

Last Update: March 28, 2025

ELAN Corporation

Tomohiro Minezaki, Representative Director, President and CEO

Tel: 0263-29-2680

Securities code: 6099

The corporate governance of ELAN Corporation (“Elan” or “the Company”) is described below.

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

1. Basic Views

Elan operates a nursing care-related business under the management philosophy of “pursuing the best products and services that satisfy our customers and contributing to the realization of an enriching living environment through our passionate actions.” Our CS Set service provides rental clothing and towels (with accompanying laundry services) and daily use items, which are necessary during hospitalizations or admissions to other care facilities, at a fixed daily rate.

Furthermore, as our corporate mission, we aim to enhance our medium- to long-term corporate value through sound and sustainable growth, thereby meeting the expectations and trust of our customers (including their families), business partners, employees, shareholders, and all stakeholders who support our business activities.

To enhance our corporate value, we recognize the importance of initiatives such as thorough compliance, appropriate risk management, and disclosure of information to support constructive dialogue with shareholders and other stakeholders.

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

Based on the views described above, Elan continuously works to strengthen its corporate governance, and we have implemented all the principles set forth in the Corporate Governance Code revised in April 2024.

Disclosure Based on each Principle of the Corporate Governance Code (Updated)

[Principle 1-4] Policy on Cross-shareholdings and Standards for Exercising Voting Rights

1. Policy on Cross-shareholdings

Elan plans to maintain cross-shareholdings and other shareholdings if they are deemed to contribute to improvements in the medium- to long-term corporate value of its Group, based on a comprehensive assessment of their strategic importance. Specific details about these holdings are disclosed in our securities reports.

2. Verification of Rationality of Cross-shareholdings

Each year, our cross-shareholdings are reviewed individually by the responsible officers. When necessary, the Board of Directors carefully examines factors such as the medium- to long-term economic rationality, future outlook, appropriateness of the holding purpose, and balance with benefits, risks, and capital costs, and also verifies the appropriateness of the holdings. In accordance with the aforementioned holding policy, the Board of Directors determines whether to maintain or dispose of the holdings considering their impact on business operations.

3. Policy for Exercising Voting Rights

Elan appropriately exercises voting rights for cross-shareholdings after determining whether the exercise of such rights will contribute to enhancing the corporate value of both the Company and the entities in which it holds shares.

[Principle 1-7] Related Party Transactions

Elan’s Board of Directors Regulations stipulate that transactions conducted between the Company and its officers or major shareholders (shareholders holding 10% or more voting rights, whether in their own name or in the name of others) must be reported to the Board of Directors in advance and approved on a transaction-by-transaction basis.

[Supplementary Principle 2-4-1] Ensuring Diversity in the Promotion to Core Human Resources, etc.

To ensure sustainable growth, Elan recruits human resources with a variety of expertise, including women and non-Japanese nationals. We also actively hire mid-career workers to ensure the diversity necessary to pursue growth for the Company, and actively promote exceptional talent regardless of gender or age, including mid-career employees.

Furthermore, to maintain an employment environment that flexibly accommodates the life stages of our employees and allows them to grow alongside the company while working with vitality, we have formulated an Action Plan that is accessible to the general public on our website. This Action Plan will be updated as necessary in the future.

Action Plan: <https://www.kkelan.com/wp-content/uploads/2023/12/%E8%A1%8C%E5%8B%95%E8%A8%88%E7%94%BB%EF%BC%882024-2026%EF%BC%89.pdf>

[Principle 2-6] Asset Owner

Elan has not adopted systems such as the fund-type or contract-type defined benefit pension plan or employees' pension fund envisioned by the Corporate Governance Code.

[Principle 3-1] Enhancing Information Disclosure

(i) Management Philosophy and Business Strategy/Plan

Elan's management philosophy and code of conduct are disclosed and can be accessed on its website.

<https://www.kkelan.com/en/about/mission/>

(ii) Basic Views and Policy on Corporate Governance

This is described in "1. Basic Views."

(iii) Policy and Procedures for Determining the Compensation of Management Executives/Directors

The compensation for our executive directors consists of fixed compensation (monthly remuneration determined based on their position, and performance-linked compensation (executive bonus) The performance-linked compensation (executive bonus) comprises both monetary and stock compensation.

Furthermore, to motivate executive directors and executive officers to lead the growth of performance and corporate value from a medium to long-term perspective, we have introduced a performance-linked stock compensation program, referred to as the Board Benefit Trust (BBT), following a resolution of the 27th Annual General Meeting of Shareholders held on March 23, 2021. The compensation for our outside directors and directors who are Audit & Supervisory Committee only includes a fixed monthly remuneration reflecting their role and independence.

While the procedure for determining compensation for directors who are not Audit & Supervisory Committee members is left to the Representative Director and Chairman by resolution of the Board of Directors, in determining individual compensation for directors who are not Audit & Supervisory Committee members, the Representative Director and Chairman must respect original proposals determined by the Nomination & Compensation Committee.

In addition, compensation for directors who are Audit & Supervisory Committee members is discussed and determined by the Audit & Supervisory Committee.

(iv) Policy and Procedures for the Appointment and Dismissal of Management Executives/Directors

The nomination of director candidates and the appointment and dismissal of Representative Directors and lower-ranked members of the management team are determined by the Board of Directors while respecting the opinions and recommendations of the Nomination & Compensation Committee, and the decisions are submitted to the General Meeting of Shareholders.

The Nomination & Compensation Committee sets the qualification criteria for executive directors, outside directors, and directors who are Audit & Supervisory Committee members. It strives to ensure a Board composition that includes individuals with appropriate expertise in areas such as management, sales, finance, accounting, and legal matters. It considers attributes such as personality, insight, experience, ability, and passion without being influenced by personal characteristics such as gender or nationality, focusing on individuals who can engage in thorough discussions and swift decision-making to enhance the corporate value of the Company over the long term.

(v) Enhancement of Information Disclosure

For the appointment and dismissal of directors (excluding directors who are Audit & Supervisory Committee members) and directors who are Audit & Supervisory Committee members, the reasons for their selection or dismissal are disclosed in our notices of convocation of the annual general meeting of shareholders.

[Supplementary Principle 3-1-3] Initiatives on Sustainability

Under the management philosophy of "pursuing the best products and services that satisfy our customers and contributing to the realization of an enriching living environment through our passionate actions," Elan strives to realize a sustainable society through our business activities. Recognizing sustainability initiatives as an important issue for management, we established a Sustainability Committee in March 2023 to concurrently solve social issues and promote the growth of the Company and its employees through our business operations. The Sustainability Committee takes the lead in implementing various measures.

The Sustainability Committee is chaired by the Representative Director, President, and CEO, with executive officers as well as executive and younger employees who are expected to lead the next generation serving as members and subcommittee members. The committee holds regular monthly meetings where members formulate basic policies for sustainability management, discuss significant sustainability matters (material issues), set objectives for each subcommittee, plan and manage activities and report on related progress, and review and provide instructions related to the disclosure of such information. They also provide reports and proposals to the Management Meeting as necessary to support executive decision-making. Furthermore, a quarterly meeting involving the members of all subcommittees of the committee is held to promote sustainability initiatives within the Company. In this way, the Sustainability Committee operates in coordination with subcommittees established separately to explore important themes, as well as with decision-making bodies like the Management Meeting.

The key sustainability matters (material issues) for our Group are as follows.

- (1) Support the promotion of health and well-being of all people.
- (2) Provide stable services, reduce environmental burdens.
- (3) Realize a society full of smiles.
- (4) Establish and maintain a sound, sustainable business foundation.

For more information on related initiatives, please refer to pages 16–19 of our Fiscal 2024 securities report.

https://ssl4.eir-parts.net/doc/6099/ir_material4/247480/00.pdf

We have also disclosed sustainability initiatives and other information in our ELAN REPORT 2023 integrated report.

* ELAN REPORT 2023: https://ssl4.eir-parts.net/doc/6099/ir_material3/219555/00.pdf

[Initiatives on Human Capital Management]

Elan believes that its CS Set service helps solve social issues in the medical and healthcare sectors, both domestically and overseas, and it is the personnel of the Group that expands this service through society. In other words, the Group regards human resources as its most valuable—and therefore indispensable—driver of business value. Consequently, we believe it is necessary to continuously increase work engagement among our employees through various activities.

For more information on related initiatives, please refer to pages 19–27 of our Fiscal 2024 securities report.

https://ssl4.eir-parts.net/doc/6099/ir_material4/247480/00.pdf

[Initiatives on Climate Change]

Climate change is recognized by the international community as an important social issue that requires an urgent solution, and decarbonization efforts are advancing globally in this context. In Japan, the tangible effects of climate change, such as an increase in extremely hot days and frequent occurrences of heavy rain damage, have become apparent. Against the backdrop of developments such as accelerating environmental, social, and governance-related (ESG) investments and discussions on the full-scale implementation of a carbon tax, the impact of climate change and its countermeasures on management is expected to increase further.

The Elan Group naturally complies with environmental laws and regulations, and we regard responses to environmental issues such as climate change as an important issue. We work to advance our initiatives in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and will continue to strive to actively disclose climate-related information.

For more information on related initiatives, please refer to pages 27–31 of our Fiscal 2024 securities report.

https://ssl4.eir-parts.net/doc/6099/ir_material4/247480/00.pdf

[Supplementary Principle 4-1-1] Overview of Scope of Delegation from the Board of Directors to the Management Team

As a company with an Audit & Supervisory Committee, Elan has established in its Articles of Incorporation that certain decisions regarding the execution of important business matters can be delegated to its directors to accelerate decision-making in management. On the other hand, to strengthen supervisory functions over business execution, the establishment, amendment, and repeal of important regulations that define the scope of delegation from the Board of Directors to the management team, such as the Regulations on Administrative Authority, are determined by resolutions at meetings of the Board of Directors, with outside directors and Audit & Supervisory Committee members participating in the decision-making process.

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

Elan selects candidates for outside director in accordance with the standards set by the Tokyo Stock Exchange, based on whether they possess the appropriate and sufficient character, insights, abilities, and other factors necessary to perform their duties

independently and objectively.

[Supplementary Principle 4-10-1] Involvement and Advice of Independent Outside Directors in Nominations, Compensation, etc.

Elan decides on original proposals and other materials for general shareholder meetings and Board of Directors meetings centered on the nomination and compensation of directors, executive officers, and other individuals following deliberation by the Nomination & Compensation Committee, a voluntary advisory body to the Board of Directors with a majority of independent outside directors. The Board of Directors Regulations and other guidelines stipulate that the Board of Directors must respect the opinions and decisions of the Nomination & Compensation Committee.

[Supplementary Principle 4-11-1] Policy and Procedures for Director Appointments

The Nomination & Compensation Committee sets the qualification criteria for executive directors, outside directors, and directors who are Audit & Supervisory Committee members. It strives to ensure a Board composition (up to eight directors who are not Audit & Supervisory Committee members, and up to six directors who are Audit & Supervisory Committee members) that includes individuals with appropriate expertise in areas such as management, sales, finance, accounting, and legal matters. It considers attributes such as personality, insight, experience, ability, and passion without being influenced by personal characteristics such as gender or nationality, focusing on individuals who can engage in thorough discussions and swift decision-making to enhance the corporate value of the Company over the long term.

Furthermore, the appointment of director candidates is decided by the Board of Directors while respecting the opinions and recommendations of the Nomination & Compensation Committee (the appointment of directors who are Audit & Supervisory Committee members requires the approval of the Audit & Supervisory Committee).

The skills matrix of the directors is included in the Notice of Convocation of the 31th Annual General Meeting of Shareholders.

[Supplementary Principle 4-11-2] Directors' Concurrent Positions

The concurrent positions held by directors are disclosed in our corporate governance reports, notices of convocation of the meeting of shareholders, and securities reports.

[Supplementary Principle 4-11-3] Results Summary of the Analysis and Evaluation of the Overall Effectiveness of the Board of Directors

For the 31th Term, Elan conducted a questionnaire survey among all directors on the composition, operation, roles and responsibilities of the Board of Directors, as well as the Nomination & Compensation Committee, self-evaluations by directors, support for directors, and other topics to analyze and assess the effectiveness of the Board of Directors.

[Summary of the Evaluation Results of the Board's Effectiveness]

A comprehensive assessment of the effectiveness evaluation for the Board of Directors during the 31th Term revealed no items with a particularly low rating, and Elan accordingly assessed that its Board of Directors is generally effective in its meetings and operations. We received high praise for creating an environment that fosters lively discussions in which all directors, including outside directors, can express their opinions freely based primarily on their own experiences, knowledge, and abilities, and for the appropriate oversight by outside directors.

However, in terms of ensuring sufficient time for deliberation, we have received feedback regarding the timing of material distribution and the selection of agenda items for Board of Directors meetings, and we will seek to improve in these areas.

Going forward, we will continue to use the results of this analysis and evaluation to improve problem areas and leverage strengths with the aim of further enhancing the effectiveness of the Board of Directors.

[Supplementary Principle 4-14-2] Training Policy for Directors

Elan ensures that its directors receive adequate training to appropriately fulfill their roles and responsibilities. Training to outside directors is provided as needed since they already possess necessary expertise.

Our policy for training is that directors participate in courses offered by external organizations on topics such as corporate governance, compliance, and capital markets, with the necessary expenses being borne by the Company.

[Principle 5-1] Policy for Constructive Dialogue with Shareholders

- (i) The Investor Relations (IR) Office is responsible for handling and overseeing dialogue with shareholders and investors.
- (ii) The Management Planning Department supports dialogue with shareholders and investors.
- (iii) The means of dialogue with shareholders and investors include individual meetings, as well as semi-annual and annual financial results briefings for institutional investors and analysts.
- (iv) Opinions and other inputs gathered through dialogue with shareholders and investors are reported to the Board of Directors and other administrative bodies as needed, and utilized in future management strategies.
- (v) When engaging in dialogue with shareholders and investors, Elan strives to achieve timely and fair information disclosure.

Based on this principle, decisions on the content and scope of disclosure are made in coordination with the management team and relevant divisions, and efforts are made to manage insider information.

[Principle 5-2] Measures for Achieving Management with a Focus on Costs of Equity and Stock Price

Elan estimates its cost of equity (CAPM) was approximately 7–8% in Fiscal 2024. The equity spread—the difference between the return on equity (ROE) and the cost of equity—was approximately 12–13%. We believe this indicates we are generating profits that exceed shareholder expectations.

As a future initiative, we plan to update Disclosure with a Focus on Costs of Equity and Stock Price during Fiscal 2025.

2. Capital Structure

| | |
|--------------------------------------|---------------|
| Foreign Shareholding Ratio (Updated) | Less than 10% |
|--------------------------------------|---------------|

Status of Major Shareholders (Updated)

| Name or Company Name | Number of Shares Owned | Percentage (%) |
|---|------------------------|----------------|
| M3, Inc. | 33,329,490 | 55.00 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 3,356,100 | 5.54 |
| Hideharu Sakurai | 3,146,200 | 5.19 |
| Nobuhiro Nakajima | 2,422,600 | 4.00 |
| SAKURA Corporation | 1,841,500 | 3.04 |
| HIKARI TSUSHIN, INC. | 1,617,600 | 2.67 |
| Custody Bank of Japan, Ltd. (Trust account) | 1,245,000 | 2.05 |
| The Nomura Trust and Banking Co., Ltd. (Trust Account) | 863,200 | 1.42 |
| N-Style Co., Ltd. | 828,500 | 1.37 |
| NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND | 826,400 | 1.36 |

| | |
|---|---|
| Name of Controlling Shareholder, if applicable (excluding Parent Company) | — |
| Name of Parent Company, if applicable (Updated) | M3, Inc. (Listed on the Tokyo Stock Exchange) (Securities code: 2413) |

Supplementary Explanation (Updated)

The information in “2. Status of Major Shareholders” is as of December 31, 2024.

3. Corporate Attributes

| | |
|---|--|
| Listed Stock Exchange and Market Segment | Prime Market |
| Fiscal Year-End | December |
| Business Sector | Services |
| Number of Employees (Consolidated) as of the End of the Previous Fiscal Year | 500 or more but fewer than 1,000 |
| Net Sales (Consolidated) for the Previous Fiscal Year | ¥10 billion or more but less than ¥100 billion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | Fewer than 10 |

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder, etc. (Updated)

The parent company of Elan is M3, Inc.

The Board of Directors has resolved that transactions with the parent company shall, in principle, be conducted on appropriate terms and conditions equivalent to those generally applicable to transactions with third parties. In addition, for important transactions or actions that may give rise to conflicts of interest between the parent company and the Special Company's minority shareholders, the Board of Directors, in accordance with internal regulations, submits such matters for consultation to a Special Committee composed of independent directors, and makes decisions at the Board of Directors while respecting the Special Committee's recommendations.

5. Other Special Circumstances which may have a Material Impact on Corporate Governance (Updated)

The Company's approach and measures for ensuring independence from the parent company, which are necessary from the perspective of protecting minority shareholders, are as described in "4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder, etc." above.

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

1. Matters regarding Organizational Composition and Operation, etc.

| | |
|-----------------------------|--|
| Corporate Governance System | Company with Audit & Supervisory Committee |
|-----------------------------|--|

Directors

| | |
|--|-----------|
| Number of Directors Stipulated in Articles of Incorporation (Updated) | 14 |
| Directors' Term of Office Stipulated in Articles of Incorporation | 1 year |
| Chairperson of the Board | President |
| Number of Directors (Updated) | 10 |
| Election of Outside Directors | Elected |
| Number of Outside Directors (Updated) | 4 |
| Number of Outside Directors Designated as Independent Officers (Updated) | 4 |

Outside Directors' Relationship with the Company (1) (Updated)

| Name | Attributes | Relationship with the Company* | | | | | | | | | | |
|-----------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Naomi Emori | Other | | | | | | | | | | | |
| Nobuyuki Takagi | From another company | | | | | | | | | | | |
| Naohide Aikawa | Lawyer | | | | | | | | | | | |
| Miho Saito | From another company | | | | | | | | | | | |

*** Categories for “Relationship with the Company.”**

*** Use “○” when the director presently falls or has recently fallen under the category, and “△” when the director fell under the category in the past.**

*** Use “●” 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. Person who executes business for the listed company or its subsidiary
- b. Person who executes business or non-executive director of the listed company's parent company
- c. Person who executes business for a fellow subsidiary of the listed company
- d. Person/entity for which the listed company is a major client or a person who executes business for said person/entity
- e. Major client of the listed company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the listed company in addition to executive compensation
- g. Major shareholder of the listed company (in cases where the major shareholder is a corporation, a person who executes business for the corporation)
- h. Person who executes business for a client of the listed company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the listed company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the listed company (applies to director him/herself only)
- k. Other

Outside Directors’ Relationship with the Company (2) (Updated)

| Name | Membership of Audit & Supervisory | Designation as Independent Director | Supplementary Explanation of Conforming Items | Reasons for Appointment |
|-----------------|-----------------------------------|-------------------------------------|---|---|
| Naomi Emori | | ○ | ——— | Ms. Naomi Emori has been involved in nursing care operations at large acute care hospitals for many years, broadly engaging in hands-on nursing care work, management, and education, as well as in related research activities and academic and social activities. Although she has no direct experience in company management beyond her role as an outside director at Elan, she has extensive knowledge and experience in nursing care and healthcare. We have nominated her as a candidate for outside director as we expect her to draw on her background and experience to further contribute the growth of our business operations by providing advice, guidance, and other inputs from a nursing and medical care perspective. |
| Nobuyuki Takagi | ○ | ○ | ——— | Mr. Nobuyuki Takagi has worked at a securities company and possesses knowledge of a broad range of capital markets. Leveraging his career achievements and experience, he is able to provide appropriate guidance and perform audits, and has helped enhance and strengthen our audit system as an outside director. Although he has no experience in company management beyond his role as outside directors, we have nominated him as a candidate for Audit & Supervisory Committee member as we expect him to continue to draw on his broad insight and experience in capital markets to adequately perform his duties by supervising our business execution from an external perspective. |

| | | | | |
|----------------|---|---|-----|---|
| Naohide Aikawa | ○ | ○ | --- | Mr. Naohide Aikawa has extensive experience and professional expertise as a lawyer. Leveraging his career achievements and experience, he is able to provide appropriate guidance and perform audits, and has helped enhance and strengthen our audit system as an outside director. Although he has no direct experience in company management beyond his role as outside directors, we have nominated him as a candidate for Audit & Supervisory Committee member as we expect him to continue to draw on his broad insight and experience as a lawyer to adequately perform his duties by supervising our business execution from an external perspective. |
| Miho Saito | ○ | ○ | --- | Ms. Miho Saito has been engaged in international investment activities and possesses broad insight into capital markets. Leveraging her background and experience, she is able to provide appropriate guidance and perform audits and is expected to contribute to enhancing and strengthening our audit system as an outside director. We have nominated her as a candidate for Audit & Supervisory Committee member as we expect her to draw on her broad insight and experience to adequately perform her duties by supervising our business execution from an external perspective. |

Audit & Supervisory Committee

Composition of Audit & Supervisory Committee and Attributes of the Chairperson (Updated)

| | All Committee Members | Full-time Members | Inside Directors | Outside Directors | Committee Chair |
|-------------------------------|-----------------------|-------------------|------------------|-------------------|------------------|
| Audit & Supervisory Committee | 5 | 1 | 2 | 3 | Outside director |

| | |
|--|-----------|
| Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee | Appointed |
|--|-----------|

Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

If the Audit & Supervisory Committee requests the appointment of directors or employees to assist in its duties, such directors or employees will be assigned as needed, following discussions with the Audit & Supervisory Committee. The Audit & Supervisory Committee can provide input related to the selection and personnel evaluations of these directors or employees. Furthermore, the directors or employees assigned to assist the Audit & Supervisory Committee perform their duties under the direction and command of the Audit & Supervisory Committee and do not take instructions from other directors (excluding directors who are members of the Audit & Supervisory Committee).

Cooperation among the Audit & Supervisory Committee, Financial Auditor, and Internal Audit Department

The Audit & Supervisory Committee receives reports from the Internal Control Department regarding the development and operational status of Elan's internal control systems, the internal audit plan and its implementation status, the evaluation results of internal controls related to financial statements and financial reporting, and other reports. Furthermore, the committee engages in regular exchanges of opinions with the financial auditor, and receives reports from the latter on the execution of its duties.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Compensation Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson (Updated)

| | Committee's Name | All Members | Full-time Members | Inside Directors | Outside Directors | Outside Experts | Other | Chairperson |
|--|-------------------------------------|-------------|-------------------|------------------|-------------------|-----------------|-------|------------------|
| Voluntarily Established Committee Equivalent to Nomination Committee | Nomination & Compensation Committee | 5 | 0 | 1 | 4 | 0 | 0 | Outside Director |
| Voluntarily Established Committee Equivalent to Compensation Committee | Nomination & Compensation Committee | 5 | 0 | 1 | 4 | 0 | 0 | Outside Director |

Supplementary Explanation (Updated)

Aiming to enhance the independence, objectivity, transparency, and accountability of the Board of Directors' functions centered on the nomination of director and auditor candidates and the determination of their compensation, and to further strengthen our corporate governance structure, Elan resolved to establish a Nomination & Compensation Committee as a voluntary advisory body operating under the Board of Directors at a Board of Directors meeting held on July 18, 2019. In addition, on March 25, 2020, we transitioned from a company with a Board of Auditors to a company with an Audit & Supervisory Committee.

In the 27th Term (January 1, 2020 to December 31, 2020), the Nomination & Compensation Committee, chaired by an outside director, comprised three outside directors who were Audit & Supervisory Committee members, one inside director, and one executive officer. The committee held four meetings, with a 100% attendance rate for all members.

In the 28th Term (January 1, 2021 to December 31, 2021), the Nomination & Compensation Committee, chaired by an outside director, comprised three outside directors who were Audit & Supervisory Committee members, one inside director, and one executive officer until March 23, 2021. Thereafter, it comprised three outside directors who were Audit & Supervisory Committee members and two inside directors. The committee held six meetings, with a 100% attendance rate for all members.

In the 29th Term (January 1, 2022 to December 31, 2022), the Nomination & Compensation Committee, chaired by an outside director, comprised three outside directors who were Audit & Supervisory Committee members (increased to four outside directors from November 22, 2022 to December 31, 2022) and two inside directors. The committee held six meetings, with a 100% attendance rate for all members.

In the 30th Term (January 1, 2023 to December 31, 2023), the Nomination & Compensation Committee, chaired by an outside director, comprised three outside directors and two inside directors. The committee held six meetings, with a 100% attendance rate for all members.

In the 31st Term (January 1, 2024 to December 31, 2024), the Nomination & Compensation Committee, chaired by an outside director, comprised three outside directors and two inside directors. The committee held nine meetings, with a 100% attendance rate for all members.

As an advisory body to the Board of Directors, the committee conducts in-depth deliberations on the nomination and compensation of officers, and makes appropriate recommendations to the Board of Directors.

Finally, the results of the effectiveness evaluation questionnaire sent to the Board of Directors conducted in the 31st Term showed the effectiveness of the committee is being recognized to a certain extent.

Matters Concerning Independent Directors

Number of Independent Directors (Updated)

4

Other Matters Concerning Independent Directors

All outside directors have been reported as independent officers.

Incentives

| | |
|--|---|
| Implementation Status of Measures related to Incentives Granted to Directors | Introduction of performance-linked compensation program |
|--|---|

Supplementary Explanation for Applicable Items (Updated)

The compensation for our directors, excluding outside directors and directors who are members of the Audit & Supervisory Committee, consists of fixed compensation (monthly remuneration) determined based on their position, and performance-linked compensation (executive bonus) that varies according to earnings performance. The performance-linked compensation (executive bonus) comprises both monetary and stock compensation.

To increase motivation to contribute to improvements in earnings performance and corporate value over the medium to long term, Elan has introduced a performance-linked stock compensation program for our directors (excluding outside directors and director who are Audit & Supervisory Committee members) and executive officers, referred to as a Board Benefit Trust (BBT), following a resolution of the 27th Annual General Meeting of Shareholders held on March 23, 2021.

Under the performance-linked stock compensation program, points are awarded to eligible officers each fiscal year based on factors such as position, contributions, and achievement of earnings performance targets. The points granted to eligible officers vary and are finalized in accordance with the degree of achievement of the targets in the medium-term management plan. Eligible officers, in principle, receive stock compensation corresponding to the points awarded after they step down from their positions. As of the end of the 31th Term (December 31, 2024), Elan had acquired 98,217 shares of its own stock as trust assets under the performance-linked stock compensation program.

Our performance-linked compensation (executive bonus) is premised on consolidated operating profit as the main indicator. It is determined, in principle, based on the achievement rate for initial full-year forecasts. We have selected consolidated operating profit as the indicator because it more accurately reflects contributions to the enhancement of corporate value, and because we believe the adoption of an objective and clear indicator enhances the objectivity and transparency of the performance-linked compensation.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

—

Director Compensation

| | |
|--|--|
| Status of Disclosure of Individual Director's Compensation | Individual compensation details are not disclosed. |
|--|--|

Supplementary Explanation for Applicable Items

As there are no individuals whose total compensation exceeds 100 million yen, individual compensation details are not disclosed. The compensation for directors (excluding directors who are members of the Audit & Supervisory Committee) and for directors who are members of the Audit & Supervisory Committee is disclosed in the form of aggregate amounts.

| | |
|--|-------------|
| Policy on Determining Compensation Amounts and Calculation Methods (Updated) | Established |
|--|-------------|

The maximum compensation for directors (excluding directors who are Audit & Supervisory Committee members) was resolved to be within 460 million yen per year (including up to 20 million yen for outside directors, but excluding salaries for employees) at the 26th Annual General Meeting of Shareholders held on March 25, 2020. As of the filing date for this report, there are five eligible directors (excluding directors who are Audit & Supervisory Committee members). The maximum compensation for directors who are Audit & Supervisory Committee members was resolved to be within 40 million yen per year at the 26th Annual General Meeting of Shareholders held on March 25, 2020. As of the filing date for this report, there are four eligible directors who are Audit & Supervisory Committee members.

The stock compensation portion of the performance-linked compensation (executive bonus) was resolved at the 27th Annual General Meeting of Shareholders held on March 23, 2021. Under the performance-linked stock compensation program (Board Benefit Trust [BBT]) for directors (excluding outside directors and directors who are Audit & Supervisory Committee members) and executive officers, the maximum number of points that can be awarded to directors per fiscal year has been adequately set at up to 120,000 points. As of the filing date for this report, there are three eligible directors (excluding outside directors and directors who are Audit & Supervisory Committee members).

[Policy for Determining the Details of Directors' Compensation, etc.]

The Board of Directors resolves the policy for determining the details of individual directors' compensation and other benefits. With regard to the details of compensation and other benefits for individual directors in the current fiscal year, the Board of Directors confirms that the method for determining compensation and other benefits, and the details of the compensation and other benefits are consistent with its decision-making policy, and that the recommendations from the Nomination & Compensation Committee have been respected. Accordingly, it judges that the compensation and other benefits are in line with its decision-making policy. The details of the policy for determining individual directors' compensation and other benefits are described below.

a. Types of executive compensation and basic policy

Executive directors (i.e., directors other than outside directors and directors who are members of the Audit & Supervisory Committee) are paid in the form of fixed compensation (monthly remuneration) determined based on their position, and performance-linked compensation (executive bonus) that varies according to earnings performance. Furthermore, the performance-linked compensation (executive bonus) is provided in the form of both monetary and stock compensation. Conversely, outside directors and directors who are members of the Audit & Supervisory Committee, who perform supervisory functions, receive only fixed compensation (monthly remuneration) in the form of monetary compensation, reflecting their roles and independence.

b. Policy for determining the amount of individual fixed compensation (monthly remuneration), etc., (including policy on timing or conditions for providing compensation, etc.)

When determining the fixed compensation (monthly remuneration) for directors, a table is established for each role as the standard. The compensation levels are determined by referring to data from external third-party surveys and other information while taking into account the opinions and recommendations of outside directors in the Nomination & Compensation Committee, a voluntary advisory body to the Board of Directors that mainly comprises independent outside directors.

c. Policy for determining the amount of individual performance-linked compensation (executive bonus), etc., (including policy on timing or conditions for providing compensation, etc.)

The total amount of individual performance-linked compensation (executive bonus) for executive directors is determined by considering the achievement rate for consolidated operating profit, as well as roles and contributions to the Company.

We have selected consolidated operating profit as the indicator because it more accurately reflects contributions to the enhancement of corporate value of the Company, which is in a growth stage, and because we believe it is an objectively clear indicator that enhances the objectivity and transparency of the performance-linked compensation. Performance-linked compensation (executive bonus) consists of monetary and stock compensation. For stock compensation, points are awarded each year to individual executives based on factors such as position, degree of contribution, and achievement of earnings targets, with the amount of stock compensation corresponding to the points awarded. Monetary compensation, on the other hand, is provided in the amount remaining after deducting the applicable stock compensation amount from the total individual performance-linked compensation (executive bonus). Furthermore, the points awarded for stock compensation vary and are finalized based on the achievement of the targets in the medium-term management plan. Eligible executives, in principle, receive stock compensation after they step down from their positions, based on the finalized points.

d. Policy for determining the ratio of individual performance-linked compensation (executive bonus), etc.

The determination of the ratio of fixed compensation (monthly remuneration) to performance-linked compensation (executive

bonus) is entrusted by the Board of Directors to the Representative Director and Chairman, who makes the decision while considering the recommendations of the Nomination & Compensation Committee to ensure an appropriate ratio.

e. Matters related to the determination of individual director compensation, etc.

The determination of the compensation for executive directors is entrusted by the Board of Directors to the Representative Director and Chairman, who makes the decision based on their role and contributions to the Company and while considering the recommendations of the Nomination & Compensation Committee. Furthermore, when determining the individual compensation amounts for executive directors, the Representative Director and Chairman respects the original proposals of the Nomination & Compensation Committee.

f. Activities of the Nomination & Compensation Committee

The Nomination & Compensation Committee deliberates on matters related to the nomination of directors and executive officers as well as their compensation and other details, and reports the results to the Board of Directors. As an advisory body operating under the Board of Directors, the committee conducts its deliberations with a majority of independent outside directors.

Support System for Outside Directors

Support for outside directors is provided by the Administration Division.

In principle, materials for Board of Directors meetings are distributed in advance, ensuring that outside directors have sufficient time to review them. In addition, explanations are provided beforehand if necessary.

Status of Former Representative Director and President, etc.

Status of Former Representative Director and President, etc. Serving as Advisor or Consultant (Updated)

| Name | Position/Title | Duties | Working Style/Conditions | Date of Resignation | Term of Office |
|------------------|----------------|--|---|---------------------|----------------|
| Hideharu Sakurai | Advisor | Provides advice on management and other matters in response to consultation requests, drawing on his experience and knowledge gained through many years of involvement in the Company's management | [Working style] Part-time [Compensation] Yes | March 21, 2025 | 1 year |

Total number of Former Representative Director and President, etc. Serving as Advisor or Consultant (Updated)

1

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

Based on a resolution at the 26th Annual General Meeting of Shareholders held on March 25, 2020, Elan transitioned from a company with a Board of Auditors to a company with an Audit & Supervisory Committee. The bulk of the important business execution decisions are made through the Board of Directors and the Management Meeting.

(Board of Directors)

The Board of Directors, which serves as the decision-making body for our management policies, management strategies, business plans, significant property acquisitions and disposals, and important organizational and personnel matters, consists of five directors (excluding directors who are Audit & Supervisory Committee members), including one outside director, and three directors who are Audit & Supervisory Committee members, including two outside directors. The Board holds regular monthly meetings and convenes extraordinary meetings as needed for important issues.

The Board of Directors decides on the responsibilities of executive directors, and also appoints executive officers and determines their responsibilities. When necessary, executive officers are required to attend Board meetings to ensure clear communication of

management decisions, thereby contributing to the swift execution of duties by executive directors and executive officers.

(Management Meeting)

The Management Meeting, acting as an advisory body to the Representative Director and President, consists of executive directors, executive officers, other members designated by the Representative Director and President, and full-time Audit & Supervisory Committee members. It meets twice a month to deliberate mainly on important matters related to business execution and issues that require discussion before being submitted to the Board of Directors. It also provides business reports and other inputs on the assigned duties of each executive director and each executive officer. With regard to matters for which decisions on the execution of significant business operations are delegated by resolution of the Board of Directors, the decisions are made by the President and Representative Director following deliberation by the Management Meeting.

(Audit & Supervisory Committee)

The Audit & Supervisory Committee comprises three directors who are Audit & Supervisory Committee members (one full-time member and two outside directors). This committee meets monthly to gauge the compliance of directors with laws and Elan's Articles of Incorporation, striving to ensure effective execution of business audits and accounting audits.

(Nomination & Compensation Committee)

With the aim of enhancing the independence, objectivity, transparency, and accountability of the functions of the Board of Directors and to further strengthen our corporate governance structure, Elan has established the Nomination & Compensation Committee as a voluntary advisory body separate from the Board of Directors that mainly comprises independent outside directors. The Nomination & Compensation Committee deliberates on matters such as the nomination of director and executive officer candidates, as well as the compensation and other benefits of directors and executive officers, and reports the results to the Board of Directors. The committee consists of members selected by resolution of the Board of Directors, with a majority being independent outside directors.

(Special Committee)

With the aim of further strengthening our corporate governance structure, Elan has established a Special Committee as a voluntary advisory body separate from the Board of Directors, mainly composed of independent outside directors. The Special Committee deliberates on transactions and actions that require careful consideration from the perspective of protecting minority shareholders, such as transactions between the Company and the parent company group, and reports the results to the Board of Directors. The Special Committee is composed of independent outside directors.

3. Reasons for Adoption of Current Corporate Governance Structure (Updated)

Based on a resolution at the 26th Annual General Meeting of Shareholders held on March 25, 2020, Elan transitioned from a company with a Board of Auditors to a company with an Audit & Supervisory Committee. This transition involved establishing an Audit & Supervisory Committee, with a majority of outside directors as members, and granting voting rights to directors who are Audit & Supervisory Committee members at Board of Directors meetings. The purpose of this change was to enhance the supervisory function over the Board of Directors and thereby further strengthen corporate governance. Additional objectives were to accelerate management decision-making related to business execution by allowing the Board of Directors to broadly delegate decisions on business execution to directors, and to further enhance corporate value by allowing the Board of Directors to engage in more comprehensive and strategic discussions.

The Management Meeting, acting as an advisory body to the Representative Director and President who is delegated by the Board of Directors to make important executive business decisions, was established to share information on important business execution matters, and conducts deliberations among its members to support appropriate and prompt decision-making by the Representative Director and President.

Furthermore, to enhance the independence, objectivity, and accountability of the functions of the Board of Directors, the Nomination & Compensation Committee was established as a voluntary advisory body separate from the Board of Directors and primarily comprising independent outside directors.

Additionally, to ensure the interests of minority shareholders in the event of a transaction between the Company and the parent company group, we have established the Special Committee, composed of independent outside directors, as a voluntary advisory body to the Board of Directors.

By introducing these administrative bodies, we believe we can work to enhance supervisory functions over business execution, accelerate management decision-making related to business execution, conduct strategic discussions at the Board of Directors, and ultimately strengthen corporate governance and enhance corporate value.

III Implementation of Measures for Shareholders and Other Stakeholders

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

| | Supplementary Explanation |
|---|--|
| Scheduling of the General Meeting of Shareholders on a Non-Peak Day | Our fiscal year ends in December, and our General Meeting of Shareholders is held in March on a non-peak day. The date of the meeting is set early in the year, avoiding the fiscal year-end, to allow a greater number of shareholders to attend. |
| Electronic Exercise of Voting Rights | We have implemented electronic voting. |
| Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights | We participate in a platform for the electronic exercise of voting rights in light of an increase in institutional and overseas investors. |
| Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English | We provide English translations of our convocation notices in light of an increase in overseas investors. |
| Other | We strive to disseminate information to shareholders at an early stage by, for example, posting our shareholder meeting convocation notices on our website as an electronic provision in accordance with the Companies Act. |

2. Status of IR-related Activities (Updated)

| | Supplementary Explanation | Presentation by a Representative |
|---|---|----------------------------------|
| Regular Investor Briefings held for Analysts and Institutional Investors | We regularly hold financial results briefings. | Yes |
| Online Disclosure of IR Information | Our website has an investor relations (IR) page, where we post securities reports, timely disclosure documents, IR news, and more. | |
| Establishment of Department and/or Placement of a Manager in Charge of IR | Our IR Office is structured as an independent entity within our organization, with an executive officer serving as the manager. | |
| Other | We translate financial briefing materials, financial results summaries, and other materials into English to disclose information to overseas investors. | |

3. Status of Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanation |
|---|--|
| Formulation of Policies, etc. on Provision of Information to Stakeholders | Our basic policy is to promptly and appropriately disclose corporate information necessary for investors to accurately assess the investment value for the Company, and we have established a system to ensure swift disclosure. |

IV Matters Concerning the Internal Control System, etc.

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

1. System to Ensure the Execution of Duties by Directors and Employees Complies with Laws and Regulations and the Articles of Incorporation

(1) We have created a Compliance Manual and promote necessary awareness and educational activities for directors and employees, while ensuring compliance with the M3 Group Code of Conduct.

(2) We have established an internal reporting system in accordance with the Whistleblower Protection Act, thereby strengthening

the consultation function with respect to compliance.

(3) Our Internal Audit Office, which is independent from other departments and appointed by the Representative Director and President, regularly conducts internal audits on the business execution, compliance status, and other conditions at each department, and reports its findings to the Representative Director and President and the Audit & Supervisory Committee.

(4) In accordance with our Regulations for Dealing with Anti-Social Forces, our basic stance is to not provide any financial or other economic benefits to anti-social forces under any circumstances, and this policy is communicated and documented within the Company.

2. System for the Preservation and Management of Information related to the Execution of Directors' Duties

(1) Recorded documents, approval documents, and other important information related to the execution of duties by directors are stored in paper or electronic media format, and are appropriately preserved and managed in accordance with laws, our Document Management Regulations, our Approval Regulations, and other guidelines.

(2) Directors can access these documents and materials as needed.

3. Regulations and Other Systems for Managing the Risk of Loss

(1) The Board of Directors establishes and periodically reviews internal regulations to address various risks in areas such as compliance, personal information, quality, security, and system issues.

(2) Risk information and other data are reported to the directors and the Audit & Supervisory Committee by the responsible officers through the Board of Directors and other meetings.

(3) In the event of an unforeseen situation, a task force is established under the direction of the Representative Director and President. The task force works with external experts such as law firms as necessary to ensure a swift and accurate response, aiming to prevent the expansion of damage and minimize its impact.

4. System to Ensure Efficient Execution of Duties by Directors

(1) The Board of Directors makes resolutions on statutory matters, decides on important management issues, supervises business execution, and engages in other activities in accordance with the Board of Directors Regulations. Regular Board meetings are held monthly, and extraordinary Board meetings are convened as necessary to ensure swift and accurate decision-making.

(2) For significant business execution decisions delegated by resolution of the Board of Directors, the Representative Director and President makes decisions following deliberation by the Management Meeting, which acts as an advisory body to the Representative Director and President.

(3) The Management Meeting, governed by the Management Meeting Regulations, consists of executive officers, including those in charge of business execution, full-time Audit & Supervisory Committee members, and individuals appointed by the Representative Director and President. The meeting is held twice a month to deliberate on important management and other matters.

(4) Directors execute their duties under the direction of the Representative Director in accordance with resolutions by the Board of Directors, internal regulations, and other guidelines. Each director reports on conditions to the Board of Directors and the Audit & Supervisory Committee and exchanges information related to corporate management.

(5) Each department ensures promptness and efficiency by transferring authority in accordance with the Regulations on Administrative Authority and Regulations on the Allocation of Business Operations in an effort to clarify responsibilities.

5. System to Ensure Proper Business Operations in the Corporate Group comprising the Company and Its Subsidiaries

(1) As part of the system for reporting matters related to the execution of duties by subsidiary executives and other officers to the Company, the department in charge of administration, in accordance with the Regulations for Management of Affiliated Companies, request the submission of management-related and other materials and regular reports to the Board of Directors.

(2) To establish systems for managing the risk of loss at subsidiaries in the form of rules or other systems for managing the risk of loss of subsidiaries, Elan has developed internal regulations and systems related to crisis management and risk management, and manages risks associated with subsidiaries accordingly. If significant legal violations or other important compliance-related issues are identified at a subsidiary, these are reported promptly to our Board of Directors through the Representative Director and President, and simultaneously to the Audit & Supervisory Committee.

(3) Elan has established the system to ensure the efficient execution of duties by subsidiary directors and other officers. To ensure proper subsidiary management, the Company receives regular business reports from subsidiaries and requires subsidiaries to obtain prior approval of important matters from the Company in accordance with the Regulations for Management of Affiliated Companies. To promote the autonomy and independence of subsidiary management, authority is transferred mainly by reviewing items submitted to the Board of Directors of subsidiaries. This approach ensures the efficient execution of duties by subsidiary directors and other officers.

(4) As a system to ensure compliance of subsidiary directors, officers, and employees with laws and regulations, as well as the Articles of Incorporation, Elan executives or other employees are appointed as executives or other employees at subsidiaries to monitor management and thus enhance the compliance system of the Group. In addition, the appropriateness of the Group's

business execution is verified through audits by the Audit & Supervisory Committee and the Internal Audit Office.

6. Matters related to Directors and Employees who Assist the Audit & Supervisory Committee, their Independence from Other Directors (Excluding Directors who are Audit & Supervisory Committee members), and Ensuring the Effectiveness of Instructions to Such Directors and Employees

If the Audit & Supervisory Committee requests the appointment of directors or employees to assist in its duties, such directors or employees will be assigned as needed, following discussions with the Audit & Supervisory Committee. The Audit & Supervisory Committee can provide input related to the selection and personnel evaluations of these directors or employees. Furthermore, the directors or employees assigned to assist the Audit & Supervisory Committee perform their duties under the direction and command of the Audit & Supervisory Committee, and do not take instructions from other directors (excluding directors who are Audit & Supervisory Committee members).

7. System for Reporting by Directors (excluding Directors who are Audit & Supervisory Committee Members) and Employees to the Audit & Supervisory Committee, and Other Reporting Systems to the Audit & Supervisory Committee

(1) Directors (excluding directors who are Audit & Supervisory Committee members) and employees report the execution status of their duties to the Audit & Supervisory Committee through attendance at Board of Directors and other important meetings by directors or employees who assist Audit & Supervisory Committee members or the Audit & Supervisory Committee, and they also report on the implementation status of internal audits, the reporting status, and other matters through the internal reporting system. In addition, full-time Audit & Supervisory Committee members, being part of the committee, serve as the contact point for the internal reporting system, allowing employees to report directly to the Audit & Supervisory Committee using the internal reporting system.

(2) When facts that may violate laws or the Articles of Incorporation or may cause significant damage to the Company are discovered, Directors (excluding directors who are Audit & Supervisory Committee members) and employees must immediately report these the Audit & Supervisory Committee.

(3) For other matters, if the Audit & Supervisory Committee requests a report, directors (excluding directors who are Audit & Supervisory Committee members) and employees must promptly report to the committee.

(4) Any unfavorable treatment of individuals who report to the Audit & Supervisory Committee on the grounds of the reporting, is prohibited. This policy is thoroughly communicated to all directors (excluding directors who are Audit & Supervisory Committee members), employees, and other related parties. Furthermore, the Group Internal Reporting Regulations stipulate that whistleblowers who use the internal reporting system must not be subject to dismissal or any other disadvantageous treatment. They also state that, to protect whistleblowers or related individuals, those who subject them to disadvantageous treatment, harassment, or other discrimination may face disciplinary action or other sanctions in accordance with the employment regulations.

8. System for Reporting by Subsidiary Directors and Employees to the Audit & Supervisory Committee

(1) Subsidiary directors and employees promptly report matters stipulated by laws and regulations, as well as those requested by the subsidiary's auditors, to the subsidiary's auditors. They also report to the department in charge of administration in accordance with the Regulations for Management of Affiliated Companies.

(2) When the department in charge of administration receives reports from subsidiary directors and employees on matters prescribed by laws and regulations, or those requested by subsidiary auditors, it promptly reports the content to the Audit & Supervisory Committee.

(3) Subsidiary directors and employees can directly report to the Audit & Supervisory Committee through the Company's full-time Audit & Supervisory Committee members, who serve as the contact point for the internal reporting system, in accordance with the Group Internal Reporting Regulations.

(4) Any unfavorable treatment of individuals who report to subsidiary auditors, the department in charge of administration at the Company, or the Audit & Supervisory Committee on the grounds of the reporting, is prohibited. This policy is thoroughly communicated to subsidiary directors, employees, and other related parties. Furthermore, the Group Internal Reporting Regulations stipulate that whistleblowers who use the internal reporting system must not be subject to dismissal or any other disadvantageous treatment. They also state that, to protect whistleblowers or related persons, those who subject them to disadvantageous treatment, harassment, or other discrimination may face disciplinary action or other sanctions in accordance with the Employment Regulations.

9. Other Systems to Ensure Effective Auditing by the Audit & Supervisory Committee

(1) Directors or employees who assist Audit & Supervisory Committee members or the Audit & Supervisory Committee, attend important meetings such as Board of Directors meetings to understand critical decision-making processes and the status of business execution. They can access important documents, such as approval documents, and request explanations from directors (excluding directors who are Audit & Supervisory Committee members) and employees, as necessary.

(2) The Audit & Supervisory Committee aims to collaborates with the Internal Audit Office, exchanging information and

participating in internal audits conducted by directors or employees who are assisting the committee as necessary.

(3) When a legal judgment is required, the Audit & Supervisory Committee seeks professional advice from law firms or other specialists. For financial audits, the committee mainly collaborates with audit firms to obtain necessary opinions.

(4) If an Audit & Supervisory Committee member requests the prepayment of expenses or other actions related to the execution of their duties (limited to duties related to the Audit & Supervisory Committee), Elan promptly processes the prepayment or other request unless deemed unnecessary for the committee member's duties.

10. System to Ensure the Reliability of Financial Reporting

To enhance the reliability of financial reporting, Elan maintains and operates internal controls related to financial reporting.

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

With regard to specific systems and measures to eliminate anti-social forces, we conduct Internet searches and utilize various services to screen all business partners before initiating transactions, in accordance with our Group Regulations for Dealing with Anti-Social Forces and our Anti-Social Forces Investigation Manual. We conduct investigations prior to the start of any transactions. For ongoing transactions with existing business partners, we conduct investigations annually. Furthermore, our basic transaction and other agreements include termination clauses that allow for the cancellation of the agreements if any relationship with anti-social forces is identified.

Finally, we have created a Compliance Manual for employees, listing the detailed rules for compliance and the required conduct. Employees are also required to pledge to sever any ties with anti-social forces.

V Other

1. Adoption of Anti-Takeover Measures

| | |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not adopted |
|------------------------------------|-------------|

| |
|--|
| Supplementary Explanation for Applicable Items |
|--|

2. Other Matters Concerning the Corporate Governance System, etc. (Updated)

Overview of Timely Disclosure System

1. Policy on Timely Disclosure of Corporate Information

Elan complies with the M3 Group Code of Conduct and has established a Compliance Manual outlining the obligations for officers and employees to ensure socially sound and fair corporate activities. This manual includes a disclosure-related provision stating, "We strive to make timely disclosures of corporate information, such as management details and the status of our business activities, to investors in accordance with relevant laws and regulations."

Based on this policy, we not only disclose important information in accordance with rules on timely disclosure regulations and other relevant laws and regulations to provide stakeholders, including shareholders and general investors, with timely, fair and appropriate information, but also strive to proactively disseminate information deemed useful to investors.

2. Internal System for Timely Disclosure of Corporate Information

We have established and operate the following internal system for the timely disclosure of corporate information. The Corporate Administration Department of the Administration Division discloses information through the Timely Disclosure Network (TDnet), and our IR Office promptly posts the information on our website after public release.

(1) Information on decisions

Information related to decisions is consolidated and deliberated in the Management Meeting. Disclosure documents are prepared by the Corporate Administration Department of the Administration Division. The information is disclosed under the direction of the Corporate Administration Department Manager, following a resolution by the Board of Directors.

(2) Information on occurring events

Significant facts arising in each department are reported by the respective department heads to the Administration Division Manager. Disclosure materials are prepared by the Corporate Administration Department of the Administration Division, and

disclosed under the direction of the Corporate Administration Department Manager, following approval by the Representative Director and President.

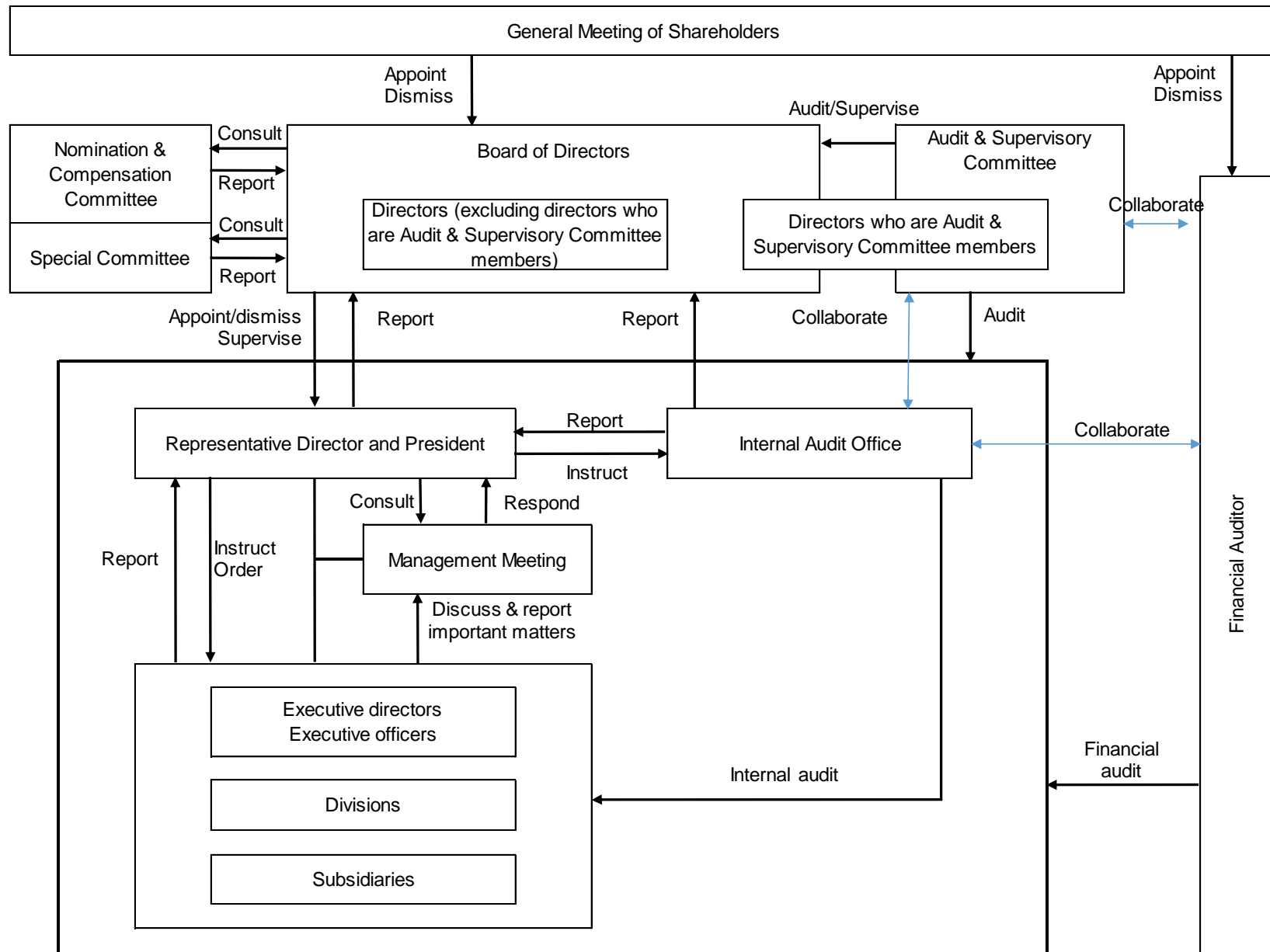
(3) Financial information (including quarterly results)

Disclosure documents related to financial information (annual and quarterly results) are mainly prepared by the Corporate Administration Department of the Administration Division and reported to the Management Meeting. The information is disclosed under the direction of the Corporate Administration Department Manager, following a resolution by the Board of Directors.

Furthermore, earnings forecasts are appropriately disclosed after the budgets of each department are reviewed as necessary up to the fiscal year-end, and following deliberation in the Management Meeting and a resolution by the Board of Directors.

(4) Check system for timely disclosure

The full-time Audit & Supervisory Committee members attend the Management Meeting, and all Audit & Supervisory Committee members attend Board of Directors meetings. To ensure the timely disclosure system functions properly, they also conduct audits by listening to executive directors, reviewing important documents, and engaging in other activities.



Status of Internal System for Timely Disclosure of Company Information

