, race, gender, age or work history.

(Procedures for the appointment of management)

The nomination of candidates for director is deliberated and determined by the Board of Directors.

In addition, the nomination of candidates for Audit & Supervisory Board member is subject to deliberation by the Board of Directors and determined with the consent of the Audit & Supervisory Board.

The Company has established a Nomination and Remuneration Committee, half of whose members are independent external directors. From the next fiscal year, the Nomination and Remuneration Committee will be consulted with regard to candidates for director and candidates for Audit & Supervisory Board member will be selected by the Board of Directors with the consent of the Audit & Supervisory Board.

(Procedures for the dismissal of management)

If any of the following criteria are met with respect to an executive, including the representative director, the Nomination and Remuneration Committee will be consulted in advance and the Board of Directors will determine a proposal for the dismissal of the executive.

1. It is recognized that an executive has a relationship with anti-social forces that should be condemned socially.
2. An executive has violated laws and regulations, the Articles of Incorporation, or other rules of the Group, thereby causing a major loss or hindrance to the business operations of the Group.
3. An executive has caused significant hindrance to the execution of duties.
4. It has become clear that the respective requirements of the selection criteria are not met.

- (v) Individual explanation of each appointment, removal or nomination when the Board of Directors appoints or removes senior management or nominates candidates for director or corporate auditor based on (iv) above
The reasons for selecting each candidate for director and Audit & Supervisory Board member are described in the reference documents for the General Meeting of Shareholders in the “Notice of Convocation of the General Meeting of Shareholders.”

<https://group.nagawa.co.jp/ir/stock/meeting.html>

[Supplementary Principle 3.1.3 Sustainability initiatives]

-Disclosure of information on sustainability, human capital, intellectual property, etc.

Our basic policy on sustainability is to contribute to the achievement of the SDGs, which are common goals for the international community, through our business activities.

Specifically, we are working to contribute to society by supplying emergency temporary housing and temporary school buildings in times of disaster, and to contribute to the environment by deepening and continuing to promote 5R businesses such as the Super House rental system.

Details of our efforts are posted on our website.

<https://group.nagawa.co.jp/company/csr.html>

The Company has also established a “Support and Reward System for the Acquisition of Qualifications” in the business domain in order to realize business continuity and sustainable growth through investment in human capital. Under this system, bonuses are paid to employees who have acquired the qualifications and licenses designated by the Company. In addition, the Company bears the expenses necessary for acquiring and renewing such qualifications and licenses, and is working actively to secure and develop human resources.

As for investments in intellectual property, we are working to improve the safety and efficiency of our business by developing safety blocks to ensure the safety of our employees in the production, assembly and disassembly of unit houses.

<Information disclosure based on the TCFD recommendations>

The Company considers it important from the perspective of our sustainable development to analyze medium to long-term risks and opportunities in the climate change that surrounds us, and to promote management strategies and risk management based on them.

Based on the above, we will support the purpose of the TCFD proposal and will organize and disclose information on our sustainability efforts under the supervision of the Board of Directors in an easy-to-understand manner.

[Supplementary Principle 4.1.(1) Roles and responsibilities of the Board of Directors]

The Board of Directors makes decisions on basic management policies and other important management matters, as well as on the execution of important business matters to be decided by the Board of Directors in accordance with laws and regulations and the Articles of Incorporation. The standards for such decisions are stipulated in the Board of Directors Regulations.

The decision-making and execution of other matters are delegated to the executive bodies of the representative director and below, and the standards are clearly stated in the Regulations for Duties and Authority and other internal regulations.

[Principle 4-9 Independence Standards and Qualification for Independent Directors]

When appointing an independent external director, the Company considers whether the candidate satisfies the qualifications for independent directors stipulated by the Tokyo Stock Exchange, and whether the candidate is a candidate who can provide useful advice and effective supervision from a position independent from management at meetings of the Board of Directors.

[Supplementary Principle 4.10.(1) Optional Nominating Committee and Remuneration Committee]

The Company has established a Nomination and Remuneration Committee in order to strengthen the supervisory function of the Board of Directors and enhance the corporate governance system by ensuring the transparency and objectivity of the evaluation and decision-making process concerning the nomination and remuneration of directors and auditors.

The authority and role of this committee is to deliberate on the following matters it is consulted about by the Board of Directors and report to the Board of Directors.

- Matters concerning the composition of the Board of Directors
- Matters concerning the election and dismissal of directors and auditors
- Selection criteria for external directors and external auditors
- Matters concerning the selection and removal of representative directors and executive directors
- Matters concerning the independence standards for external directors
- Matters concerning the selection and removal of the members of the Nomination and Remuneration Committee
- Matters concerning policies and procedures for determining the remuneration of directors, auditors and executive officers
- Matters concerning the content of remuneration for directors and executive officers
- Matters concerning the successor plan
- Proposals for the General Meeting of Shareholders (proposals for appointment and removal, remuneration proposals)

The committee's Regulations stipulate that at least half of its members must be external directors, and that an external director must serve as the chair, thereby ensuring its independence.

[Supplementary Principle 4.11.(1) Views on the balance of knowledge and experience, diversity, etc., of the Board of Directors]

Considering the scale of the Company's business and other factors, the Articles of Incorporation stipulate that the number of Directors must be no more than 15. Regardless of nationality, race, gender, age or work history, the Company nominates people who it considers to be the most suitable as candidates for director and appoints them at the General Meeting of Shareholders.

Currently, the Board of Directors of the Company comprises a total of eight directors: four directors who have extensive knowledge and experience in corporate management and who also have knowledge in their respective areas of responsibility; and four independent external directors (one of whom is female) who possess advanced expertise

and who are expected to provide advice and supervision over management from a broad perspective. Specific skill combinations are shown in the skill matrix included in this report. The policies and procedures for the election of directors are described under Principle 3.1.(iv).

[Supplementary Principle 4.11.2 State of concurrent appointment of officers]

In cases where directors and corporate auditors serve concurrently as officers of other companies, the Company confirms that the number of concurrent positions is reasonable enough to secure the time and effort required to fulfill their roles and responsibilities as directors and corporate auditors of the Company.

Important concurrent positions of directors and Audit & Supervisory Board members are disclosed annually in the Annual Securities Report and in the Notice of Convocation of the General Meeting of Shareholders.

[Supplementary Principle 4.11.3 Preconditions for ensuring the effectiveness of the Board of Directors and the Audit & Supervisory Board]

The Company evaluates the effectiveness of the Board of Directors every year.

As the method of implementation, based on the advice of external consultants, the Company conducts a questionnaire regarding the operation of the Board of Directors among directors and auditors, and reports the results to the Board of Directors. Based on this report, we strive to improve the effectiveness of the Board of Directors by promoting initiatives that contribute to its more effective management.

This fiscal year, we conducted an effectiveness evaluation based on the above policy. The result this year confirmed that the effectiveness of the Company's Board of Directors has been ensured.

On the other hand, "initiatives to ensure the diversity of core human resources" and "the state of development and supervision of the internal reporting system" were cited as items that should be discussed further at Board of Directors meetings, and certain issues were also identified.

We will continue to implement measures to improve the effectiveness of the Board of Directors, including the expansion of the abovementioned discussions.

[Supplementary Principle 4.14.2 Training policy for officers]

At the time of assuming the office of external director, the Company provides related materials and explains the outline and issues. Even after assuming office, the Company provides opportunities to deepen external directors' understanding of the Company by attending Directors' and General Managers' Liaison Meetings and conducting on-site inspections.

The Company provides internal officers with opportunities to acquire the knowledge required by officers by attending external seminars and other events as appropriate at the time of their appointment.

The Company also recommends that, after assuming office, internal officers participate voluntarily in seminars, workshops and exchange meetings held by external organizations in order to acquire and renew the knowledge required as an officer of a listed company.

The costs of such activities are borne by the Company.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

In order to promote constructive dialogue with shareholders, the Company has established the following systems and is working to promote dialogue with shareholders.

- (i) The Company has appointed a director in charge of IR and has assigned Planning Department as the department in charge of IR.
- (ii) Planning Department, which is the department in charge of IR, plays a central role, and related departments such as General Affairs Department hold meetings as needed and respond in cooperation with them.
- (iii) As a means of dialogue other than individual interviews, the Company holds a financial results briefing once each half year, and also holds small meetings and individual interviews in succession.
- (iv) The opinions of shareholders and investors obtained through IR activities are reported to the Board of Directors by the Director in charge of IR, and information is shared among the Board of Directors.
- (v) When communicating with shareholders and investors, the Company manages insider information appropriately in accordance with the Insider Trading Regulations, the Timely Disclosure Regulations, and the Corporate Ethics Regulations.

[Action to implement management that is conscious of cost of capital and stock price]

■Current situation analysis

Currently, the PBR is 2.08 and the ROE is 5.2%, which is below the ROE target of 8% required by the Tokyo Stock Exchange.

One reason for this is the high capital adequacy ratio.

The equity ratio in the most recent financial statement was 89.3%, and it has remained around 90% for the past few years.

In addition, our mid-term management plan sets an ROIC target of 8%, but the current figure is 7%, meaning we will need to continue making efforts to achieve this.

■Future initiatives

(i) Improving profitability

The operating profit margin on sales for the entire construction industry has remained at around 4% for the past few years. (From the Construction Industry Information Management Center's "Construction Industry Management Analysis (2022)")

In comparison, our most recent operating profit margin was 13%, which is well above the industry average.

In our modular house business, which boasts high profitability among our businesses, we are strengthening our production capabilities by expanding our showrooms, enhancing our product lineup, and robotizing our factories.

Additionally, we have opened a number of new showrooms for System and Modular Building.

(ii) Appropriate capital allocation and balance sheet improvement

While a high equity ratio is the foundation for stable management, it is also a factor in low ROE, and we recognize this as an important issue.

There are various ways to adjust capital ratios, such as increasing dividends or buying back shares.

However, in order to ensure the company's stability and future prospects in the medium to long term, we will take various aspects into consideration, proceed with careful consideration, and strive to pursue a return commensurate with our invested capital.

2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
----------------------------	-------------------------------

[Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Osamu Takahashi	2,011,240	12.79
THE SFP VALUE REALIZATION MASTER FUND LIMITED	1,678,700	10.67
The Master Trust Bank of Japan Co., Ltd. (trust account)	1,525,000	9.69
Manabu Takahashi	1,000,000	6.35
Kenji Sugai	741,000	4.71
North Pacific Bank, Ltd.	683,400	4.34
The MUFG Bank, Ltd.	610,000	3.87
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL OMNIBUS SECS LENDING ACCOUNT	542,900	3.45
N/T Shokai Co., Ltd.	492,600	3.13
Etsuo Takahashi	475,400	3.02

Controlling Shareholder (except for Parent Company)	—
Parent	—
Parent company listing	—

Supplementary Explanation

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	500 or more and less than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

—

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

None

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 Audit & Supervisory Board members
-------------------	--

[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	15
Term of Office of Directors stipulated in the Articles of Incorporation	2 years
Chairperson of the Board	President
Number of Directors	9
Appointment of External Directors	Appointed
Number of External Directors	4
Number of Independent Directors	4

External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Mikio Kinose	Lawyer												
Syuji Inooka	From another company												
Junko Takahashi	Tax accountant												

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category, and "△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category, and "▲" when a close relative of the director fell under the category in the past

a. 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 company 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 compensation as a director / Audit & Supervisory Board member

g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder 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 the Company and which external directors / Audit & Supervisory Board members are mutually appointed (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. Other

External Directors' Relationships with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mikio Kinose	○	<p>May 1995 Joined the Daini Tokyo Bar Association Joined Suzuki & Wada Law Office</p> <p>Apr. 2001 Established Suzuki, Wada and Kinose Law Offices</p> <p>Dec. 2010 Representative Attorney, Suzuki Sogo Law Offices</p> <p>Apr. 2015 Appointed Director of the Kanto Federation of Bar Associations</p> <p>Feb. 2020 Representative Attorney, Mikio Kinose Law Office (to present)</p>	<p>As a corporate manager, he has sufficient qualifications and experience to supervise the execution of duties in a neutral and objective manner.</p> <p><Reasons for designation as an independent officer></p> <p>The Company believes that there is no business relationship between the Company and the current attorney's office and that such relationship will not have an impact on decision-making.</p>
Syuji Inooka	○	<p>Apr. 1972 Joined Yokogawa Bridge Works, Ltd. (currently Yokogawa Bridge Holdings Corp.)</p> <p>Apr. 2002 Director, Yokogawa System Corporation</p> <p>June 2008 Representative Director and President, Yokogawa System Corporation</p> <p>June 2016 Advisor, Yokogawa System Corporation</p> <p>Sep. 2017 Retired from Yokogawa System Corporation, Advisor</p>	<p>He has served as Representative of Yokogawa System Building Corporation, and is well versed in system building. In addition, he possesses sufficient insight to govern corporate management. Therefore, the Company has appointed him as director having judged that he will be able to perform his duties as an external director of the Company appropriately.</p> <p><Reasons for designation as an independent officer></p> <p>The Company believes that he maintains a neutral and fair position because the business relationship between the Company and Yokogawa System Building Corporation is extremely light and he has already retired from Yokogawa System Building Corporation.</p>
Hideki Nishida	○	<p>Mar.1987 Joined Glory Accounting Office (currently EY Ernst & Young ShinNihon LLC)</p> <p>Mar.1990 Registered as a Certified Public Accountant</p> <p>May 2005 Representative Partner, New Japan Audit Corporation (currently EY New Japan Audit Corporation)</p> <p>June 2017 Retired from Ernst & Young ShinNihon LLC (present EY Ernst & Young ShinNihon LLC).</p> <p>July 2017 Representative, Nishida Certified Public Accountant Office (to present)</p>	<p>The Company has appointed him as an external director having judged that he will be able to perform duties that further improve corporate value and management transparency appropriately based on his advanced experience and knowledge of accounting and finance.</p> <p><Reasons for designation as an independent officer></p> <p>There is no business relationship between the Company and the current certified public accountant office, and it is determined that there will be no impact on decision-making. The Company has also determined that he maintains a neutral and fair position as a certified public accountant.</p>

Junko Takahashi	○	Apr. 1974	Joined Tokyo Regional Taxation Bureau	Although she has never been involved in corporate management other than as an independent director, she possesses a high level of knowledge of taxation and accounting as a certified public tax accountant, and the Company has nominated her as a new candidate for external director expecting that she will contribute to ensuring the soundness of the Company's management. <Reasons for designation as an independent officer> The Company has judged that there is no business relationship between the Company and the currently established certified public tax accountant office that could have an impact on decision-making as there is no business relationship at all. The Company has determined that she maintains a neutral and fair position as a certified public tax accountant.
		July 2010	Assumed the post of Deputy Chief of Meguro Tax Office	
		July 2012	Assumed the post of Inspector General, Tokyo Inspector General of the National Tax Agency.	
		July 2015	Assumed office as Chief of the Gangseo Tax Office.	
		Dec.2017	Junko Takahashi Tax Accountant Office (to present)	

[Voluntary Establishment of Committee(s)]

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

Status of Establishment of Voluntary Committee, Composition of Committee and Attributes of Committee Chair (Chairperson)

	Voluntary committee corresponding to a nominating committee	Voluntary committee corresponding to a remuneration committee
Name of committee	Nomination and Remuneration Committee	Nomination and Remuneration Committee
Total number of members	4	4
Number of full-time members	0	0
Number of internal directors	2	2
Number of external directors	2	2
Number of internal experts	0	0
Number of other members	0	0
Committee chair (chairperson)	External director	External director

Supplementary Explanation

The newly established Nomination and Remuneration Committee serves as both a nomination committee and a remuneration committee. The details of the Committee are described in [Supplementary Principle 4.11.(1) Views on the balance of knowledge and experience, diversity, etc. of the Board of Directors] of [Disclosure Based on the Principles of the Corporate Governance Code]

[Audit & Supervisory Board]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation	5
Number of Audit & Supervisory Board Members	3

Cooperation among Audit & Supervisory Board Members, Independent Auditors and Internal Audit Departments

The Audit & Supervisory Board members and the accounting auditors cooperate to conduct audits in accordance with laws and regulations.

The Company has elected EY Ernst & Young ShinNihon LLC as the accounting auditors and has been audited accordingly. The Board of Directors, Audit & Supervisory Board members and the accounting auditors hold audit reviews four times a year.

When necessary, the Company also receives advice on various accounting and auditing issues, including the exchange of opinions and information on business conditions and the status of internal controls.

The certified public accountants who executed the audit are Kazuya Kitazumi and Mika Nezu, who are designated limited liability employees and business execution employees. The audit corporation has introduced a replacement system based on the Certified Public Accountants Act, related laws and regulations, and the ethics rules of the Japanese Institute of Certified Public Accountants.

The composition of assistants for accounting audit services is determined based on the selection criteria of the auditing firm. Specifically, there are three certified public accountants and six others.

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

External Audit & Supervisory Board Member's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Takao Toriumi	From another company														
Nobutaka Motohashi	From another company														

* Categories for "Relationship with the Company"

* "○" when the member presently falls or has recently fallen under the category, and "△" when the member fell under the category in the past

* "●" when a close relative of the member presently falls or has recently fallen under the category, and "▲" when a close relative of the member fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or accounting advisor of the Company or its subsidiaries

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

d. audit & supervisory board member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

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

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

h. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board member

i. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h)

- (the Audit & Supervisory Board member himself / herself only)
- k. Executive of a company, between the Company and which external directors / Audit & Supervisory Board members are mutually appointed (the audit & supervisory board member himself / herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself / herself only)
- m. Other

External Audit & Supervisory Board Members' Relationships with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Takao Toriumi	○	The Company has designated him as an independent officer. Representative, Toriumi Certified Public Accountants Office	As a corporate manager, he has sufficient qualifications and experience to supervise the execution of duties in a neutral and objective manner. <Reasons for designation as an independent officer> The Company has determined that there is no business relationship between the Company and the currently established certified public accountant office that could have an impact on decision-making, as there is no such relationship at all. The Company has also determined that he maintains a neutral and fair position as a certified public accountant.
Nobutaka Motohashi	○	The Company has designated him as an independent officer. Representative, Nobutaka Motohashi Certified Public Accountant & Tax Accountant Office	As a corporate manager, he has sufficient qualifications and experience to supervise the execution of duties in a neutral and objective manner. <Reasons for designation as an independent officer> The Company has determined that there is no business relationship between the Company and the currently established certified public accountant office that could have an impact on decision-making, as there is no such relationship at all. The Company has also determined that he maintains a neutral and fair position as a certified public accountant.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	6
---	---

Other Matters Relating to Independent Directors/Audit & Supervisory Board Members

None

[Incentives]

Incentive Policies for Directors	None
----------------------------------	------

Supplementary Explanation

The Company determines remuneration and bonuses for directors and corporate auditors by taking into account not only the Company's business performance but also the state of achievement of the policies and goals that are formulated each fiscal year.

Recipients of Stock Options	None
-----------------------------	------

Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure
--	--------------------------

Supplementary Explanation

The total amount of remuneration is disclosed in the securities report and business report. (FY ended March 2023)
 Director compensation (8 in total): ¥153 million (including ¥19 million for external director compensation)
 Corporate auditor compensation (4 in total): ¥31 million (including ¥9 million for external auditor compensation)

Policy on the Determination of Remuneration Amounts and Calculation Methods	None
---	------

Disclosure of Policy on the Determination of Remuneration Amounts and Calculation Methods

[Supporting System for External Directors and/or External Audit & Supervisory Board Members]

External Audit & Supervisory Board members attend the meetings of the Board of Directors and Audit & Supervisory Board held once a month to receive explanations of the decisions made by management concerning the execution of business. In addition, General Affairs Department sends important internal information, such as the minutes of the weekly Directors' and General Managers' Liaison Meeting and the Internal Audit Report, by mail and other means as appropriate.

The Company is also audited and reviewed by the accounting auditors four times a year.

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

The Board of Directors is positioned as the function that makes decisions on basic management policies, matters stipulated by laws and regulations, and other important management matters, as well as supervising the state of business execution.

Directors are assigned to each business division in order to ensure the efficient management of the Company.

Audit Office is in charge of internal audits and conducts the necessary audits and investigations on a regular basis.

The results of these audits are reported to the Directors' and General Managers' Liaison Meeting.

Audit & Supervisory Board members may participate in internal audits and monitor their status.

Reasons for Adoption of Current Corporate Governance System

Since the supervision of directors by the Board of Directors and the auditing of directors by the auditors are functioning fully at present, the Company has continued to adopt an organizational system centered on the directors and auditors system. External directors and external Audit & Supervisory Board members are elected to ensure the effectiveness of corporate governance.

The Company believes that external directors and external Audit & Supervisory Board members fulfill their roles in management monitoring sufficiently, such as supervising the execution of business by the directors and providing advice from an external perspective.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The convocation notice for the fiscal year ended March 31, 2023 was posted on the Company's website on May 29 and mailed out on June 2.
Scheduling of the General Meeting of Shareholders Avoiding Peak Days	The ordinary general meeting of shareholders for the year ended March 31, 2023 was held on June 20.
Exercise of Voting Rights by Electronic or Magnetic Means	Voting rights can be exercised via the Internet.
Provision of Convocation Notice (Summary) in English	The Company prepares the convocation notice in English and posts it on its website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds regular explanatory meetings once every six months, and also implements small meetings in a timely manner in response to requests from investors.	None
Posting of IR Materials on Website	The Company discloses financial information (such as financial results, securities reports, and quarterly reports), timely disclosure information (IR news), materials for explanatory meetings on financial results, and company profile.	
Establishment of Department and/or Manager in Charge of IR	Officer in charge of IR : Senior Executive Officer and General Manager of General Affairs Department, Masayoshi Kunou	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Implementation of Environmental Activities, CSR Activities, etc.	<p>We believe that the ideal form of company is to accompany the prosperity of society. As a company grows, in which fields of society can it be useful? How can it contribute to the preservation of the global environment? In order to put this into practice, Nagawa is always conscious of the triple bottom line. The company as a whole is determined to fulfill its corporate social responsibility from the three perspectives of social value, environmental value and economic value.</p> <p>-Recycle Because of the high durability of factory manufactured standard parts, they can be recovered and reused. We strive to create products that are free from waste by making effective use of limited resources.</p> <p>-Refuse We use environmentally conscious materials for each part used in our products, and we try to select only materials that are really necessary.</p> <p>-Reduce In consideration of resource conservation and long life from the design stage, parts and modules are used commonly. By completing</p>

	<p>approximately 90% of our products at our plants, we are able to reduce waste materials as much as possible on site.</p> <p>-Repair After customers purchase our products, we provide after sales service nationwide. We repair our products so that they can be used for as long as possible.</p> <p>-Reuse After the end of the rental period, a collected Super House undergoes strict quality checks and careful maintenance before being reborn as a new Super House.</p>
--	--

IV. Matters Related to the Internal Control System

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

The Company's Board of Directors has decided on the "Basic Policy for Establishing an Internal Control System" as follows.

1. System to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation
 - (1) General Affairs Department develops regulations concerning the compliance system, establishes a code of conduct for directors and employees of the Company and its subsidiaries (hereinafter referred to as the "Group") to act in compliance with laws and regulations, the Articles of Incorporation, and the Group's management philosophy, and provides education and other services to directors and employees.
 - (2) The above activities reported on regularly to the Board of Directors and the Audit & Supervisory Board.
2. System for Storage and Management of Information on the Execution of Duties by Directors
 - (1) The documents listed in the following items (including electromagnetic records; the same applies hereinafter) are preserved together with related materials in accordance with the Document Management Rules.
 - a. Minutes of Shareholders Meetings
 - b. Minutes of meetings of the Board of Directors
 - c. Minutes of Directors' and General Managers' Liaison Meetings
 - d. Copies of documents submitted to the tax office, other government agencies, securities exchanges, industry associations, etc.
 - e. Other documents specified in the Document Management Rules
 - (2) The place and method of storage of the above documents are a place and method such that they can be viewed at head office within two business days when requests to do so are made by directors or auditors.
 - (3) Unless otherwise provided for in laws and regulations, the retention period of the above documents is specified for each type of document in the Document Management Rules.
3. Regulations and Other Systems for Managing Risk of Loss
 - (1) The Company has established crisis management rules that regulate risk management systematically.
 - (2) In addition to meetings of the Board of Directors, the Directors' and General Managers' Liaison Meeting, which is held once a week, has established and operates a management system that enables effective measures to be taken against risks that the Group may face in the future by examining and evaluating business problems, manufacturing problems, management problems, etc., from a company-wide perspective.
4. System to Ensure Efficient Execution of Duties by Directors
 - (1) As a system for ensuring the efficient execution of duties by Directors, the Company holds regular meetings of the Board of Directors once a month as well as meetings to make prompt and appropriate decisions on important matters in a timely manner.
 - (2) Performance management is conducted based on annual plans formulated based on the management policy.
 - (3) In the course of day-to-day business execution, the Company promotes appropriate information transmission and communication among officers and employees of the Group through the use of information systems. At the same time, authority is delegated in accordance with the Regulations on Duties and Authority and the Division Regulations, etc., and the responsible person executes business in accordance with the decision-making rules in each phase.
5. System for ensuring the appropriateness of the business operations of the Group
 - (1) The Group strives to improve the corporate value of the Group as a whole. At the same time, the Group works to ensure the proper operation of the Group as a whole by providing guidance, advice, and evaluation in close cooperation within the corporate group, including commands, instructions and communication, in accordance

with the management rules of affiliated companies based on the Group Management Philosophy.

- (2) Audit Office conducts internal audits of the Company's subsidiaries.
- (3) Audit Office audits the daily activities of each department as necessary.
- (4) General Affairs Department, Audit Office and Audit & Supervisory Board members cooperate with each other to investigate and examine the company-wide compliance system and whether there are any compliance-related problems.

6. In cases where an Audit & Supervisory Board member requests the assignment of an employee to assist in the performance of their duties, matters related to the employee, matters related to the independence of the employee from the Directors, and matters related to ensuring the effectiveness of instructions given to the employee

- (1) Company auditors may order Audit Office to assist in audit operations as assistants.
- (2) Personnel changes, personnel evaluations, and disciplinary actions for the above-mentioned assistants are discussed in advance with the full-time corporate auditor and their consent obtained.

7. System for Directors and Employees to Report to Audit & Supervisory Board Members, Other Systems for Reporting to Audit & Supervisory Board Members, and System to Ensure That a Person Who Made a Report is Not Subject to Unfavorable Treatment on the Grounds of Making Such Report

- (1) Officers and employees of the Group must report promptly to Audit & Supervisory Board members facts that may cause significant damage to the Group and other important matters for business operations. Notwithstanding the above, Audit & Supervisory Board members may request reports on the execution of business from officers and employees of the Group at any time as necessary.
- (2) Audit Office reports the results of audits to Audit & Supervisory Board members in a timely and appropriate manner.
- (3) The Group prohibits officers and employees of the Group who have made a report to Audit & Supervisory Board members from being treated disadvantageously on the grounds that the report has been made, and must make this fact known to all officers and employees of the Group.

8. Matters Concerning Policies for the Treatment of Expenses or Liabilities Arising from the Execution of Duties by Audit & Supervisory Board Members

In cases where a company auditor requests the advance payment or reimbursement, etc., of expenses arising from the execution of their duties, the expenses or obligations are processed promptly, except in cases where it is found to be unnecessary for the execution of the duties of that company auditor.

9. Other Systems to Ensure that Audits by Audit & Supervisory Board Members Are Conducted Effectively

- (1) The Audit & Supervisory Board exchanges opinions with the President and Representative Director and the audit corporation as necessary.
- (2) The contents of audits conducted by Audit & Supervisory Board members are summarized in an audit report and submitted to the Board of Directors and the Audit & Supervisory Board.

10. System to Ensure the Reliability of Financial Reporting

In order to ensure the reliability and appropriateness of financial reporting, the Company strengthens company-wide control activities and control activities for each business process, and constructs an operating system for them.

2. Basic Views on Excluding Antisocial Forces and the Progress of System Development

Based on the Ministry of Justice's "Guidelines for Preventing Companies from Being Harmed by Anti-Social Forces," the Company has established the following basic policy for the purpose of eliminating anti-social forces and is taking action accordingly.

- (1) If only the person in charge or the department in charge deals with the situation, there may be a situation in which there is no choice but to respond to a request. Therefore, the company will respond to the request without leaving it to the person in charge or the department in charge, and the safety of employees will be ensured in relation to the unreasonable request.

- (2) Establish close cooperative relationships with the Metropolitan Police Department and other prefectural police headquarters, competent police stations, prefectural centers for the elimination of violence, lawyers, and other external specialized agencies.
- (3) In the event that the Company engages in a transaction without knowing that the other party is an anti-social force, the transaction must be cancelled promptly when the other party is found to be, or suspected of being, an anti-social force.
- (4) In the event that an employee engages in an inappropriate relationship with an anti-social force unknowingly, the employee must notify the Company in the prescribed manner when the other party is found to be, or suspected of being, an anti-social force.
- (5) In the event that it becomes necessary to take legal action with the cooperation of the police and external specialized agencies such as lawyers, the Company will communicate actively with these agencies and take legal action from both the civil and criminal aspects.
- (6) Even if an unreasonable demand by anti-social forces is caused by misconduct in the business activities of the Company or misconduct by officers or employees, the Company will never engage in secret dealings to conceal the facts. Furthermore, the government will never provide funds to anti-social forces privately.

In order to realize the above basic policy, we are promoting the development of departments and systems for supervising responses, centralized management and storage of information, training for employees, and preparation of a response manual.

In addition, in the event that a question arises regarding a business partner's relationship with an anti-social force, the Company will request an external investigation body to confirm, and determine whether or not to commence transactions based on the result.

In addition, when concluding contracts, the Company endeavors to include a provision on cancellation of the contract if a relationship with an anti-social force is discovered.

v. Other

1. Adoption of Anti-Takeover Measures

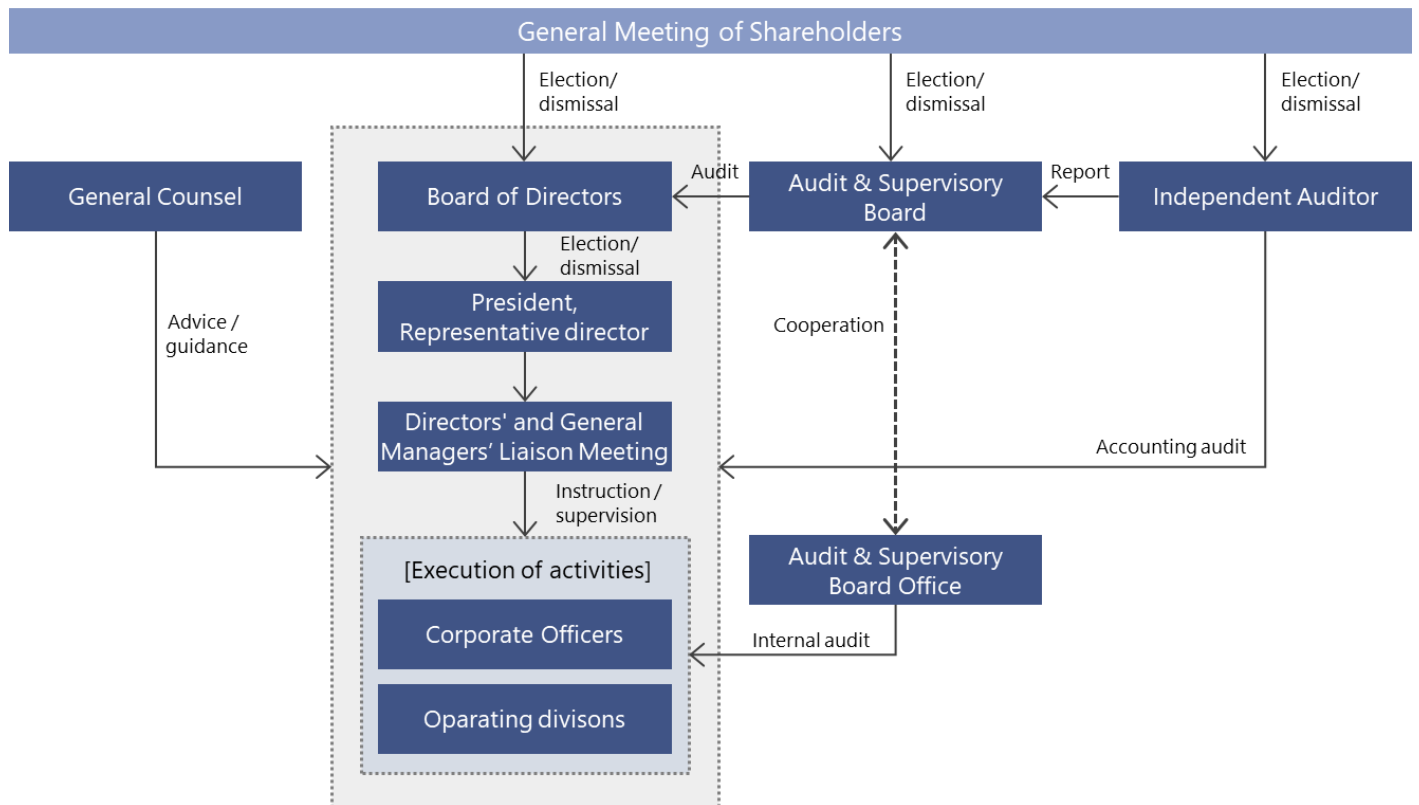
Adoption of Anti-Takeover Measures	Yes
------------------------------------	-----

Supplementary Explanation

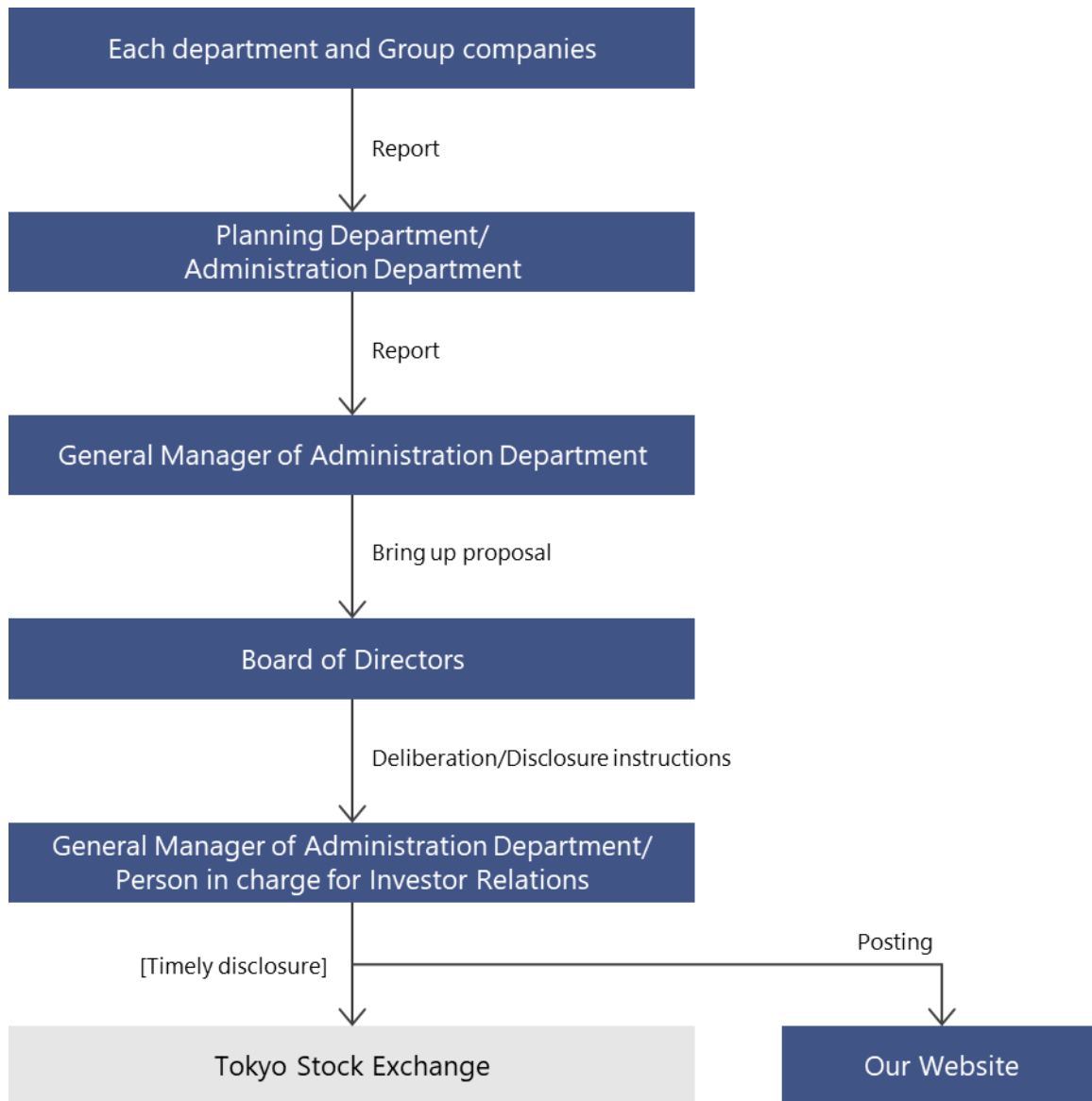
2. Other Matters Concerning the Corporate Governance System

Please refer to the attached materials at the end of this report for the Corporate Governance System, Timely Disclosure System, and Skill Matrix for Directors.

[Chart of the corporate governance system (reference)]



[Overview of the timely disclosure system (chart)]



[Skill Matrix]

Name	Corporate Management	Marketing /Sales	Manufacturing / Technology / R & D	Business knowledge	Legal/ Compliance	Finance/ Accounting	Mergers and Acquisitions	International Experience	CG
Osamu Takahashi	○	○		○	○		○		○
Ryoh Shimmura	○			○	○	○	○	○	○
Kenji Sugai	○		○	○		○		○	
Arata Hamano	○	○		○			○		
Masaki Mizoguchi	○		○	○				○	
Mikio Kinose					○		○		○
Syuji Inooka	○		○	○					
Junko Takahashi						○	○		○
Manabu Takahashi				○		○			○
Takao Toriumi						○			○
Nobutaka Motohashi						○			○