

Regarding the Items Related to Controlling Shareholders and Others

Regarding Dai Nippon Printing Co., Ltd., which is the parent company of our company, we hereby announce the items related to controlling shareholders and others as follows.

1. The corporate names, etc. of the parent company, other controlling shareholders, and affiliated companies

(as of June 30, 2021)

Name	Attribute	Ownership ratio of voting rights [%]			The financial instruments exchange, etc. where issued share certificates are listed
		Direct ownership ratio	Portion subject to tallying	Total	
Dai Nippon Printing Co., Ltd.	Parent company	50.74	—	50.74	The first section of Tokyo Stock Exchange, Inc.

2. Positioning of listed companies in the corporate group including the parent company, and relationships between other listed companies and the parent company, etc.

Our parent company is Dai Nippon Printing Co., Ltd., which owns 50.74% of voting rights of our company. For the purposes of exchanging information on technologies and marketing activities and obtaining timely and appropriate advice, an auditor of the parent company also serves as our company's auditor.

We selected and appointed outside executives (two outside directors and three outside auditors) as independent executives designated in the independence standards of the Companies Act and Tokyo Stock Exchange, from the viewpoint of enhancing our independence from the parent company.

The board of auditors of our company is composed of a full-time auditor and four part-time auditors, and engages in business activities through our original decision-making processes, so the independence of our business administration is secured sufficiently.

(Concurrent posts of executives)

(as of September 29, 2021)

Post	Name	Post in the parent company or other group companies	Reason for appointment
Auditor	Yoshinori Kato	Head of Business Alliance Division, Business Promotion Dept., Dai Nippon Printing Co., Ltd.	To enhance the audit system

(Note) Among six directors and five auditors of our company, only one has a post in the parent company.

(Status of acceptance of temporarily transferred employees)

(as of September 29, 2021)

Section	No. of temporarily transferred employees	The parent company or other group companies that dispatched the employee	Reason for accepting the employee
Business Administration Dept.	1	Dai Nippon Printing Co., Ltd.	We requested it for strengthening our administration department.

(Note) The number of employees of our company as of Sep. 29, 2021 is 441.

We determine fair and appropriate conditions for transactions through reasonable judgment when making transactions with the parent company like the transactions with other business partners, so as not to degrade the benefits of minority shareholders.

Before the execution of transactions with the parent company, we follow the procedures for in-company decisions like the case of other business partners. If the amount or the like exceeds a certain amount, a committee composed of full-time directors and related staff examines individual transaction conditions, to prevent transactions under inappropriate conditions or the like. In addition, we report the contents of important transactions with the parent company to the board of directors.

3. Items related to transactions with controlling shareholders and others

This fiscal year (from July 1, 2020 to June 30, 2021)

Category	Name of the company or the like	Location	Capital or money invested [million yen]	Business description or occupation	Ownership ratio of voting rights [%]	Relationship with said party	Details of transactions	Transaction amount [thousand yen]	Account item	Term-end balance [thousand yen]
Parent company	Dai Nippon Printing Co., Ltd.	Shinjuku-ku, Tokyo	114,464	Printing business and beverage business	Direct ownership 50.74	Sale of our products, commissioned development, procurement of products	Software development, etc.	1,294,781	Accounts receivable	130,051
							Procurement of security products, etc.	178,287	Advances received	56,974
							Payment of compensation for loss	3,613	Accounts payable	27,605
								Advances paid	73,222	
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(Notes)

- Among the indicated figures, the transaction amounts do not include consumption tax, while the term-end balances include consumption tax, etc.
- Transaction conditions, the policy for determining transaction conditions, etc.
The same conditions as those for other parties with which our company has no relationships.

4. Status of execution of policies for protecting minority shareholders when making transactions with controlling shareholders, etc.

In principle, we make transactions with the controlling shareholder under the same conditions as general transaction conditions, so as not to degrade the benefits of minority shareholders.

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