

November, 29, 2021

Coconala Inc.

Ayumu Suzuki, Chief Executive Officer

Inquiries: Business Administration Department 03-6712-7771

The status of the Company's corporate governance is as follows.

I. Basic stance on corporate governance, capital structure, corporate attributes, and other basic information

1. Basic stance

In order to continue to be a company building a world where each of us can live t'own story", we recognize that enhancing the mobility, transparency, and soundness of management by improving corporate governance is the most important management issue, and we are working to strengthen and enhance our corporate governance system to increase corporate value.

We also believe that it is essential to earn the trust of all stakeholders, and we will conduct transparent management through timely disclosure of management information.

[Reasons for not implementing the principles of the Corporate Governance Code]

The Company has implemented all the basic principles.

[Disclosure based on the principles of the Corporate Governance Code]

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2 Capital structure

Ratio of foreign shareholdings	30% or more
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[Status of major shareholders]

Name or title	Number of shares owned (shares)	Ratio (%)
Akiyuki Minami	2,160,000	9.65
Satoshi Shinmyo	2,136,100	9.54
BBH (LUX) FOR FIDELITY FUNDS PACIFIC FUND	1,577,300	7.05
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	920,800	4.11
Custody Bank of Japan, Ltd. (Trust Account)	911,800	4.07

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GIC PRIVATE LIMITED-C	900,000	4.02
JP MORGAN CHASE BANK 380621	829,600	3.71
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN(CASHPB)	772,600	3.45
JAFCO SV4 Shared Investment Business Limited Liability Partnership	708,000	3.16
Custody Bank of Japan, Ltd. (Trust Account9)	665,800	2.97

Name of controlling shareholder (excluding the parent company)	None
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Name of parent company	None
Stock exchange on which the parent company is listed	None

#### Supplementary explanation

<p>1. "Status of Major Shareholders" is as of the end of August 2021</p> <p>2. In the large shareholding report made available for public inspection on March 26, 2021, it is stated that Fidelity Investments Japan Limited holds 2,406,900 shares (shareholding ratio: 11.21%) as of March 19, 2021, However, because it cannot be confirmed on the list of shareholders as of the end of the current fiscal year, it is not included in the above list of major shareholders.</p> <p>3. In the large shareholding report made available for public inspection on April 7, 2021, it is stated that T. Rowe Price Japan Limited holds 1,999,800 shares (shareholding ratio: 9.31%) as of March 31, 2021, However, because it cannot be confirmed on the list of shareholders as of the end of the current fiscal year, it is not included in the above list of major shareholders.</p>
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#### 3. Corporate attributes

Market classification	Mothers
Fiscal year end	August
Industry	IT and telecommunications
Number of (consolidated) employees at the end of the previous fiscal year	More than 100 employees and less than 500 employees
Net sales (consolidated) for the most recent fiscal year	Less than 10 billion yen
Number of consolidated subsidiaries at the end of	Less than 10 companies

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the previous fiscal year

4. Guidelines regarding policies to protect minority shareholders when dealing with controlling shareholders

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5. Other special circumstances that may have a significant impact on corporate governance

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## II. Status of management control organization and other corporate governance systems related to management decision-making, execution, and supervision

1. Matters related to institutional structure and organizational management, etc.

Organizational structure	Company with Audit & Supervisory Board
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[Directors]

Number of Directors under the Articles of Incorporation	8
Term of office of Directors as stipulated in the Articles of Incorporation	1 year
Chair of the Board of Directors	Chairman
Number of Directors	4
Appointment of Outside Directors	Outside Directors are appointed.
Number of Outside Directors	2
Number of Outside Directors designated as Independent Officers	2

### Relationship with the company (1)

Name	Attributes	Relationship with the company (*1)											
		a	b	c	d	e	f	g	h	i	j	k	
Atsushi Akaike	People from other companies												
Yuki Sunada	Attorney												

\*1. Selections regarding the relationship with the company

- Business executor of the listed company or its subsidiaries
- Business executor or non-executive Director of the parent company of the listed company
- Business executor of a sister company of the listed company

- d. A person who has a listed company as a major business partner or a business executor of such a person
- e. Major business partner of the listed company or its business executor
- f. Consultant, accounting expert, or legal expert who receive a large amount of money or other assets from the listed company other than executive compensation
- g. Major shareholder of the listed company (in the case where the major shareholder is a corporation, the business executor of the corporation)
- h. Business executor (concerned individual only) of the listed company's business partner (not falling under any of d, e, and f)
- i. Business executor (concerned individual only) of a company with which an outside officer has a relationship of mutual appointment
- j. Business executor (concerned individual only) to which the listed company has made donations
- k. Other

Relationship with the company (2)

Name	Independent Officer	Supplementary explanation for conformity items	Reasons for appointment
Atsushi Akaike	○	—	Atsushi Akaike has abundant management experience gained at consulting companies and funds, and has been appointed as an Outside Director in the belief that he can provide various advice on the Company's management. In addition, the Company has designated him as an Independent Officer, judging that he meets the requirements for independent directors stipulated by your stock exchange and that there is no risk of conflict of interest with general shareholders.
Yuki Sunada	○	—	Yuki Sunada is an attorney at law and has been appointed as an Outside Director based on the judgment that she can utilize her cutting-edge legal knowledge as an attorney at law in the Company's management strategies and business development. In addition, the Company

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			has designated her as an Independent Officer because she does not fall under the category of matters that may cause conflicts of interest with general shareholders as stipulated by your stock exchange and because she is independent.
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#### [Voluntary committees]

Presence of voluntary committee equivalent to the nomination committee or the compensation committee	None
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#### [Audit & Supervisory Board Members]

Presence of voluntary Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board Members under the Articles of Incorporation	4
Number of Audit & Supervisory Board Members	3

#### Cooperation among Audit & Supervisory Board Members, accounting auditor, and Internal Audit Department

In order to enhance the effectiveness of audits, Audit & Supervisory Board Members, accounting auditor, and the Internal Audit Office regularly exchange opinions and collaborate among the three parties, such as sharing their respective audit plans and audit results, and discussing specific ways to improve operations.
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Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Auditors	3
Number of Outside Officers designated as Independent Audit & Supervisory Board Members	3

#### Relationship with the company (1)

Name	Attributes	Relationship with the company (*1)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kentaro Yatomi	Certified Public Accountant													
Yuka Higo	People from other companies													
Kazuki Ishihara	Attorney													

\*1. Selections regarding the relationship with the company

- a. Business executor of the listed company or its subsidiaries
- b. Non-executive Director or accounting advisor of the listed company or its subsidiary
- c. Business executor or non-executive Director of the parent company of the listed company
- d. Audit & Supervisory Board Member of the parent company of the listed company
- e. Business executor of a sister company of the listed company
- f. A person who has a listed company as a major business partner or a business executor of such a person
- g. Major business partner of the listed company or its business executor
- h. Consultant, accounting expert, or legal expert who receive a large amount of money or other assets from the listed company other than executive compensation
- i. Major shareholder of the listed company (in the case where the major shareholder is a corporation, the business executor of the corporation)
- j. Business executor (concerned individual only) of the listed company's business partner (not falling under any of f, g, and h)
- k. Business executor (concerned individual only) of a company with which an outside officer has a relationship of mutual appointment
- l. Business executor (concerned individual only) to which the listed company has made donations
- m. Other

Relationship with the company (2)

Name	Independent Officer	Supplementary explanation for conformity items	Reasons for appointment
Kentaro Yatomi	○	—	Kentaro Yatomi is a certified public accountant and has a wealth of experience and extensive knowledge in finance and accounting. In addition, the Company has designated him as an Independent Officer because he does not fall under the category of matters that may cause conflicts of interest with general shareholders as stipulated by your stock exchange and because he is independent.
Yuka Higo	○	—	Yuka Higo is a manager of a company whose business is incubation business and has abundant experience in management. In addition, the Company

			has designated her as an Independent Officer because she does not fall under the category of matters that may cause conflicts of interest with general shareholders as stipulated by your stock exchange and because she is independent.
Kazuki Ishihara	○	—	Kazuki Ishihara is a lawyer and has professional legal knowledge and experience in corporate management. In addition, the Company has designated him as an Independent Officer because he does not fall under the category of matters that may cause conflicts of interest with general shareholders as stipulated by your stock exchange and because he is independent.

[Independent Officers]

Number of Independent Officers	5
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Other matters concerning Independent Officers

The Company has designated all of the two Outside Directors and three Outside Audit & Supervisory Board Members who meet the qualifications for Independent Officers as Independent Officers.
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[Incentives]

Implementation status of measures to provide incentives to Directors	Introduction of stock option system
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Supplementary explanation for applicable items

The Company has introduced a stock option plan with the aim of increasing the willingness of option holders to contribute to the Company by linking the Company's continued growth and improvement in corporate value with the benefits received by option holders.
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Persons to whom stock options are granted	Internal Directors, Outside Audit & Supervisory Board Members, and employees
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Supplementary explanation for applicable items

The Company has introduced a stock option plan with the aim of increasing the willingness of option holders to contribute to the Company by linking the Company's continued growth and improvement in corporate value
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with the benefits received by option holders.

The number of shares to be granted is determined by comprehensively taking into account factors including the number of years of service and past performance.

[Compensation for Directors]

Status of disclosure	Individual compensation is not disclosed.
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Supplementary explanation for applicable items

As there is no one whose total amount of compensation, is 100 million yen or more, individual compensation is not disclosed, but the total amount of compensation, etc. of Directors is disclosed.

Presence of the policy on determining compensation amounts or the method of calculating those amounts	Yes
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Details of the disclosure of the policy on determining compensation amounts or the method of calculating those amounts

The Company's Board of Directors passed a resolution at its meeting held on October 15, 2021 to adopt a policy for determining the details of compensation, etc. for each individual Director. The details of the decision policy regarding the details of individual compensation, etc. for Directors are as follows.

(Basic policy)

The Company's basic policy is that the compensation of Directors shall be a compensation system that functions as an incentive for the sustainable enhancement of corporate value, and that the compensation of each Director shall be determined at an appropriate level based on the responsibilities of each position.

(Policy regarding the determination of the amount of compensation, etc. for each individual for basic compensation (monetary compensation) (including the policy regarding the determination of the timing or conditions for granting compensation, etc.))

The basic compensation for Directors of the Company shall be fixed monthly compensation within the scope of the total amount of compensation to be determined by the General Meeting of Shareholders, and shall be determined based on comprehensive consideration of the level of other companies, the business performance of the Company, and the level of employee salaries in accordance with the position, responsibilities, and years in office.

(Policy on determining the ratio of the amount of monetary compensation, the amount of performance-linked compensation, etc., or the amount of non-monetary compensation, etc., to the amount of compensation, etc., for each individual Director)

The Company does not pay performance-linked compensation, etc. or non-monetary compensation, etc., but only monetary compensation.

(Matters concerning decisions on the details of individual compensation, etc. for Directors)

The amount of basic compensation for officers of the Company is determined at the discretion of the



Representative Director and President in the case of Directors, within the limit of remuneration determined at the General Meeting of Shareholders, taking into consideration the nature of each Director's duties, position, and performance and achievements.

(Other important matters)

In addition to the above compensation framework, the Company issues paid stock options to Directors. Although the said stock options do not fall under the compensation under the Companies Act because the Directors acquire stock acquisition rights based on their own investment decisions, the Company believes that they are meaningful for the purpose of sustainably enhancing corporate value by providing incentives linked to shareholder profits.

[Support system for Outside Directors (Outside Audit & Supervisory Board Members)]

Support for Outside Directors and Outside Audit & Supervisory Board Members is provided by the Business Administration Department. In principle, the Company holds a regular meeting of the Board of Directors once a month. The Company sends out a convocation notice in advance to inform the Board of Directors of agenda items and matters to be reported, and also provides explanations in advance as necessary. In addition, the Business Administration Department shares information with Outside Directors, Full-time Audit & Supervisory Board Members, and Outside Audit & Supervisory Board Members as necessary.

2. Matters related to functions such as business execution, auditing and supervision, nomination, and determination of compensation (overview of the current corporate governance system)

The Company has established the Board of Directors and the Audit & Supervisory Board as organizations stipulated in the Companies Act. In addition, the Company has introduced an executive officer system, under which executive officers execute operations under the direction and orders of Representative Directors in accordance with the basic policies determined by the Board of Directors.

a. Directors and Board of Directors

The Board of Directors of the Company consists of four Directors (including two Outside Directors), and as a management decision-making body, resolves important matters in accordance with the Board of Directors Regulations, and supervises the execution of business by the Directors. The Board of Directors meets regularly once a month, and holds extraordinary meetings as needed. In addition, three Audit & Supervisory Board Members attend the Board of Directors meetings to ensure that the Company's decision-making is always audited.

b. Audit & Supervisory Board and Audit & Supervisory Board Members

The Company's Audit & Supervisory Board consists of three Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members), who conduct audits based on the audit plan resolved by the Audit & Supervisory Board Members. The Audit & Supervisory Board meets regularly once a month, and holds extraordinary meetings as needed. In addition to attending meetings of the Board of Directors and other important meetings, the Audit & Supervisory Board Members audit the execution of duties by the Directors by requesting reports on operations from the Directors, visiting all departments, and investigating the status of operations and assets. In addition, there are regular opportunities to share

information with the accounting auditor and the internal audit staff, and share the status of each audit with each other to promote cooperation.

c. Internal audits

Internal audits of the Company are conducted by the Internal Audit Office, which has established a system for systematic and comprehensive audits of the entire Company. The Company conducts audits to ensure that each internal operation is properly managed in accordance with internal rules and regulations to strengthen internal controls. The audit results are also circulated to the Representative Director and President and Full-time Audit & Supervisory Board Members. If there is a need for improvement as a result of the report, instructions are given to the audited department for improvement.

d. Risk Compliance Committee

The Company has established the Risk and Compliance Committee in accordance with the Compliance Regulations and Risk Management Regulations. The Risk and Compliance Committee is chaired by the Chairman of the Board and consists of executive directors, including the Representative Director, Full-time Audit & Supervisory Board Members, executive officers, general managers of divisions, departments, and offices, and persons in charge of the Business Administration Department, and persons who are requested to participate by the Risk and Compliance Committee as deemed necessary. The committee is responsible for the overall compliance of the Company. The committee is also responsible for the company-wide implementation of risk management and the sharing of information necessary for risk management. The Risk and Compliance Committee meets regularly once a quarter, and holds extraordinary meetings as needed

e. Accounting auditor

The Company has entered into an audit contract with Deloitte Touche Tohmatsu LLC, and appropriate audits are being conducted, as well as timely consultations on accounting issues to ensure appropriate accounting treatment.

3. Reasons for choosing the current corporate governance system

In addition to decision-making by the Board of Directors, the Company ensures the effectiveness of corporate governance through supervision by Audit & Supervisory Board Members, which consists of three Outside Audit & Supervisory Board Members, and Outside Directors.

In consideration of the Company's corporate scale, we have established the current system of Audit & Supervisory Board Members, based on the judgment that ensuring the supervisory function of management by Outside Directors and Outside Audit & Supervisory Board Members under the current system of corporate auditors and improving the efficiency of business execution will lead to the establishment of an effective corporate governance system.

III. Status of implementation of measures concerning shareholders and other stakeholders

1. Measures to revitalize the General Meeting of Shareholders and facilitate the exercise of voting rights

	Supplementary explanation
Early dispatch of the convocation notice for the General Meeting of Shareholders	The Company strives to send out convocation notices for General Meetings of Shareholders as early as possible (at least two weeks prior to the date of the meeting) so that shareholders can have sufficient time to consider the proposals.
Setting of General Meetings of Shareholders to avoid concentrated holding of meetings	It is our policy to schedule the meeting so as to avoid the concentration of other companies' General Meetings of Shareholders in order to allow more shareholders to attend.
Exercise of voting rights by digital means	The Company allows shareholders to exercise their voting rights via the Internet, etc.
Participation in a digital voting rights exercise platform and other initiatives aimed at improving the voting rights exercise environment for institutional investors	The Company has introduced a platform for the digital exercise of voting rights from the annual general meeting of shareholders for the fiscal year ending August 31, 2021.
Provision of the notice of convocation (summary) in English	Starting with the annual General Meeting of Shareholders for the fiscal year ending August 31, 2021, the Company has prepared a convocation notice (summary) in English and posted it on the Company's website ( <a href="https://coconala.co.jp/en/ir/">https://coconala.co.jp/en/ir/</a> ).

2. Status of activities related to IR

	Supplementary explanation	Availability of explanation by the representatives themselves
Preparation and publication of disclosure policy	The policy is published on the Company's website ( <a href="https://coconala.co.jp/ir/disclosure/">https://coconala.co.jp/ir/disclosure/</a> ).	
Holding of regular briefings for individual investors	The Company will consider holding briefings for individual investors as necessary.	None
Regular briefings for analysts and institutional investors	It is the Company's policy to hold financial results briefings after the announcement of annual and quarterly financial results and as necessary. Meetings with institutional investors are also considered.	Yes

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Holding of regular briefings for overseas investors	The Company holds individual meetings with overseas institutional investors multiple times each year.	Yes
Posting of IR materials on our website	Timely disclosure materials, statutory disclosure materials, voluntary disclosure information, and materials used at financial results briefings are posted on the Company's website ( <a href="https://coconala.co.jp/ir/">https://coconala.co.jp/ir/</a> ).	
Establishment of a department (person in charge) for IR	The Business Administration Department is in charge of IR.	

#### 3. Status of efforts to respect the position of stakeholders

	Supplementary explanation
Respect for the position of stakeholders is stipulated in internal regulations, etc.	The Company believes it is important to earn the trust of our various stakeholders, including shareholders, investors, and customers, and it provides timely, appropriate, and fair information to its stakeholders in accordance with the Timely Disclosure Manual and the Fair Disclosure Rules Compliance Manual.
Implementation environmental conservation activities, CSR activities, etc.	We believe this is an issue for future consideration.
Formulation of a policy on information provision for stakeholders	It is our policy to provide our shareholders, investors, and other stakeholders with opportunities to receive information in a timely and appropriate manner through our IR website and briefings following the announcement of financial results.

#### IV. Matters related to the internal control system, etc.

##### 1. Basic policy on the internal control system and status of its development

As a system to ensure the appropriateness of operations, the Company passed a resolution at the Board of Directors meeting held on October 30, 2020 to establish the Basic Policy on the Internal Control System and is currently operating the internal control system based on the basic policy. The Basic Policy on the Internal Control System aims to establish appropriate internal control in business activities, and its outline is as follows.

a. System to ensure the performance of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

- (a) The Company has established the Compliance Regulations for the purpose of compliance with laws, regulations, the Articles of Incorporation, and social norms, etc., and will implement necessary awareness and educational activities for Directors and employees through the Risk and Compliance Committee, which meets regularly to discuss laws and regulations, etc., necessary for business operations as compliance risks.
  - (b) The Company has established an internal reporting system to prevent and detect fraudulent activities at an early stage.
  - (c) In accordance with the Auditing Standards for the Audit & Supervisory Board, the Audit & Supervisory Board Members audit the execution of duties by the Directors from an independent standpoint, and if they discover any doubts regarding legality, they shall point out such facts and recommend to the Directors and the Board of Directors that improvements be made, and if necessary, request that such actions be stopped.
  - (d) In accordance with the Internal Audit Regulations, the person in charge of internal audit investigates the actual status of business operations and property management, confirm that the execution of duties by employees complies with laws and regulations, the Articles of Incorporation and the Company's regulations, and report to the Representative Director and President.
  - (e) To deal with antisocial forces, the Company has established the Regulations Concerning the Elimination of Antisocial Forces and various manuals, and will ensure that all employees are aware that the Company will not provide monetary or other economic benefits to antisocial forces under any circumstances.
- b. System for retention and management of information concerning the execution of duties by Directors
- (a) In accordance with the Document Management Regulations, the Directors record and store information related to the execution of the duties of Directors in documents or electromagnetic media. Directors and Audit & Supervisory Board Members may view these documents as necessary.
  - (b) For confidential information that has been converted into data, we will strive to ensure confidentiality and prevent loss by implementing appropriate access restrictions, password management, and backup systems in accordance with the Company's Information Security Management Regulations and various manuals.
- c. Regulations and other systems for managing the risk of loss
- (a) The Company has established the Risk Management Regulations for the purpose of appropriately identifying and educating the public about corporate risks, and shall organize the Risk and Compliance Committee chaired by the Chairman of the Board of Directors in accordance with the relevant regulations.
  - (b) The Risk and Compliance Committee meet on a regular basis to identify risks in the promotion of the Company's business, discuss countermeasures against such risks, and notify the Company of the results as necessary.
  - (c) In the event that a risk becomes apparent, the Company shall establish an Emergency Countermeasures Office headed by the Chairman of the Board of Directors and strive for early recovery.
- d. System to ensure that Directors execute their duties efficiently
- (a) The Company holds a regular meeting of the Board of Directors once a month and endeavor to execute

duties efficiently by flexibly passing resolutions on statutory matters, making decisions on important management matters, and supervising the execution of duties. In addition, extraordinary meetings of the Board of Directors shall be held as necessary.

(b) The Company shall ensure prompt and efficient decision-making by delegating authority to the officers in charge of each division or department, as well as to the general managers of divisions, departments, and offices and group managers, in accordance with the Regulations on Administrative Authority and the Regulations on Division of Duties.

e. Matters related to employees who are requested by Audit & Supervisory Board Members to assist in their duties and matters related to the independence of such employees from Directors

(a) In the event that the Audit & Supervisory Board Members request the assignment of employees to assist them in their duties, the Company shall assign employees to assist the Audit & Supervisory Board Members in their duties as necessary after consultation with the Audit & Supervisory Board Members.

(b) Instructions to such assistant employees from the Audit & Supervisory Board Members shall not be given by the Directors or the head of the department.

(c) The consent of the Audit & Supervisory Board Members shall be obtained for the personnel transfer, evaluation, and disciplinary action of such assistant employees.

f. Systems for Directors and employees to report to Audit & Supervisory Board Members, systems for ensuring that such reporters are not subjected to disadvantageous treatment for reporting, and other systems for reporting to Audit & Supervisory Board Members

(a) Directors and employees shall report without delay to the Audit & Supervisory Board Members any facts that may or may not cause significant damage to the Company, or any material facts that may violate laws and regulations or the Articles of Incorporation.

(b) Representative Directors, other Directors and Corporate Auditors shall exchange information with the Company, whether on a regular or irregular basis, on the status of compliance and risk management efforts and other management issues, and promote communication among Directors and Audit & Supervisory Board Members.

(c) Auditors may attend important meetings such as the meetings of the Board of Directors in order to grasp important decision-making processes and the status of business execution, and may also inspect the meeting minutes of the Board of Directors, approval documents and other important documents as part of their auditing duties, and may request explanations from Directors and employees as necessary.

(d) In addition to the legally required matters, Directors and employees shall establish a system to report to Audit & Supervisory Board Members on matters that may have a significant impact on business operations or business performance, the status of implementation of internal audits, and the status of reporting through the internal reporting system and the details thereof, and shall cooperate with Audit & Supervisory Board Members to enable them to collect and exchange information appropriately.

(e) The Audit & Supervisory Board Members shall regularly exchange information with the person in charge

of the whistle-blowing counter and confirm in detail any event that raises serious compliance concerns.

(f) Representative Directors and other managers shall not treat Directors and employees who have made reports to Audit & Supervisory Board Members in a disadvantageous manner by reason of the fact that such reports have been made.

g. Matters relating to procedures for prepayment or reimbursement of expenses incurred in the performance of duties by Audit & Supervisory Board Members, and other matters relating to the treatment of expenses and liabilities incurred in the performance of such duties

(a) With respect to the expenses necessary for the audit of the Audit & Supervisory Board Members, the Business Administration Department shall present the estimates to the Audit & Supervisory Board Members at the time of the formulation of the budget for each fiscal year. The Company shall pay such expenses as necessary for company operation.

(b) Expenses in excess of the relevant budget shall be applied for in advance by the Audit & Supervisory Board Members to the Business Administration Department with the reason for the request, and shall be paid after the necessary procedures have been completed.

(c) The above methods of payment can be made either in advance or later.

h. Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

(a) Directors shall establish an environment in which Audit & Supervisory Board Members can attend meetings of the Board of Directors and other important meetings in order to grasp the process of important decision-making and the status of business execution, and also establish an environment in which Audit & Supervisory Board Members can collaborate with internal audit staff, accounting auditors, and external experts as necessary.

(b) The Audit & Supervisory Board Members hold regular meetings with accounting auditors and internal audit staff to share the audit status of each auditor and endeavor to conduct effective and efficient audits.

i. System to ensure the reliability of financial reporting

In order to ensure the reliability of financial reporting, the Company has developed and established an internal control system for financial reporting and establish a system to regularly and continuously evaluate that the system is functioning effectively and appropriately.

## 2. Basic stance towards the elimination of antisocial influences and the current state of related systems

The Company has established the Regulations Concerning the Elimination of Antisocial Forces as its policy and standards, and has set the basic policy as follows: "The Company will not provide antisocial forces with monetary or other economic benefits under any circumstances." We use the opportunity of major meetings, such as the weekly meeting, to ensure that the content of the policy is thoroughly understood, and we always conduct an anti-social company check before entering into a contract with a new business partner (subcontractor) to determine whether or not to start doing business with them.

In addition, since our service is a platform that includes CtoC transactions and, like the retail industry, has an unspecified number of users, no benefits are provided to antisocial forces. However, because money is delivered

and received between the Company and exhibitor, the Company has introduced an antisocial company check in consideration of the purpose of eliminating anti-social forces as a listed company. In addition, as an antisocial check on exhibitors, we require individuals to register their personal information before their first withdrawal, and we require corporations to register their corporate information before their first listing, and we conduct antisocial checks based on this information.

In addition, as a check of continuing exhibitors, antisocial information checks are conducted once every six months for a certain area, and a system is in place to prevent omissions in the event of new antisocial information.

Furthermore, the Representative Director, officers, and employees of related departments are actively encouraged to participate in seminars on the elimination of antisocial forces held by police departments and other related organizations, in order to ensure thorough awareness and to gather information.

The Company is strengthening its relationship with consultation counters at police stations and establishing an emergency system with legal advisors.

V. Other

1. Presence of anti-takeover measures

Introduction of anti-takeover measures	None
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Supplementary explanation for applicable items

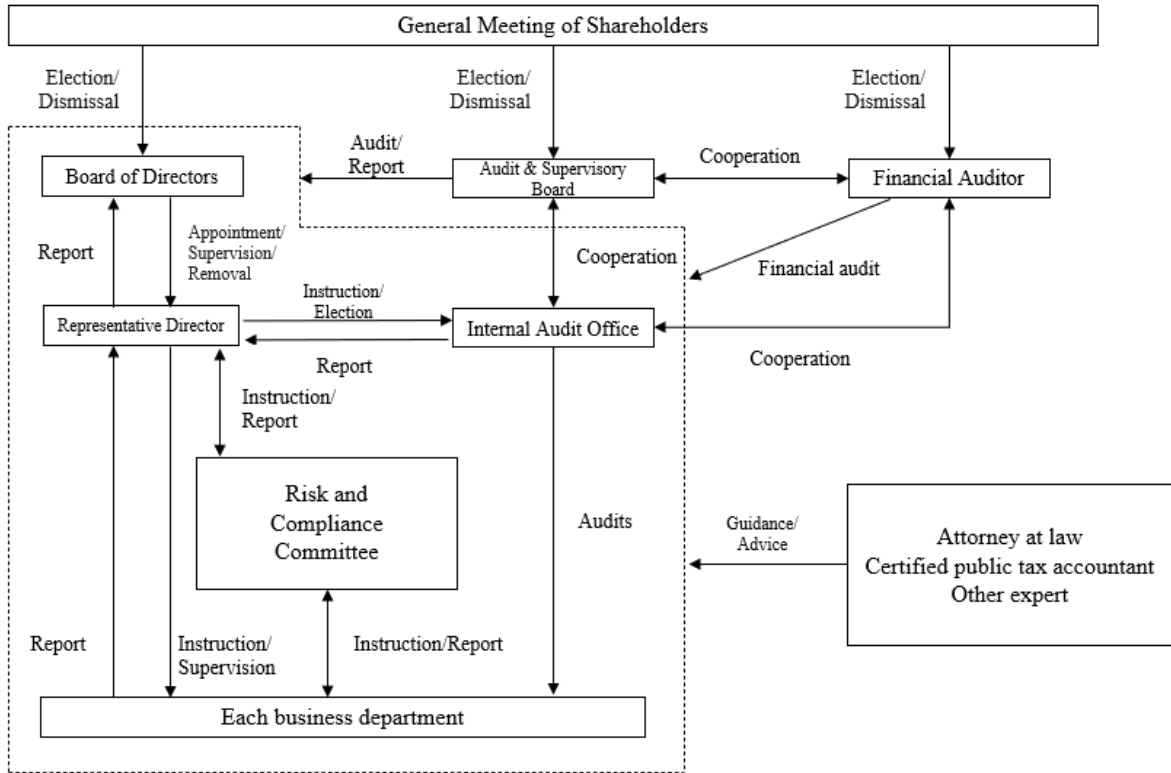
There are no plans to introduce anti-takeover measures at this time.

2. Other matters related to corporate governance system, etc.

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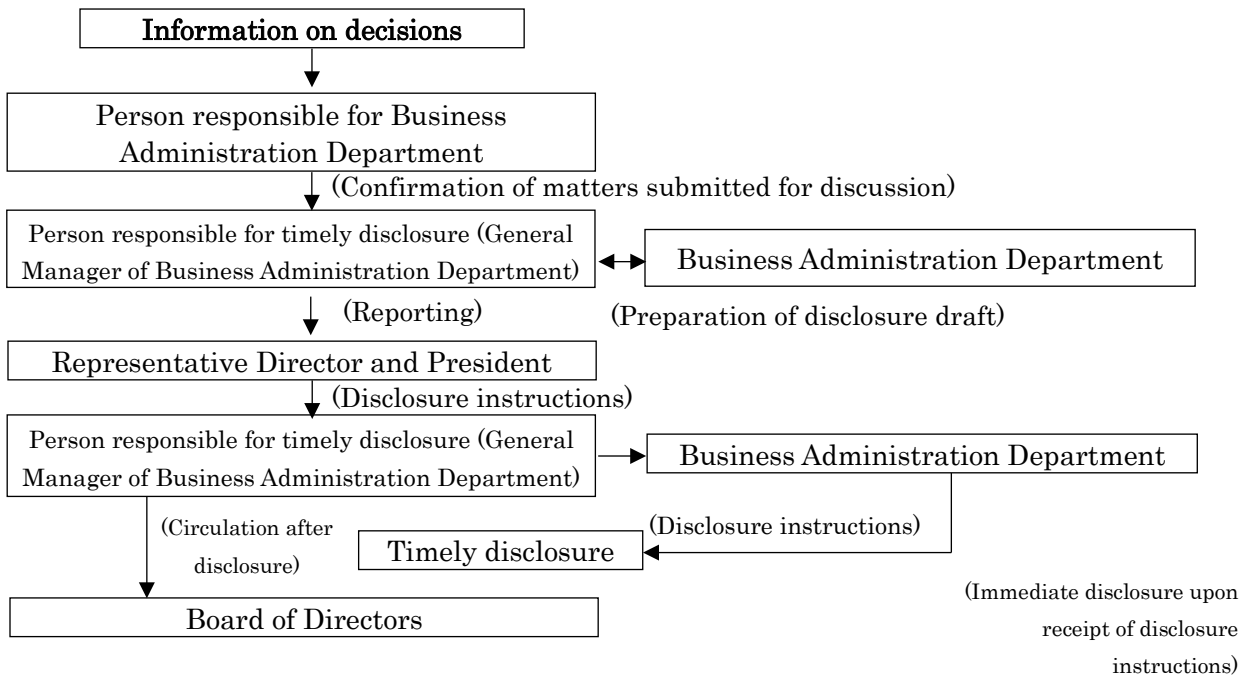
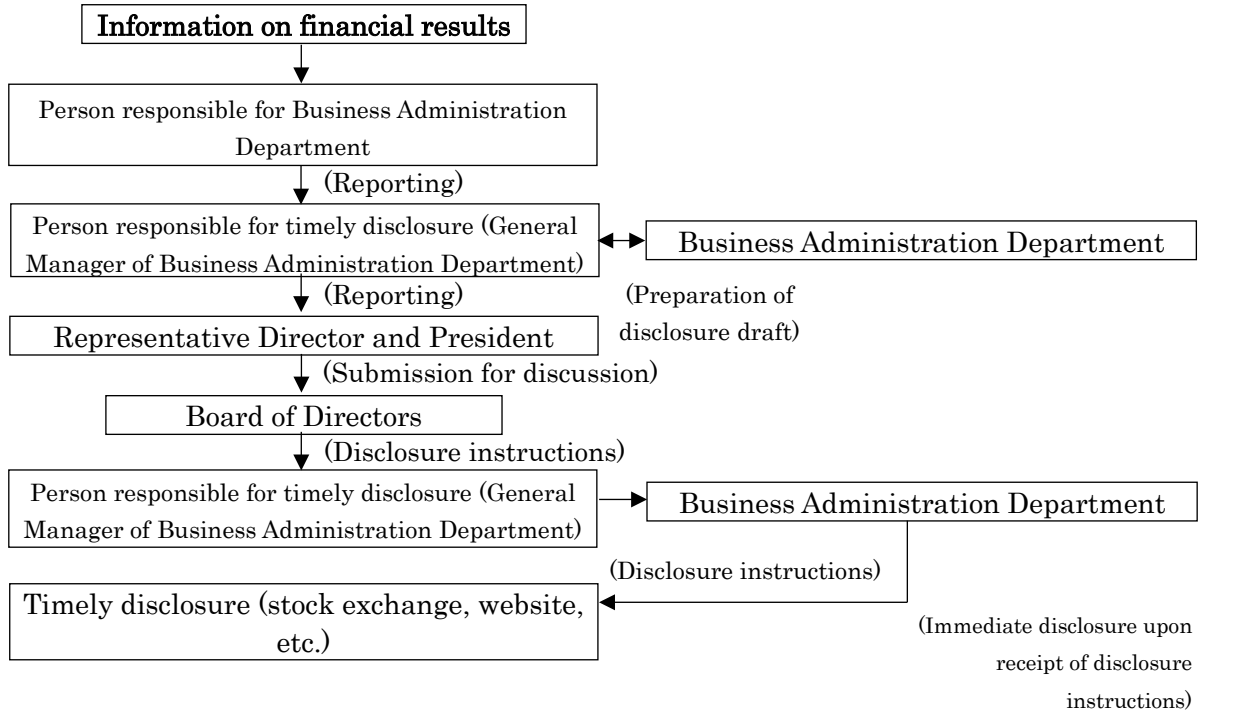
[Schematic Diagram (Reference Materials)]



[Outline of the Timely Disclosure System (Schematic Diagram)]

[Flow of information transmission]

[Flow of preparation of disclosure documents]



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