

Corporate Governance

CORPORATE GOVERNANCE

INTELLIGENT WAVE INC.

Last Updated: December 20, 2022

INTELLIGENT WAVE INC.

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Securities Code: 4847

<https://www.iwi.co.jp>

The corporate governance of INTELLIGENT WAVE INC. (hereinafter referred to as “our company”) is described below.

[I. Basic Views on Corporate Governance and Basic Information on Capital Structure, Corporate Profile and Others Updated](#)

1. Basic Views

Our company pursues to “create safety and convenience for the information society of the next generation” as its management philosophy, and in accordance with that philosophy, our company sets our management policy as to contribute to society by boosting our enterprise value by promoting a business that “provides IT infrastructure that is swift, secure, high-quality, and highly convenient.”

The system developed by our company is the (IT) infrastructure indispensable for society, because of which a product of high standards is being demanded to successfully execute high speed and safe transactions with the stability of the system being a necessary condition. Our company boasts of many developmental achievements and safe operations, and we believe the trust we have gained from these results will continue to support our company’s business and become its developmental foundation.

Our company’s management policy is to meet the expectations of our stakeholders by expanding our company’s business foundation by offering an IT infrastructure that will continue to be trusted by more customers.

Our company appoints independent outside directors and independent outside corporate auditors, and has established a Nomination and Compensation Committee and Special Committee under the Board of Directors, whose main members are these independent directors and corporate auditors, to strengthen management oversight functions.

Further, our company’s basic policy is to guarantee transparency in management by fairly and quickly disclosing any valuable information necessary for the understanding of our company’s management and business status, as well as promoting dialogue with the marketplace. In addition, training for increasing employees’ awareness of compliance will be thoroughly conducted to comprehensively enhance our corporate governance.

We are committed to contributing to the sustainable growth of our company’s business and the sustainable development of society through our autonomous efforts to resolve environmental, social, and governance issues in accordance with the objectives of the Sustainable Development Goals (SDGs).

Among the ESG issues, we have been focusing on efforts to improve human capital for our employees, and established the Sustainability Committee in April 2021 as the central organization to promote these activities.

The Sustainability Committee is chaired by Kunimitsu Sato, President and Representative Director, and consists mainly of full-time directors and executive officers. The Committee has established policies regarding "contribution to society," "building a good corporate culture," "respect for diversity," "consideration for the global environment," and other practices set forth in our Corporate Code of Conduct, and has been acting as a core organization that ensures continuous promotion of company-wide

activities. As a system development company that is responsible for the important social infrastructure of credit-card payment, our employees are our most important management resources, and enhancing their health is extremely beneficial to the realization of our mid-term management goals and management philosophy. In order to share this basic approach with our employees and all stakeholders, our company has formulated the Declaration of Health-oriented Management and promoted measures to improve health, and on March 9, 2022, we were recognized as a "Corporation with Excellent Health-oriented Management 2022 (Large Corporation Category)" by the Ministry of Economy, Trade and Industry (METI). The Committee and its secretariat will further strengthen its structure from 2022 to promote the concept of ESG management within our company and at the same time, promote risk analysis and management, and contribute to society by creating new solutions that leverage our company's strengths.

【Reasons for Non-compliance with the Principles of the Corporate Governance Code】 Updated

Note: This report is based on the Code revised in June 2021.

【Supplementary Principle 3-1-3 Enhancement of the Quality and Quantity of Disclosure Based on the TCFD or Equivalent Framework】

We believe that the results of our efforts to address ESG issues will enhance the sustainability of our business and increase our corporate value, and we are expanding and evolving our activities year by year. The products and services we provide are all infrastructure (IT infrastructure) that are essential functions for society.

In particular, efforts to improve the human capital of our employees will not only ensure the stable operation of our IT infrastructure, but will also have a significant effect on the improvement of the quality of our products and services, beyond simply managing business risks.

Making the best use of the skills and knowledge of our engineers and growing them is the most important factor for the continuity and growth of our business.

Based on this idea, we are pursuing a variety of initiatives in pursuit of ease of work and job satisfaction, with a policy of realizing a work style that allows employees to make the most of their individuality. We believe that it is essential to create an environment that supports autonomous work styles so that employees can take on new challenges and grow with the company.

In addition to this, from the perspective of co-creation with internal and external stakeholders, we will promote organic organizational collaboration by stimulating dialogue, co-creation among employees, and full-fledged ESG initiatives to address various social issues.

For specific examples of our initiatives, please refer to our Sustainability Report 2022, which is available on our website (<https://www.iwi.co.jp/sustainability/sustainability-report/>).

On the other hand, our company is unable to disclose the impact of climate change-related risks and opportunities on its business activities, earnings, etc., based on the TCFD or an equivalent framework because it has not yet been able to sufficiently collect and analyze enough data.

In the FY 6/2022, we estimate that our carbon dioxide emissions, mainly from electricity consumption, will be approximately 687t-CO₂ (based on the Ministry of the Environment's Guidelines for Calculating Greenhouse Gas Emissions from Businesses). We are collecting and analyzing necessary data on risks and profit opportunities related to climate change and its impact on our own business, etc. We are considering enhancing the quality and quantity of disclosure based on the TCFD and other frameworks, and are preparing for the disclosure.

【Disclosure Based on Principles of the Corporate Governance Code】 Updated

【Principle 1-4 Cross-Shareholdings】

<Policies and Way of Thinking Regarding the Reduction of Cross-Shareholdings>

Our company owns listed shares as cross-shareholdings with the aim of expanding its business and strengthening its relations, but it has a policy of examining the appropriateness of possession of shares when necessary and reducing owned shares if it is judged that the continued ownership of said shares will not contribute to the improvement in value of our company or the issuing company.

<Details of Check of Appropriateness of Cross-Shareholdings>

Our company performs a quarterly evaluation on the business conditions of each issuing company of our owned shares, evaluating its future prospects and its relevance to our company's business, and comprehensively discusses the medium/long-term economic rationality of the ownership of said shares. We make an effort to examine the risk and return in holding the shares as concretely as possible using indices such as capital cost. Further, in the case our company decides to sell its owned shares, our company discloses the details of the examination process as much as possible.

<Standards for Exercising Voting Rights Involving Cross-Shareholdings>

Our basic policy on exercise of voting rights is to contribute to the expansion of our business, strengthen relations between both parties, and the increase in enterprise value of both parties. Further, our company follows this policy when holding discussions regarding proposals.

In the future, if the number of cross-shareholdings increases significantly or the like, our company plans to respond appropriately in accordance with its policy on exercise of voting rights, such as preparing other standards for the exercising of voting rights.

【Principle 1-7 Related Party Transactions】

Regarding the transactions between related parties, our company makes sure to conform to the Companies Act and in-house regulations as well as accounting standards related to the disclosure of related parties. In case a transaction between related parties takes place, it is determined by a resolution of the Board of Directors, in accordance with the "Regulations for the Board of Directors."

Further, regarding directors and auditors, the circumstances of the transactions are submitted through an "Investigation Report on Transactions Between Related Parties," which are then inspected by an accounting auditor.

In addition, we established special committee on December 8, 2021 to deliberate and review material transactions and actions that conflict with the interests of the controlling shareholder and minority shareholders.

【Supplementary Principle 2-4-1 Ensuring Diversity】

The number of our company's employees has increased approximately 1.3 times compared to five years ago due to the expansion of the scale of our business. In order to create added value by taking advantage of differences in attributes such as gender, nationality, age, and disabilities, we are hiring personnel with diverse values. Creating a working environment and systems that are suited for these increasingly diverse employees is essential for medium- to long-term growth.

In order to promote the success of female employees, we are strengthening various measures with the goal of doubling the number of female managers and highly specialized personnel from 11 in FY 6/2022 to 23 in the fiscal year ending June 30, 2025. Based on the idea that it is necessary to create an environment in which female employees can easily consult with each other, we are continuing the "Intelligent Women's Wave," a mentoring program for female employees, and are striving to create an

environment in which female employees can consult with each other. We support long-term career development and a smooth return to work after childcare leave by providing advice from senior employees and encouraging the use of various in-house systems so that female employees can envision their future career development even during life events unique to women.

In addition, we are actively appointing foreign nationals, including young employees, to the teams promoting overseas business. We have begun taking on new challenges in overseas business by taking advantage of the diversity created by the experiences and different values they have cultivated overseas.

As we do not use nationality or the type of hiring as a criterion for management appointments, we have not set measurable goals for the appointment of foreign nationals and mid-career hires to management positions.

As of June 30, 2022, there were 213 mid-career hires, of which 61 were in management positions, accounting for 47.4% and 13.5% of all employees, respectively.

【Principle 2-6 Roles of Corporate Pension Funds as Asset Owners】

Our company has been a member of the Japan Computer Information Service Employees' Pension Fund since April 2011, and this fund entrusts the management of our pension assets to a management institution.

The Pension Fund stipulates that decisions regarding the component ratio of pension assets shall be made by people with expertise on the subject and experience, who perform regular market valuation regarding management circumstances and results.

【Principle 3-1 Full Disclosure】

(1) Company Objectives (e.g., Business Principles), Business Strategies, and Business Plans

Our company pursues “to provide safety and convenience for the information society of tomorrow” as its management philosophy, and sets its management policy as to boost our enterprise value and contribute to society by promoting a business that “provides IT infrastructure that is swift, secure, high-quality, and highly convenient.”

Our company is engaged in system development using our online, real time network connection technology for credit card settlements and stock exchange as its strength, and offers systems to its client companies. The system developed by our company is (IT) infrastructure indispensable for society, because of which a product of high standards is being demanded to successfully execute high speed and safe transactions with the stability of the system being a necessary condition. Our company boasts of many developmental achievements and safe operations, and we believe the trust we have gained from these results will continue to support our company's business and become its developmental foundation.

Our company's management policy is to meet the expectations of our stakeholders by expanding and growing our company's business foundation by offering IT infrastructure that will continue to be trusted by more customers.

(2) Basic Views and Guidelines on Corporate Governance

Please refer to “1. Basic Views” of this report.

(3) Board Policies and Procedures in Determining the Remuneration of Senior Management and Directors

<Remuneration Policy>

The remuneration for directors shall be determined by the resolution of the Board of Directors, and the remuneration for corporate auditors shall be determined by consultation of the corporate auditors, both within the limit of the amount of remuneration approved at the General Meeting of Shareholders. At the 23rd Ordinary General Meeting of Shareholders held on September 27, 2006, it was resolved that the maximum amount of remuneration for directors shall be 300 million yen per year

(not including salaries as employees). The number of directors after the resolution of the said General Meeting of Shareholders is fifteen. In addition, at the 34th Ordinary General Meeting of Shareholders held on September 27, 2017, a resolution was passed to limit the annual amount of remuneration to be paid for the grant of transfer-restricted stock to seven directors, excluding outside directors and part-time directors, to 10,000 thousand yen.

The maximum amount of remuneration for corporate auditors was resolved at the 32nd Ordinary General Meeting of Shareholders held on September 29, 2015, to be no more than 50 million yen per year. The number of corporate auditors after the resolution of this General Meeting of Shareholders is five (including three outside corporate auditors).

<Policy for Determining the Details of Remuneration, etc. for each Full-time Director>

How the decision policy is determined

The Nomination and Compensation Committee, which is an advisory body to the Board of Directors and is chaired by an independent outside director and composed of mainly independent outside directors, deliberates on the decision-making policy regarding the details of remuneration, etc. for individual full-time directors, including the appropriateness of the level of remuneration, and submits its report to the Board of Directors for the Board of Directors to make a resolution.

Outline of the content of the decision policy

Remuneration, etc., for full-time directors shall consist of fixed monthly remuneration, performance-based bonuses, retirement benefits, and stock-based remuneration.

The fixed monthly remuneration is determined after calculating the amount using the standard remuneration table defined for each position.

With regard to bonuses as performance-linked compensation, in order to clearly reflect the business results for the fiscal year, we operate a compensation system in which operating profit is used as an indicator and calculated according to a coefficient determined based on position. In addition, our company reduced the fixed monthly compensation and increased the coefficient of performance-linked compensation in the fiscal year ended June 30, 2021, so that the composition of the performance-linked portion will be approximately 30%. As operating profit grew to 1,519 million yen in FY 6/2022, the component ratio of the performance-linked portion exceeded 40%.

The amount of retirement benefits is calculated by adding up points given annually for each position, job qualification, and years of service and multiplying the sum by the unit compensation.

At the 34th Ordinary General Meeting of Shareholders held on September 27, 2017, it was resolved that the annual amount of remuneration to be paid for transfer-restricted stock to directors excluding outside directors and part-time directors shall be 10,000 thousand yen or less. At the Ordinary Meeting of the Board of Directors held on the same day, our company introduced a transfer-restricted stock compensation plan with an annual amount of 10,000 thousand yen or less, 20,000 shares or less per year, and a transfer restriction period of three years, and the transfer restriction from October 27, 2017, to October 27, 2020 was lifted.

Since our company's Board of Directors determines the amount of compensation for each individual director by resolving the criteria for calculating fixed compensation and performance-linked compensation by position as discussed and reported by the Nomination and Compensation Committee as described above, our company believes that the details of compensation for each individual director for the fiscal year in question are in line with the determination policy.

<Remuneration, etc. for Outside Directors>

Compensation for outside directors, who are independent of the execution of business operations, consists of fixed monthly

compensation and retirement benefits, with no performance-linked compensation or stock-based compensation. Fixed monthly remuneration is paid in individual amounts. In order to ensure fairness and transparency since outside directors have a special interest in our company, for this fiscal year, the Board of Directors resolved to delegate the determination of the specific details of their compensation to Kunimitsu Sato, President and Representative Director, and he accepted the responsibility and determined the amount in accordance with our company's policy for determining compensation. Retirement benefits are paid by multiplying the accumulated number of points granted annually for each position, each professional qualification, and each year of service by the unit price of the points.

<Calculation Method of Monthly Remuneration>

The fixed monthly remuneration for full-time directors is determined by using the standard remuneration table defined for each position in accordance with the internal rules and taking into consideration factors such as the duties and responsibilities of the director in charge. The amount of fixed monthly remuneration for corporate auditors is determined through discussion by the Board of Corporate Auditors, considering whether or not the auditor is a full-time employee.

<Calculation Method for Performance-based Bonuses>

With respect to performance-based bonuses, to clearly reflect the business results for the fiscal year, we operate a remuneration system that uses operating profit as an index and calculates bonuses according to a coefficient specified based on the position of the employee.

<About Stock-based Compensation>

As stock-based compensation, at the 34th Ordinary General Meeting of Shareholders held on September 27, 2017, our company adopted a transfer-restricted stock compensation plan for directors, excluding outside directors and part-time directors, with an annual amount of up to 10,000 thousand yen, an annual number of up to 20,000 shares, and a transfer restriction period of three years, for the purpose of promoting further value sharing with shareholders by encouraging them to hold our company's shares.

(4) Board Policies and Procedures in the Appointment/Dismissal of the Senior Management and the Nomination of Directors and Auditors Candidates

Regarding the nomination of a director, an auditor, or a senior management, a wide variety of candidates from both inside and outside our company are selected at the Nomination and Compensation Committee, which is an advisory committee under the Board of Directors, out of whom candidates with excellent personality along with the ability to make precise and fair decisions regarding the management of our company, an abundance of experience and outlook, or knowledge and expertise on our company's business and the industry, or academic knowledge, are selected and the opinions are summarized, after which the candidate is reported to the Board of Directors. Regarding candidates for auditors, the candidate is also reported to the Board of Company Auditors and after earning the consent of the Board of Company Auditors, the nomination of each candidate is decided by the Board of Directors.

If a representative director, a director, or a senior management is found to have committed a serious violation of the law, or have performed an act which gravely damaged the reputation or reliability of our company, or displayed a serious lack in business performance, or did not fulfill duties and needs to be dismissed, the Board of Directors will resolve to remove the person in question from his/her post after appropriate deliberation on the matter. Further, in case a director is facing dismissal, the matter

will be brought up at the Shareholders' General Meeting.

(5) Explanation regarding Individual Nominations and Dismissals when the Board of Directors Nominate and Dismiss Senior Management, and Nominate Candidates for Directors and Auditors in Accordance with the Above Section (4)

The reason for the nomination of individual candidates for directors and auditors is recorded and explained in the Shareholders' General Meeting's reference documents included in the convocation notice for the Shareholders' General Meeting. Further, the reason for the dismissal of a representative director is disclosed in a timely manner along with a written explanation. Further, should a situation arise which necessitates the dismissal of a director or an auditor, the reason for the dismissal will be recorded and explained in the Shareholders' General Meeting's reference documents, like the procedure at the time of nomination.

The Shareholders' General Meeting's reference documents are available on our company's website.

(https://www.iwi.co.jp/ir/stock/general_meeting.html)

Documents for timely disclosure are available on the Timely Disclosure Information Service (TDnet) as well as our company's website.

(<https://www.iwi.co.jp/ir/ir-news/>)

【Supplementary Principle 3-1-3 Enhancement of the Quality and Quantity of Disclosure Based on the TCFD or Equivalent Framework】

As described in **【Reasons for Non-compliance with the Principles of the Corporate Governance Code】** .

【Supplementary Principle 4-1-1 Roles and Responsibilities of the Board】

Our company established the Board of Directors, which is comprised of six directors (including two independent outside directors), as an organ that would discuss and take decisions on important administrative matters, as well as supervise the execution of the tasks of each director. Our company stipulates that the Board of Directors will see to the appropriate fulfillment of the following responsibilities.

1. Detailing the visions for business strategies and such
2. Discussing and executing measures that will contribute to an increase in enterprise value based on a spirit of wholesome entrepreneurship
3. Performing highly effective supervision on directors or executive officers

The following are the details of the performance of the Board of Directors in FY 6/2022.

Our Company holds regular monthly meetings of the Board of Directors and extraordinary meetings of the Board of Directors from time to time. 19 meetings were held in this fiscal year.

Of the 19 meetings, one corporate auditor was absent on one occasion, but other than that, directors and corporate auditors attended all board meetings. The introduction of the executive officer system on September 25, 2020, to monitor management and clarify responsibilities for business execution, and the explanation and sharing of information related to agenda items at management meetings in advance, enabled the Board of Directors to have efficient and sufficient opportunities for discussion. At the Board of Directors meeting for FY 6/2022, the Board considered and approved 74 important management matters, including the consideration and approval of the medium-term management plan and proposals related to employee personnel systems, reorganization, and executive personnel matters.

The Board of Directors considered and resolved on research and development proposals of a certain scale or of a high level of importance based on their content. As for financial matters, the Board mainly approved proposals concerning the approval of financial statements and budgets.

In addition, the Board of Directors supervised the execution of duties by directors and executive officers by individually reviewing and discussing 62 reportable matters, including earnings forecasts and business progress, matters reported by committees, related party transactions, and the status of approval decisions.

For both resolutions and reported matters, the independent outside directors requested detailed explanations from the director in charge and actively exchanged opinions on the agenda.

Based on the high frequency and attendance rate of the Board of Directors meetings and the content of actual discussions, we evaluate that the Board of Directors makes management decisions and supervises the directors' execution of their duties appropriately, and that the Board of Directors functions effectively from the viewpoint of corporate governance. In addition, our company's Board of Directors periodically commissions an external organization to conduct a questionnaire survey of all officers regarding the effectiveness of the Board of Directors and receives reports on the results.

The Board of Directors works to strengthen corporate governance by making important management decisions and supervising the status of business execution by executive officers.

Our Company has established and operates the Management Committee in accordance with the "Management Committee Regulations." The Management Meeting is attended by all directors, executive officers, and corporate auditors, and is attended by executive officers, heads of divisions and businesses, and other relevant persons within our company, who provide background and other supplementary information on proposals that are scheduled to be brought before the Board of Directors, as well as information necessary to understand the issues. In addition, the Directors and Statutory Auditors are informed of the progress of ongoing research and development projects and individual development projects and related risks, or are briefed on technical knowledge or specialized information regarding our company's products and services, in order to deepen their understanding of these issues. The Management Committee does not have the authority to make decisions and does not make decisions, as the purpose of these meetings is to improve the quality of discussions at Board of Directors meetings and the effectiveness of the Board of Directors meetings.

In FY 6/2022, a total of 11 meetings were held, with 31 items on the agenda and each meeting lasting about 1 hour and 30 minutes. The largest number of items on the agenda were reports on development investments related to new large-scale projects in the cloud services business, and 17 items were reports on R&D projects such as the development of next-generation versions of products, reports on the outlook, plans, and progress of new businesses, and reports on the functional enhancement of individual development projects.

Some of the items on the agenda of the Management Meeting for FY 6/2022 were put on the agenda at subsequent meetings of the Board of Directors and were resolved after sufficient and efficient discussion. We evaluate that the establishment and operation of the Management Committee has enhanced our corporate governance, especially the discussions at the Board of Directors meetings, and has contributed to an appropriate decision-making process.

【Principle 4-8 Effective Use of Independent Outside Directors】

Out of six directors, our company nominates two independent outside directors. The independent outside directors take part in management from an objective standpoint, and each of them uses their expertise to offer appropriate advice and recommendations, fulfilling important risk management and management supervision roles through debates at the Board of Directors' meetings and performing their tasks efficiently during decision-making with high explanatory abilities.

【Supplementary Principle 4-8-3 Independent Outside Directors Occupying the Majority】

The Board of Directors of our company is composed of two directors who have worked mainly for the parent company of our company, two directors who have worked mainly for our company, and two independent outside directors who are independent of the controlling shareholders. Namely, the ratio of independent outside directors is one third.

In addition, as noted above, our company established a special committee on December 8, 2021.

The purpose of the special committee is to deliberate and discuss important transactions and actions that would cause a conflict of interest between controlling shareholders and minority shareholders. In order to secure the independence of the committee, it is composed of two independent outside directors and one independent outside auditor. When the Board of Directors of our company makes a decision about an important transaction, the special committee will sufficiently discuss whether or not said transaction will bring detriment to minority shareholders, while collecting opinions from those who have no stake in controlling shareholders.

【Principle 4-9 Independence Standards and Qualification for Independent Outside Directors】

Please refer to “Independent Executives” of this report.

【Principle 4-10-1 Policy, Authority, Roles, etc. regarding the Independence of the Committee】

Our company established and operates the Nomination and Compensation Committee as an advisory body of the Board of Directors, in accordance with “the Regulations for the Nomination and Compensation Committee.” The Nomination and Compensation Committee consists of two independent outside directors and the Representative Director and President, and is chaired by an independent outside director.

As independent outside directors occupy the majority, an external viewpoint can be secured. The committee nominates candidate directors and candidate auditors as suggested by the Board of Directors, deliberates items regarding their remunerations, collects opinions, and submits reports to the Board of Directors. The establishment and operation of such a committee contribute to the enhancement of the independence, objectivity, and accountability of functions of the Board of Directors for nominating directors and determining their remunerations.

【Principle 4-11-1 Policy for the Balance, Diversity, and Scale of the Board of Directors】

Our company selects candidate directors after deliberating whether they possess expertise, experience, and advanced skills required for making decisions appropriately and swiftly at meetings of the Board of Directors and candidate auditors after deliberating whether they possess expertise, experience, and advanced skills required for having discussions at meetings of the Board of Auditors and overseeing directors.

The current compositions of the Board of Directors and the Board of Auditors are well-balanced, and they are considered to be effective, but we conduct self-evaluation questionnaire surveys regularly and other measures, to evaluate and improve the effectiveness of the Board of Directors of our company.

As shown in Appendix 2, our company produced a skills matrix listing the knowledge, experience, abilities, etc. of each director, after the evaluation and supervision by a third party. The standards for evaluating each skill are as written in Appendix 2.

【Supplementary Principle 4-11-2 Concurrent Positions Held by Directors and Auditors】

In case an outside director or an outside auditor holds a concurrent position as an executive for another listed company, our company confirms that their involvement with the given company is to a reasonable extent so as not to affect their duties in our company. Further, the state of major concurrent positions including executives in another company are disclosed in the convocation notices of Shareholders' General Meetings and securities report.

Other than the auditor Hiroshi Sato, who is an outside director for IBC Co., Ltd. and an outside auditor for Terilogy Co., Ltd. and Outside Director of AXIS Corporation, the auditor Noboru Takebayashi, who is representative director and president of DXA Co., Ltd., an auditor for webrage CO., LTD. and an auditor for bravesoft inc., and the auditor Masayuki Horie, who is a Professor of Nihon University College of Commerce and the visiting professor of the Institute of Information Security, an outside auditor for NEC Networks & System Integration Corporation and a permanent trustee of Japan Society for Systems Audits, a director at the Japan Auditing Research Society, and an auditor for Japanese Internal Control Research Association, there are no directors or auditors who hold concurrent positions in other listed companies.

【Supplementary Policy 4-11-3 Analysis and Evaluation of the Effectiveness of the Board】

To evaluate the effectiveness of the Board of Directors, the outside organization conducts questionnaire surveys on behalf of us targeting all directors and auditors.

In the questionnaire survey conducted in February 2022, we set up evaluation items from the perspectives of the roles and operations of the Board of Directors, the relationship with the audit organization, and the relationship with shareholders and investors, which we considered important in confirming the effectiveness of the board of directors. The survey reported that many of directors rate the effectiveness of Board of Directors was high. The survey also reported that the directors and auditors rated the operation and materials of the Board of Directors as improved and its operation as more appropriate compared to the time of the previous survey.

On the other hand, regarding the Sustainability initiatives of our company, the result of survey pointed out that the identification of key issues and enhancement of activities are required more than ever before. We have formed an organization in charge of Sustainability and are working to strengthen our efforts in this area. The relevant information on the Sustainability initiatives is reported to the Board of Directors to enhance the discussion. Through these efforts, we are working to improve the effectiveness of the Board of Directors.

【Supplementary Principle 4-14-2 Training Policy for Directors and Auditors】

Our company is making an effort to increase the quality of our directors and auditors through participation in various seminars about corporate governance, internal controls, compliance, etc. and organizing workshops, with the aim of cultivating knowledge deemed necessary for each director and auditor to be able to properly fulfill the responsibilities and duties expected of them.

【Principle 5-1 Policy for Constructive Dialogue with Shareholders】

(Policies)

Our company engages in the transmission of information with the principle that all our stakeholders, including shareholders and investors, are provided with information related to our company's management policy, business strategy, and financial affairs that is (1) Accurate, (2) Fair, (3) Timely, and (4) Easy to Understand.

Further, our company is promoting the English translation of disclosed documents and reports, and the disclosure of English brief financial reports, quarterly reports, and convocation notices for Shareholders' General Meetings takes place simultaneously with the disclosure of the original Japanese documents. The English translations of timely disclosed documents and financial

results briefing documents are also disclosed simultaneously with the original Japanese documents. Financial results briefing sessions for institutional investors are held every quarter, and the minutes of the speeches made during the briefings are disclosed in both Japanese and English. Since the translation of securities report takes time, these are disclosed quickly as soon as the translations are complete.

Reports on our company's initiatives regarding ESG issues, which are of interest to our investors, are produced in both Japanese and English, and are disclosed on our company's website, etc.

(System)

(1) Our Company has established a Management Planning Office in charge of investor relations, and in conducting investor relations activities, the representative directors actively engage in dialogue to promote constructive dialogue.

(Specific Examples)

- Periodically holding briefings for individual investors

Participation in company briefings for individual investors held in Osaka and other regional cities

- Periodically holding briefings for institutional investors

Holding briefings after the release of quarterly and term-end financial results

- Organizing individual meetings with domestic and overseas institutional investors as needed
- Attendance at IR conferences held overseas, organizing individual meetings with local institutional investors
- Enhancement of information disclosure

Issuing of business report, production of English and Japanese versions of sustainability reports, information disclosure through our company's website

- Disclosure of English translations of quarterly summary, brief financial statements, and reference material for briefing financial results

(2) The IR supervisor reports the contents of the dialogue with shareholders and others to the representative directors as necessary.

(3) Our company makes efforts to appropriately disclose information in accordance with our IR policy, and thoroughly manage insider information to prevent information leakage in accordance with the "Regulations on the Prevention of Insider Trading."

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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【Status of Major Shareholders】 Updated

Name	No. of Shares Owned	Percentage [%]
Dai Nippon Printing Co., Ltd.	13,330,700	50.61
Kazuhiko Adachi	2,384,900	9.05
BNYM AS AGT/CLTS 10 PERCENT	1,254,157	4.76
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,133,200	4.30
Intelligent Wave Employee Shareholding Association	574,500	2.18
The Custody Bank of Japan, Ltd. (Trust Account)	332,600	1.26
Hisako Mizota	314,300	1.19
Hideki Nishino	209,000	0.79

The Bank of Mitsubishi UFJ, Ltd.	200,000	0.76
Koji Kobayashi	191,600	0.73

Controlling Shareholders (except for parent company) —

Parent Company Dai Nippon Printing Co., Ltd. (Listed: Tokyo) (Code: 7912)

Supplementary Explanation

3. Corporate Attributes Updated

(1) Listed Stock Exchange and Market Section	Prime
(2) Fiscal Year-End	June
(3) Type of Business	Information and Communications Industry
(4) Number of Employees (consolidated) as of the End of the Previous Fiscal Year	Over 100 and less than 500
(5) Sales (consolidated) as of the End of the Previous Fiscal Year	Over 10 billion yen and less than 100 billion yen
(6) Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

Our company is making an effort to not damage the interests of minority shareholders when trading with the parent company, by determining fair and appropriate trading conditions based on rational judgement like the case of trading with other clients.

Before conducting transactions with the parent company, internal approval procedures are carried out as in the case of other business partners. In the case of transactions exceeding a certain threshold in terms of amount, etc., the terms and conditions of each transaction are deliberated and reviewed individually by a committee consisting of two or more executives, including the representative directors and a director in charge of the quality assurance division, and relevant internal personnel, thereby preventing transactions with inappropriate terms and conditions. In addition, the details of important transactions with the parent company are reported to the Board of Directors.

As mentioned above, our company established a special committee on December 8, 2021.

The purpose of the special committee is to deliberate and discuss important transactions and actions that would cause a conflict of interest between controlling shareholders and minority shareholders. In order to secure the independence of the committee, it is composed of two independent outside directors and one independent outside auditor. When the Board of Directors of our company makes a decision about an important transaction, the special committee will sufficiently discuss whether or not said transaction will bring detriment to minority shareholders, while collecting opinions from those who have no stake in controlling shareholders.

5. Other Special Circumstances Which may have a Material Impact on Corporate Governance

Dai Nippon Printing Co., Ltd., which is our company's parent company, owns 50.61% of our company's outstanding shares,

which makes our company its consolidated subsidiary. Our company maintains a cooperative business relationship with the parent company for the purpose of continuous improvement of business performance, while conducting independent management and operations. With the common goal of increasing corporate value, our company and our parent company are engaged in the information system industry, especially in the fields of cloud service business for settlement and operation of credit cards, etc., and product sales of cyber security measures, while mutually collaborating by utilizing our respective strengths.

Out of six directors, our company has nominated two independent outside directors, and has built and is managing a governance system that preserves and strengthens autonomy and independence in management. From the perspective of ensuring independence from the parent company, we are considering the establishment of a special committee to deliberate and review important transactions and actions that conflict with the interests of the controlling shareholder and minority shareholders.

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

1. Organizational Composition and Operation

Organizational Form	Company with company auditors
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【Directors】

Maximum Number of Directors Stipulated in Articles of Incorporation	15 (Upper Limit)
Term of Office Stipulated in Articles of Incorporation	1 Year
Chairperson of the Board	President
Number of Directors	6
Appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Outside Directors Appointed as Independent Executives	2

Relationship with Our Company (1)

Name	Attributes (※)	Relationship with our company (※)										
		a	b	c	d	e	f	g	h	i	j	k
Akira Watanabe	Lawyer								△			
Kenichi Miki	Member of another company								△			

※ Items for Selection Regarding the Individual's Relationship with Our Company

※ “○”: The individual falls under the item in question presently or recently, “△”: The individual fell under the item in question in the past

※ “●”: A close relative of the individual falls under the item in question presently or recently, “▲”: A close relative of the individual fell under the item in question in the past.

a Executive of our company or its subsidiary

b Executive or non-executive director of the parent company of our company

c Executive of a sister company of our company

- d Individual or an executive of a company with our company as a major business partner
- e Major business partner or an executive of a major business partner of our company
- f Consultant, an accounting expert, or a legal expert receiving large sums of money or other assets from our company outside of executive compensation
- g Major shareholder of our company (in case the major shareholder in question is a corporation, then an executive of the corporation)
- h Executive of a business partner of our company (not falling under either d, e, or f) (only for the individual in question)
- i Executive of a company in which an outside executive has a concurrent post (only for the individual in question)
- j Executive of a company to which our company has donated (only for the individual in question)
- k Other

Relationship with Our Company (2)

Name	Independent Executive	Supplementary Explanation Regarding Applicable Items	Reason for Appointment of the Outside Director in Question (In case the individual is appointed as an independent executive, the reason for the appointment will also be included)
Akira Watanabe	○	<p>Lawyer of Akira Watanabe Law Firm</p> <p>Visiting Researcher at the Research Center for Advanced Science and Technology, the University of Tokyo.</p> <p>Our company had previous relationships with Mr. Akira Watanabe as a legal advisor regarding legal affairs, but there are no longer such transactions.</p> <p>Our company has entered an advisory contract with another lawyer belonging to Akira Watanabe Law Office, but this does not constitute a transaction with Mr. Akira Watanabe, and in light of the size and nature of the transaction under the contract, our company believes that there is no risk of influence on the judgment of shareholders and investors.</p>	<p>Our company decided to appoint Mr. Akira Watanabe as an outside director because he possesses legal expertise as a lawyer with an abundance of academic experience working as a specially-appointed professor at the Research Center for Advanced Science and Technology, the University of Tokyo, which will allow him to participate in management from an objective standpoint and offer appropriate advice and recommendations independent of the senior managements responsible for task execution. Additionally, He was appointed as a member of the Nomination and Compensation Committee in June 2021, and participates in decisions regarding the selection of candidates for directors and executive officers, as well as the compensation of directors, from an objective and neutral standpoint. He has been appointed as an outside director in the expectation that he will contribute to the further strengthening of the Company's governance system and provide appropriate advice and recommendations. As mentioned in the</p>

			left column, our company had prior relationships with Mr. Akira Watanabe, but there is no fear of any conflicts of interest arising out of them, and since he has met all the requirements to become an independent executive, our company designated him as an independent executive.
Kenichi Miki	○	Mr. Kenichi Miki held the positions of senior managing director and advisor at Daiwa Institute of Research Business Innovation Ltd., from which he retired in April 2017. Our company has transaction relations with Daiwa Institute of Research Business Innovation Ltd., but it has decided to omit the entry of a summary as there is no fear of the relationship impacting the decisions made by shareholders and investors, given the scale and quality of transactions.	Mr. Kenichi Miki possesses experience as a manager and deep knowledge regarding the industry, which will allow him to participate in management from an objective standpoint and offer appropriate advice and recommendations independent of the senior managements responsible for task execution. Moreover, In June 2021, he was appointed as the Chairman of the Nomination and Compensation Committee, and participates in the selection of candidates for directors and executive officers, as well as decisions on director compensation and other matters from an objective and neutral standpoint. He has been appointed as our outside director in the expectation that he will contribute to the further strengthening of the Company's governance system and provide appropriate advice and recommendations. As mentioned in the left column, Mr. Kenichi Miki held the positions of senior managing director and advisor at one of our company's client companies, but as he has since retired from both these positions, there is no fear of any conflicts of interest arising out of them, and since he has met all the requirements to become an independent executive, our company appointed him as an independent executive.

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

Yes

Status of Voluntary Committees, Membership, and Chairperson (Chairperson)'s Attributes.

	Committee	Members	Full-time	Company	Outside	Outside	Others	Committee
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	Title		Members	Directors	Directors	Experts		Chairperson
Voluntary Committee Corresponding to Nomination Committee	Nomination and Compensation Committee	3	1	1	2	0	0	Outside Director
Voluntary Committee Corresponding to Compensation Committee	Nomination and Compensation Committee	3	1	1	2	0	0	Outside Director

Supplementary Explanation Updated

On April 22, 2020, our company enacted the “Regulations on the Nomination and Compensation Committee” and established and manages the Nomination and Compensation Committee as an advisory committee to the Board of Directors, based on the Nomination and Compensation Committee Regulation. The Nomination and Compensation Committee is composed of all of the two independent outside directors and the President and Representative Director, which guarantees an outside perspective due to the majority of the committee being composed of outside executives, and after consultation with the directors, topics related to the nomination and compensation of directors and auditors are deliberated on, after which all opinions are summarized and reported to the Board of Directors. Such a structure and management of the Nomination and Compensation Committee contributes to the autonomy and objectivity of the functions of the Board of Directors related to the nomination and compensation of directors, as well as the strengthening of accountability.

The Nomination and Compensation Committee held five meetings during FY 6/2022, with each meeting lasting for about an hour. The main topics of discussion were the election of candidates for directors and executive officers, and the review of the compensation system for full-time directors, with all three outside auditors present as observers to review and discuss the issues.

After an exchange of opinions among the members at the meeting, the Nomination and Compensation Committee reports the results to the Board of Directors, and the Board of Directors conducts a vote on the following items.

The Board of Directors, at its annual meeting held on September 28, 2022, resolved to appoint three independent outside directors, Kenichi Miki, Akira Watanabe, and Kunimitsu Sato, President and Representative Director, as members of the Nominating and Compensation Committee. In addition, the Nominating and Compensation Committee appointed Independent Outside Director Kenichi Miki as Chairman of the Nominating and Compensation Committee on the same day.

The Board of Directors, at its ordinary meeting held on July 27, 2022, in response to the report of the Nomination and Compensation Committee and in light of the fact that the current compensation system, which was resolved at the ordinary meeting of the Board of Directors held on September 9, 2020, increases the ratio of the performance-based compensation from 42% to 47%, on that basis, the Board of Directors resolved to continue the remuneration system until September 2023, judging that it will enhance the Directors' awareness of contributing to our company's sustainable growth and enhancement of corporate value, and contribute to our company's mid- to long-term progress.

【Regarding Auditors】

Establishment of a Board of Auditors	Established
Total Number of Auditors as per the Articles of Incorporation	5
Number of Auditors	5

Cooperation Among Auditors, Accounting Auditors and Internal Audit Department

A cooperative relation with accounting auditors is maintained by holding an exchange of opinions and interviewing to gather information when necessary, witnessing audits in certain situations, etc. and any problems that arise are discussed and resolved as they appear.

Auditors formulate an annual auditing plan and carry out the auditing of necessary items in cooperation with the Internal Audit Department. Further, auditors periodically hold exchange meetings with the Internal Audit Department for information and opinions related to internal controls, to share the evaluation on the effectiveness of the internal controls.

State of Appointment of Outside Auditors	Appointed
Number of Outside Auditors	3
Number of Outside Auditors Appointed as Independent Executives	3

Relationship with Our Company (1)

Name	Attributes (※)	Relationship with our company (※)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroshi Sato	Member of a Different Company										△			○
Noboru Takebayashi	Member of a Different Company													○
Masayuki Horie	Member of a Different Company													○

※ Items for Selection Regarding the Individual's Relationship with our company

※ “○”: The individual falls under the item in question presently or recently, “△”: The individual fell under the item in question in the past

※ “●”: A close relative of the individual falls under the item in question presently or recently, “▲”: A close relative of the individual fell under the item in question in the past

a Executive of our company or its subsidiary

b Non-executive director or accounting consultant of our company or its subsidiary

c Executive or non-executive director of the parent company of our company

d Auditor of the parent company of our company

e Executive of a sister company of our company

f An individual or an executive director of a company with our company as a major business partner

g A major business partner or an executive director of a major business partner of our company

h A consultant, an accounting expert, or a legal expert receiving large sums of money or other assets from our company outside of executive compensation

i A major shareholder of our company (in case the major shareholder in question is a corporation, then an executive director from the corporation)

j Executive of a business partner of our company (not falling under either f, g, or h) (only for the individual in question)

k Executive of a company in which an outside executive has a concurrent post (only for the individual in question)

l Executive of a company to which our company has donated (only for the individual in question)

m Other

Relationship with Our Company (2) Updated

Name	Independent Executive	Supplementary Explanation Regarding Applicable Items	Appointment of the Outside Auditor in Question (mandatory)
Hiroshi Sato	○	Outside director, IBC Co., Ltd. Outside auditor, Terilogy Co., Ltd. Outside Director of AXIS Corporation No special relationship with our company	Our company believes Mr. Hiroshi Sato can strengthen our auditing ability through his personal history as a manager of a company in the same industry as our company, along with an abundance of expertise and wide-ranging knowledge. There is no fear of any conflicts of interest arising with shareholders, and he has met all the requirements to become an independent executive.
Noboru Takebayashi	○	President and CEO, DXA Co., Ltd. Auditor, webrage CO., LTD. Auditor, bravesoft inc. No special relationship with our company	Mr. Noboru Takebayashi has managerial experience like working as a director, and our company nominated him because we believe he can strengthen our auditing ability through extensive knowledge and experience in the IT industry as well as wide-ranging knowledge, along with being able to offer appropriate advice and recommendations from an objective and independent standpoint as an outside auditor in other companies. There is no fear of any conflicts of interest arising with shareholders, and he has met all the requirements to become an independent executive.
Masayuki Horie	○	Professor, College of Commerce, Nihon University Visiting professor, Institute of Information Security Outside auditor, NEC Networks & System Integration Corporation Permanent trustee, Japan Society for System Audits Director, Japan Auditing Research Society Auditor, Japan Internal Control Research Association No special relationship with our company	In addition to being a university professor, he has held important positions in the Japan Auditing Research Society and the Japan Internal Control Research Association, and has considerable knowledge of finance and accounting through his many years of research on accounting and auditing. He has been appointed as he is capable of providing appropriate advice from an objective and independent standpoint as an outside corporate auditor based on his experience as an outside corporate auditor at other companies. There is no fear of any conflicts of interest arising with shareholders, and he has met all the requirements to become an independent

			executive.
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【Independent Executives】

Number of Independent Executives	5
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Other Items Related to Independent Executives

Our company judges that outside directors and outside auditors will have autonomy, when they do not fall under any of the following items.

(1) An individual, or an executive director of a company with our company as a major business partner (Note 1)

A major business partner is that who receives more than 5% of their annual consolidated sales from transactions with our company during one of the three most recent fiscal years (Note 2).

(2) A major business partner or an executive director thereof of our company (Note 1)

A major business partner is that who receives more than 5% of their annual consolidated sales from transactions with our company during one of the three most recent fiscal years (Note 2).

(3) A consultant, an accounting expert, or a legal expert receiving large sums of money or other assets from our company outside of executive compensation.

Large sums of money or other assets is defined as anything with a monetary value greater than 10 million yen per year.

(4) An individual who fell under any of the above items (1) to (3) anytime in the past three fiscal years (Note 2).

(5) Those who have fallen under any of the following ① to ③ at any time within 10 years prior to their appointment.

① Executive or non-executive director of the parent company of our company

② Corporate auditors of our company's parent company (limited to cases where outside corporate auditors are designated as independent directors)

③ Business executor of a sister company of the parent company

(6) An individual within the second degree of kinship to an individual who falls under any of the following items ① to ④

① An individual who falls under any of the above items (1) to (5)

② An executive director of a subsidiary of our company (Note 1)

③ A director of a subsidiary of our company who is not an executive director (For cases when outside auditors are nominated as independent executives)

④ An executive director of our company (Note 1), or an individual who falls under the above item ① or ② in the past three fiscal years (Note 2)

(7) A major shareholder of our company or an executive director thereof (Note 2)

A major shareholder is defined as anyone who directly or indirectly owns more than 10% of our company's voting rights.

(Note 1) An executive director is defined as anyone who meets the standards set in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act.

(Note 2) The starting point for calculation will be the point when a proposal for appointment submitted to the Shareholders'

General Meeting is adopted.

【Incentives】

State of Implementation of Incentive Policies
for Directors

Other

Supplementary Explanation

The compensation for a full-time director is comprised of a fixed monthly compensation, a bonus based on performance, retirement benefits, and a share-based compensation. Regarding the bonus based on performance, to accurately reflect the performance during the fiscal year, our company uses a compensation system which calculates the bonus using a coefficient based on position, with operating profit being used as an index. Further, to boost the degree of responsibility of a director towards their performance, the bonus based on performance is set to account for 30% of the total compensation.

Further, regarding the share-based compensation, based on the 34th Shareholders' General Meeting held on September 27, 2017, a restricted stock compensation plan was introduced for directors, excluding outside directors and part-time directors, to strengthen shared interest with shareholders by promoting the holding of shares of our company by directors, with an annual amount limited to 10 million yen, an annual share limit of 20,000 shares, and a share transfer period limit of three years. Furthermore, the transfer restriction period from October 27, 2017 to October 27, 2020 for this scheme has expired.

Individuals to Receive Stock Options

Supplementary Explanation

【Compensation for Directors】

State of Disclosure (of Individual Compensation for Directors)

Individual Compensation not Disclosed

Supplementary Explanation Updated

Our company disclosed the total amount of executive compensation as follows in “State of Corporate Governance, etc.” of the securities report (FY 6/2022).

(Details of Compensation for Directors)

(1) Total amount of compensation for each executive division of the submitting company, the total amount of each type of compensation, and the number of executives receiving the compensation

- | | | | |
|---|------------------------------|----------------------|----------------------|
| ① Directors (excluding outside directors) | Total amount of compensation | 5 directors | 106,770 thousand yen |
| ② Auditors (excluding outside auditors) | Total amount of compensation | 1 auditor | 8,955 thousand yen |
| ③ Outside Executives | Total amount of compensation | 5 outside executives | 26,927 thousand yen |

(2) Total amount etc. of consolidated compensation for each executive of the submitting company

Not recorded, as there are no individuals with a total amount of compensation greater than 100 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

For information on compensation for directors, please refer to “I 1. 【Disclosure Based on Principles of the Corporate Governance Code】 【Principle 3-1】 (3) Board Policies and Procedures in Determining the Remuneration of Senior Management and Directors” of this report.

The compensation for auditors is calculated within the auditor compensation limit and the compensation for each individual auditor is determined at a meeting of auditors.

【Support System for Outside Directors (Outside Auditors)】

In case outside auditors request assistants in their duties, our company responds to that request by allocating appropriate personnel.

【Status of Persons who have Resigned as President and Representative Director, etc.】

Names, etc. of Advisors and Counselors who are Former President and Representative Director, etc.

Name	Title and position	Job description	Working style and conditions (Full-time or part-time, with or without remuneration, etc.)	Retirement date as a president, etc.	Term of office
Tsukasa Iseki	Special advisor	Consultation and advice regarding our company's business activities, and external activities	Part-time with remuneration	Sep. 29, 2021	2 years (From September 29, 2021)

Total Number of Advisors, Counselors, etc. who are Former President and Representative Director, etc.

1

Other Items Updated

Our company has adopted an advisory system for full-time directors and executive officers, and in accordance with a vote by the Board of Directors, there are cases where the retired chairperson or president is appointed as a special advisor, with other full-time directors being appointed as advisors.

Special Advisors and Advisors shall not be involved in any decision-making or supervision of management. They do not attend meetings of the Board of Directors or other important meetings. Our company believes that they are meaningful to our company's business activities because they provide advice based on their knowledge and skills that are useful for our company's business, as requested by our company, and also because they are involved in some of our company's diplomatic activities from a standpoint different from that of management at the request of our company, and are responsible for maintaining and strengthening relationships with business partners.

All matters relevant to the operation of an advisory system were organized and in December 2017, these were enacted and enforced as the “Advisory Regulations,” after which the term for special advisors was set at two years and the term for advisors

was set at one year. Further, matters like appointment, dismissal, compensation, and treatment related to the advisory system are managed based on the same regulations.

As of the date of submission of this report, there are one special advisor and two advisors.

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

(1) Our company reviewed the structure of the Board of Directors with the aim of clarifying the responsibilities of management supervision and business execution and adopted an executive officer system in September 2020. As a result of the adoption of the system, a more flexible and efficient business execution, along with an improvement in the organizations business execution abilities, are expected.

For information regarding the activities of the Board of Directors, please refer to 【Disclosure Based on Principles of the Corporate Governance Code】 of this report.

(2) Our company has five auditors (including three outside auditors) and there is one full-time auditor. Based on the audit standards, auditing policies, and auditing plans formulated by the Board of Auditors, each auditor will attend important meetings such as Board of Directors' meetings, managements meetings, etc., audit the decision making and management procedures of the Board of Directors, and audit the state of business execution of each department as well as the state of business execution of directors through periodic interviews with each director, including the representative director, as well as senior manager of each department, along with auditing reports from the Internal Auditing Department. Further, auditors will carry out financial audits by auditing the legality of the financial report system, accounting, financial statements etc., along with receiving periodic reports from accounting auditors. To make sure auditors can perform their tasks smoothly, auditing members (one member holding a concurrent post) will support the auditors in the execution of their tasks.

In FY 6/2022, a Board of Auditors' meeting was held once or more every month, and the attendance status of each auditor is as follows.

Name	Total Number of Meetings	Total Number of Meetings Attended
Masaharu Shirasugi	19	19
Yoshinori Kato	19	19
Hiroshi Sato	19	19
Noboru Takebayashi	19	19
Masayuki Horie	19	19

The Board of Auditors' meetings involved confirmations on the auditing policy, auditing plans, documents for approval, financial audits, decisions on the approval for compensation for accounting auditors and reappointment, and discussions related to the resolutions on creating audit reports, along with an exchange of opinions on the rationality of management decisions, the state of progress for large-scale development projects and risk management. Further, the Board of Auditors holds periodic interviews with directors and the senior management of each department, and 42 such interviews were held in this fiscal year. In addition, as part of the diversification of workstyles, the Board of Auditors is actively taking initiatives towards the utilization of online meetings.

The activities of full-time auditors include the attending of important meetings, browsing of important documents, coordination with the Internal Audit Department, gathering of company information, along with daily confirmation of the state of management and risk management.

(3) An Audit Department in charge of internal audits was established as an exclusive organization under direct control of the President and Representative Director, and as of the day this report was submitted, the department has 3 full-time members.

In accordance with the Internal Audit Regulations, the Audit Department holds individual interviews after clarifying its audit policies and important auditing matters by formulating an internal audit plan, completes auditing procedures through the inspection of documents and analysis on transition in numerical documents, and reports and notifies the president, auditors, and the audited department of the results of the audit every time it performs an internal audit. If a potential for improvement is detected in any part of the internal auditing process, corrective measures are implemented and the results of the corrections are properly confirmed, guaranteeing the appropriateness of the tasks.

In FY 6/2022, the important auditing matters for this term were established, an internal audit plan was formulated based on these matters, and their auditing was commenced after obtaining the approval from the president at the start of the term. An operational audit of each department, a financial audit of the accounting department, and an audit and follow-up related to protection of personal information were carried out. An interview was held with each audited department through a prior written survey and inspection of relevant documents, which was focused on understanding the problems faced by each audited subject while preserving the quality of auditing. The results of the audit were summarized in audit work papers and audit reports, and the defects, issues, and matters being addressed are classified into matters with potential for improvement, matters under observation, and matters under consideration, the expected date of completion is clearly defined, and their state of progress is continuously verified as a follow-up.

The president is reported every time an audit is conducted through an internal audit report. The Board of Auditors and audited departments are also notified of the contents of the report. Further, the Audit Department holds regular monthly briefings with the president, with 12 such briefings having been held this term. These briefings include reports on the schedule and state of progress of the audits, explanation of the results of the audit as well as reports on the results of the monitoring independently performed by the Audit Department based on monthly financial results.

The Audit Department facilitates periodic exchange of opinions with auditors and accounting auditors and debates on the internal audit plan, contents of the internal audits, state of improvement on matters for correction, and future internal audit policies, which improve the effectiveness of the internal audits.

Further, the chief auditor, as the reviewer of the internal control reporting system related to financial reports, checks the state of adherence to laws and company regulations, state of risk management, the state of the financial report system, and the maintenance and operation of important task processes through the evaluation of the internal controls. By auditing and supervising tasks through both the internal audit and internal control review, our company is making an effort to enhance and optimize supervision.

Three interactive dialogues were held with the Board of Auditors in FY 6/2022, where debates with full-time auditors and outside auditors were held on the state of internal auditing, explanation on matters with the potential for improvement, and improvement in the quality of internal audits. Further, the exchange of opinions took place from time to time with an accounting auditor during auditor visits to the internal controls related to financial reports. Through such coordination between auditors and accounting auditors, our company took initiatives to improve the efficiency of internal audits and enhance and optimize the contents of the audit.

(4) Our company selected BDO Sanyu & Co. as accounting auditors and created an environment where auditing can be performed from a fair and impartial standpoint based on the auditing contract. The names of the certified public accountants responsible for our company's financial auditing during the continuous auditing period for the auditing corporation in question as well as their assistants for auditing tasks are as follows.

① Continuous Auditing Period

17 Years

② Certified Public Accountants Responsible for Financial Auditing

Satoshi Nomura

Michiaki Inoue

③ Assistants for Auditing Tasks

The assistants for our company's financial auditing are comprised of 4 certified public accountants, 2 successful applicants of the Certified Public Accountant Examination, and 3 other members.

(5) For information related to nomination, please refer to "I 1. 【Disclosure Based on Principles of the Corporate Governance Code】 【Principle 3-1】 (4) Board Policies and Procedures in the Appointment/Dismissal of the Senior Management and the Nomination of Directors and Auditors Candidates" of this report. Further, for information related to determination of compensation, please refer to "II 1. 【Compensation for Directors】 Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" of this report.

(6) In cases where legal decisions are necessary, our company receives appropriate advice and guidance from our legal advisor and the tax accountant in charge.

3. Reasons for Adoption of Current Corporate Governance System

Our company has established a corporate governance system consisting of a Board of Directors and a Board of Auditors. As of the day this report was created, our company has appointed five people as independent executives, and ensures management decision-making under objective and neutral supervision by having these independent executives attend the Board of Directors' meetings. Further, the current system of coordination between independent outside directors and the Board of Auditors makes management supervision from an external point of view possible and ensures appropriate governance, which is why our company believes in the effectiveness of the current structure and was the reason our company selected it.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Smooth Exercise of Voting Rights

	Supplementary Explanations
Early dispatch of the notice of convocation of General Meetings of Shareholders	For shareholders to exercise their voting rights and fully consider the agenda, we send out notices early, approximately three weeks prior to the date of the General Meeting of Shareholders.

Allowing Electronic Exercise of Voting Rights	Our company utilizes Electronic Exercise of Voting Rights operated by Mizuho Trust & Banking Co., Ltd., which serves as our company's shareholder name-list administrator. The utilization of this service solves many inconveniences faced by investors who could not attend the Shareholders' General Meetings, which could not be solved by the conventional method of exercising voting rights on paper, such as time wasted in mailing your voting form, not being able to vote in time due to delays in postal service, etc., and electronic means of voting also make the tallying of votes on our company's side easier and fairer.
Participation in the electronic voting platform and other efforts to improve the environment for institutional investors to exercise their voting rights	We participate in the platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc.
Provision of the notice of convocation (summary) in English	As for the notice of convocation of the General Meeting of Shareholders, we disclose the English translation at the same time as the Japanese version.
Other	The notice of convocation of the General Meeting of Shareholders and other documents related to the General Meeting of Shareholders are posted on our website.

2. IR Activities Updated

	Supplementary Explanations	Presentation by Representative
Preparation and Publication of Disclosure Policy	Our company has established IR Policy as its basic policy for information disclosure, which has been disclosed on our website.	
Regular Investor Briefings for Individual Investors	Our company holds periodic briefings for individual investors. Our company also participates in company information sessions for individual investors held in various locations, including Tokyo and Osaka. We participate in briefings for individual investors hosted by major securities companies using the Internet.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	Our company holds periodic briefings for analysts and institutional investors. Our company also holds financial results briefings after the release of quarterly and term-end results.	Yes

Posting of IR Materials on Website	IR information: https://www.iwi.co.jp/ir/ (financial results, securities report, reference material for briefing our company, etc. have been uploaded) English website: https://www.iwi.co.jp/en/ir/
Establishment of Department and/or Manager in Charge of IR	In charge in the Management Planning Office.

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>As IR Policy, our company's basic policy on information disclosure and information transmission have been uploaded on our website.</p> <p>Our company engages in the transmission of information with the principle that all of stakeholders, such as shareholders and investors, are provided with information related to our company's management policy, business strategy, and financial affairs that is (1) Accurate, (2) Fair, (3) Timely, and (4) Easy to Understand.</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>Our company has established a Corporate Code of Conduct with its priority being societal contribution, which has been uploaded on our website, and each employee has been informed of it through company training courses with business initiatives being taken towards its implementation. Further, as part of its CSR activities, our company sponsored the U-22 Programming Contest (https://u22procon.com/) for students under 22 years of age, the National Technical College Programming Contest (https://www.procon.gr.jp/) for students enrolled in technical colleges, the "U-16 Programming Contest Hakodate (https://u16procon-hakodate.org/)," which is open to those 16 years old or younger living in Hakodate City and the Southern Hokkaido area. with the aim of nurturing the leaders of the next generation's information society.</p>
Development of Policies on Information Provision to Stakeholders	<p>Our company discloses information appropriately and swiftly in accordance with the Companies Act, the Financial Instruments and Exchange Act, Timely Disclosure Rules specified by stock exchanges, etc. From the viewpoint of fair disclosure, our company forbids the transmission of undisclosed valuable information, and makes sure that all market participants can obtain valuable information that can affect their investment decisions in a fair manner.</p> <p>Information disclosure set forth in the Timely Disclosure Rules is publicly available through TDnet (Timely Disclosure network) and carried out through press releases to various mass communication companies. Further, information available on TDnet is swiftly transmitted from our company's website and Shareholder Communication is distributed to all shareholders, along with being notified of the</p>

state of progress of the business.

IV Matters Related to the Internal Control System Updated

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

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, as basic policy of the system that ensures the appropriateness of the tasks of our company and corporate group, the Board of Directors voted on Basic Policy for Developing an Internal Control System as follows.

The Basic Policy for Developing an Internal Control System also contains regulations related to subsidiaries, but as of the writing of this report, our company has no such subsidiary.

Basic Policy for Developing an Internal Control System

(1) Systems to Ensure that the Execution of Duties by Our Directors and Employees Conforms to Laws and Articles of Incorporation

Our company has established the Basic Policy on Compliance and Corporate Code of Conduct to make sure our directors and employees strictly adhere to laws and articles of incorporation, and work towards the establishing of social responsibility and corporate ethics.

Further, our company maintains a Compliance Manual which it uses as teaching material during company training courses for the dissemination of information with the aim of preserving and improving the Compliance System.

As a basic stance against anti-social forces, our company absolutely cuts any ties with any anti-social forces by clearly declaring our Basic Policy on Compliance, Corporate Code of Conduct, and Compliance Manual, taking a resolute stance against these forces, and even notifying and coordinating with the police, its legal advisor, and external expert institutions (National Center for Removal of Criminal Organizations) if necessary.

In accordance with the Internal Audit Regulations, the Audit Department periodically confirms that company tasks are being executed while strictly adhering to laws, articles of incorporation, and company regulations, and reports its findings to the president.

(2) Systems Related to the Preservation and Management of Information Concerning the Execution of Duties by Directors

Based on company regulations including the Document Management Regulations, which has a legal basis, the treatment of information concerning task execution of our directors and other important information, ranging from the creation of documents including electromagnetic records, preservation, management to disposal, are clearly defined, and our company makes sure these can be viewed by directors, auditors, accounting auditors, and others, when necessary.

(3) Regulations Related to the Management of Risk of Loss, and Other Systems

In order to minimize the various risks related to the general business activities of our company and group companies, along with loss and negative effects due to unforeseen events, our company established Risk Management Regulations, Detailed Regulations on Risk Management, and Risk Management Committee Regulations, and created a risk management committee system that monitors the risk control of each management board responsible for managing significant risks in our company's management and business, as well as the state of risk management for each management board.

(4) Systems to Ensure the Efficiency in Execution of Duties by Directors

Our company holds regular Board of Directors' meetings every month and extraordinary Board of Directors' meetings when necessary, which involve decision-making on important managerial matters and supervision of the state of task execution of each director, along with facilitating mutual understanding between each director, thereby ensuring efficiency in the execution of tasks. Further, the Board of Directors' meetings also involve the manager for the business task department entrusted with business execution by the Board of Directors being seated with the Board of Directors and reporting the state of business execution in the department they are in charge of.

In addition to the Board of Directors meetings, meetings attended by directors, executive officers, corporate auditors, and executives appointed by each director, meetings of general managers, and other important meetings necessary for business operations are held regularly or as needed to execute duties through accurate and efficient decision-making.

(5) Systems to Ensure the Appropriateness of Tasks in the Business Group Consisting of Our Company, Parent Company, and Subsidiaries

Our company ensures the appropriateness of tasks as a member of the DNP Group, based on the Basic Regulations on DNP Group Compliance Management established by our parent company, Dai Nippon Printing Co., Ltd. (hereinafter referred to as DNP).

Further, various regulations, including the Regulations on Management of Affiliated Companies, have been put in place at our company for its subsidiaries and affiliated companies, and in accordance with such policies and regulations, our company will facilitate appropriate business management with transparency as a corporate group while respecting the autonomy of each of its affiliated companies. Further, our company will create the following systems ① to ④ to ensure appropriateness of tasks for its subsidiaries.

① Our company's directors will receive reports on matters related to task execution at subsidiaries by attending periodic meetings with the presidents of subsidiaries, the subsidiaries' Board of Directors' meetings, and other such important meetings as required.

Further, the Accounting Department of the Business Management Head Office of our company, which is in charge of management tasks for subsidiaries, will receive reports related to task execution from each department of the subsidiaries.

② Our company's Risk Management Regulations will also apply to its subsidiaries, and our company will put in place a system in which subsidiaries will independently manage risks faced during their business activities.

③ Our company's executives and employees will hold concurrent positions as directors and such in our company's subsidiaries, and our company will promote subsidiaries' business operation based on the affiliated companies' management policy as well as ensure optimization of task execution in the subsidiaries by being indirectly involved in the management of the subsidiaries.

④ Our company will make its subsidiaries adhere to the Corporate Code of Conduct and Basic Policy on Compliance which all other affiliated companies must adhere to as well, and ensure a system conforming to laws and the articles of incorporation. Further, in accordance with Internal Audit Regulations, our company's Audit Department will put in place a system that ensures appropriate auditing and will guide the execution, inspection, evaluation, and improvement of the subsidiaries' business operation.

(6) In Case Our Company's Auditors Request an Employee to Assist in their Tasks, Matters Related to the Concerned Employee, Matters Related to the Concerned Employee's Independence from Directors, and Matters Related to Ensuring the Effectiveness

in the Concerned Employee's Compliance to the Auditors

In case auditors request for an employee to assist them in their tasks, our company responds to that request by allocating appropriate personnel.

The employees who perform tasks after receiving necessary orders from auditors will secure independence from the directors on account of the task in question and the personnel shift, performance evaluation, and disciplinary actions for the employees in question require a prior consent from the Board of Auditors.

Further, to ensure effectiveness in carrying out instructions from auditors, orders from auditors will be given priority, information necessary for auditing will be collected, and the state of task execution will be appropriately reported to the auditors.

(7) Systems for Directors and Employees to Report to Auditors, and Systems for Directors, Auditors, and Employees of Subsidiaries to Report to Our Auditors

If directors, auditors, and employees of our company and its subsidiaries discover facts that can cause immense damage to our company, malpractices related to task execution, significant facts about violation of the law or the articles of incorporation, or other major facts related to compliance, they must report them to our company's auditors immediately.

The person who reported these facts will be offered the utmost protection and confidentiality in accordance with the Regulations for the Protection of Whistleblowers.

(8) Matters Related to Procedures for Advance Payment or Reimbursement of Costs from the Execution of Tasks by Auditors, and Policies for Handling Costs or Obligations from the Execution of Tasks

In case an auditor of our company requests advance payment of costs from the execution of their tasks, our company will immediately respond to that request unless it is considered that advance payment is unnecessary for the execution of the auditor's tasks.

(9) Other Systems to Ensure Effective Auditing by Auditors

Our company's auditors attend the Board of Directors' meetings and other such important meetings, where they offer advice and recommendations necessary.

Further, the auditors inspect documents for approval, reports etc., understand the overall status of company management, work towards mutual understanding with the president and accounting auditors when necessary, engage in periodic exchange of opinions, and boost the effectiveness of audits through coordination with the Audit Department.

(Status of Development of the Internal Control System)

(1) Status of the Compliance System

To develop a compliance system, our company created the Basic Policy on Compliance, Corporate Code of Conduct, and a Compliance Manual, and has made them public and notified all related parties by uploading them on our website, putting them up on our company bulletin board, and forwarded them to the inter-office mail of each employee. Further, our company has also created the Regulations for the Protection of Whistleblowers and has installed and is operating a highly effective internal reporting system using external institutions.

All company personnel have been notified of the prevention of insider trading in particular, by putting relevant regulations in place and implementing company training courses. Instructional training to preserve and improve employees' awareness of compliance is also part of all company training courses and is being systematically implemented.

(2) Status of the Risk Management System

To develop a risk management system, our company created the Risk Management Regulations, Detailed Regulations on Risk Management, and Risk Management Committee Regulations, and through the enforcement of these regulations, we will grasp significant risks in management and business on a daily basis, establish various management boards responsible for necessary countermeasures, and discuss and implement policies to minimize the losses and negative effects should any of the management boards in question face any unforeseen circumstances. Further, the Risk Management Committee, which has the president and all executive officers as its members, monitors each management board to make sure their state of risk management is satisfactory, and maintains and operates a system to give instructions to each management board and report to the Board of Directors whenever necessary.

(3) Status of the Information Security Management System

Regarding the information security management system, our company has put together regulations related to security, has prepared specific countermeasures for individual tasks as its standards, and is expecting to secure information security through inspections. Further, our company has put together and is operating a management system which controls all forms of information regardless of the media in which the information is published, by putting together regulatory systems related to protection of credit card numbers and other personal information as established in laws on personal information and installment sales, and regulations on the prevention of insider trading and document management regulations.

(4) Matters Related to Internal Control of Accounting Auditors

Matters related to internal control regarding financial reports, our company retains effectiveness of the development and operations statuses regarding company-wide internal controls, internal controls on account settlement and financial processes, internal controls on business processes, and general IT control.

(5) Matters Related to Systems for Ensuring the Appropriateness of Business Operation in the Business Group Comprising of Our Company, Parent Company, and Subsidiaries

In order to ensure appropriateness of business operation in the DNP business group, our company put together various regulations including Regulations on Management of Affiliated Companies which are based on the Basic Regulations on DNP Group Compliance Management, independently established necessary systems and procedures with reference to business contents, scale etc. in accordance with those policies and regulations, and facilitates appropriate business management with transparency for its subsidiaries and related companies including local overseas corporations while respecting their autonomy.

Further, in accordance with Internal Audit Regulations, our company's Internal Audit Department has put together a system to ensure appropriate auditing, and is responsible for its execution, inspection, evaluation, and improvement.

2. Basic Views on Eliminating Anti-Social Forces and the Progress of Development

(Basic Views on Eliminating Anti-Social Forces)

Our company takes a firm stance against anti-social forces, which endanger the order and safety of civil society, and our company's basic policy is to cut all ties with any anti-social forces by notifying and coordinating with external expert institutions such as the police, its legal advisor, etc. when necessary.

(Progress of Development Towards the Elimination of Anti-Social Forces)

(1) Progress of Development

- ① Our company declared that "We will take a resolute stance against anti-social forces" in its Basic Policy on Compliance, which has been uploaded to our website and notified to all related parties inside and outside our company.
- ② Creation of the Compliance Manual and notification through putting it up on our company bulletin board and forwarding

them to the inter-office mail of each employee

- a. The Anti-Organized Crime Law is one of the laws mentioned in Basic Stance which must be adhered to, and it has been clearly specified that strict action will be taken against all employees who violate this law.
 - b. “Confrontation with Anti-Social Forces” has been included in Code of Conduct in Society, which specifically instructs all executives and employees in the following manner: “All executives and employees must take a resolute stance against anti-social forces. They must take a firm stance against demands from corporate racketeers in particular, and prevent the provision of profits from assets in relation to the exercising of shareholder rights at all costs. Further, they also need to eliminate all relationships which might be considered non-transparent collusive relationships. In the unlikely event that one should unintentionally form a relationship of any sorts with such organizations or individuals, they must swiftly report it to the general affairs department of the business management head office and receive appropriate instructions on what steps are to be taken moving forward.”
- ③ Creation of Regulations on Countering Anti-Social Forces, Detailed Regulations on Countering Anti-Social Forces, and a Manual on Countering Anti-Social Forces and Notification to All Employees

Our company has put in place regulations to prevent all its executives and employees from having relationships with and providing benefits to anti-social forces, which have been put up on our company bulletin board. Further, the Manual on Countering Anti-Social Forces is being used as teaching material during company training courses, and all executives and employees are being informed of specific methods to counter anti-social forces. Further, our company is promoting all its trading partners to conclude the Memorandum on the Elimination of Anti-Social Forces.

(2) In-company System and Response

- ① The head of the Business Management Head Office has been appointed as the general response supervisor.
- ② The General Affairs Division Chief of the Business Management Head Office has been appointed as the supervisor in charge of coordination with the Supervisor for the Prevention of Unreasonable Demands, the police, and other external expert institutions (National Center for Removal of Criminal Organizations)
- ③ As noted in Detailed Regulations on Countering Anti-Social Forces, the General Affairs Department of the Business Management Head Office will be responsible for the collection and management of information related to anti-social forces. Further, participation in external seminars on the elimination of anti-social forces will be mandatory for employees in the General Affairs Department of the Business Management Head Office, which are also being utilized to collect information for our teaching material for company training courses.
- ④ The Manual on Countering Anti-Social Forces, with its elucidation on specific examples and countering methods, is used as teaching material for company training courses.
- ⑤ The above-mentioned contents were incorporated into company-wide training courses, and are systematically implemented.

V Others

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	No
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Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

(Outline of the Timely Disclosure System)

(1) Basic Policy Regarding Timely Disclosure

Our company recognizes that it has an important responsibility towards its stakeholders, including shareholders and investors, for fair, equal, accurate, and swift disclosure of important company information that will form the basis for their investment decisions. To fulfill its social responsibility as a listed company, our company will continue to work towards timely disclosure in accordance with related laws, regulations established at stock exchanges etc., and information disclosure in accordance with Fair Disclosure Rules.

(2) Internal Company Systems Related to Timely Disclosure

① Information Related to Material Facts

The Board of Directors will hold deliberations on material facts, and once enough votes are attained, the procedures for disclosure will be implemented by the supervisor for information disclosure.

② Information Related to Incidental Facts

The Business Management Head Office will confirm reports on incidental facts from each department, immediately report them to the supervisor for information disclosure, and review the importance of disclosure according to disclosure standards. In cases where disclosure is considered necessary, the supervisor for information disclosure will immediately report to the president, and disclose them.

③ Information Related to Financial Results

After confirmation of the contents of information related to financial results at the Board of Directors' meeting, the supervisor for information disclosure will implement procedures for their disclosure as quarterly brief financial statements, brief financial statements, quarterly report, securities report, etc.

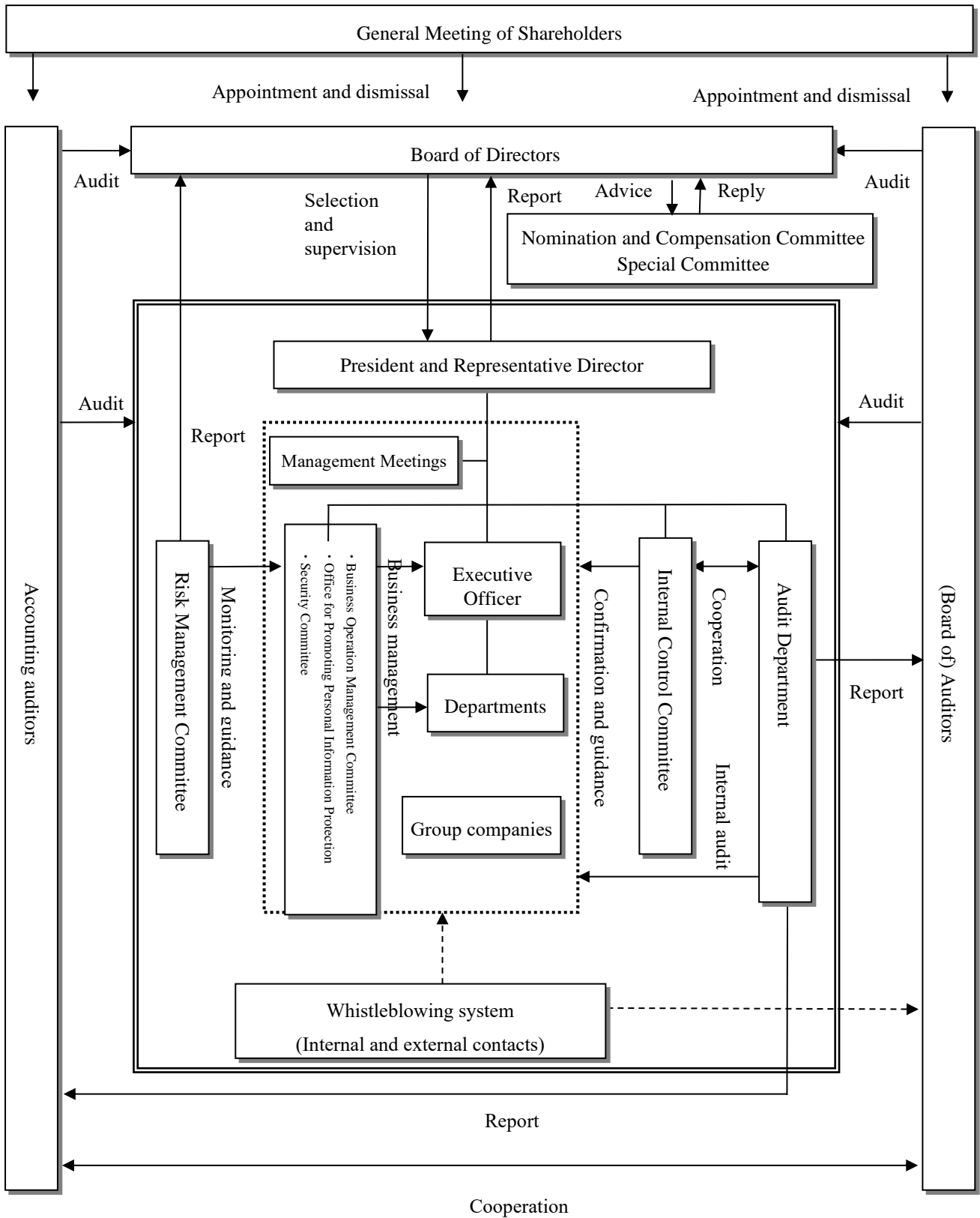
④ Other Facts Which Will Significantly Affect Management and Tasks

The supervisor for information disclosure and Business Management Head Office will grasp internal company information, review whether matters reported from each department need to be disclosed, and in case disclosure of a matter is considered necessary, the supervisor for information disclosure will immediately report it to the president as well as the Board of Directors, and implement procedures for disclosure.

(3) Monitoring of the Timely Disclosure System

The Audit Department confirms the status of our company's timely disclosure system and the public announcement of essential matters through internal audits. The results of the internal audits are reported to the president, and the Audit Department coordinate with auditors, creating a system to monitor the operation of the timely disclosure system.

Appendix 1: Schematic diagram updated



Appendix 2: Skills Matrix

		Posts in our company	Management/Corporate					Strategy/Business promotion					
			Corporate management	Business administration	Finance/Accounting	Legal compliance	Personnel labor	Sales	System development	Project management	Business development	M&A	Overseas business
Director	Kunimitsu Sato	Representative Director and CEO	○	○					○	○	○	○	○
	Kenichi Tachinooka	Director, Senior Executive Officer		○				○	○	○	○		○
	Taisuke Goto	Director, Managing Executive officer		○			○		○	○			
	Mitsue Sako	Director, Executive Officer		○					○	○			
	Akira Watanabe	Outside Director				○							
	Kenichi Miki	Outside Director	○	○			○		○	○	○		○
Auditor	Takeshi Matsuda	Full-time auditor		○					○	○	○		
	Naoyuki Beppu	Auditor	○				○						
	Hiroshi Sato	Outside Auditor	○	○				○					
	Noboru Takebayashi	Outside Auditor	○	○					○	○	○		
	Masayuki Horie	Outside Auditor			○								

		Posts in our company	Independent executive	Special Committee	Nomination and Remuneration	Risk Control Committee	Internal Control Committee	Sustainability Committee	Age	Sex (Male/female)
Director	Kunimitsu Sato	Representative Director and CEO			○	◎	◎	◎	62	Male
	Kenichi Tachinooka	Director, Senior Executive Officer				○	○	○	59	Male
	Taisuke Goto	Director, Managing Executive officer				○	○	○	48	Male
	Mitsue Sako	Director, Executive Officer				○	○	○	58	Female
	Akira Watanabe	Outside Director	●	◎	○				69	Male
	Kenichi Miki	Outside Director	●	○	◎				67	Male
Auditor	Takeshi Matsuda	Full-time auditor							57	Male
	Naoyuki Beppu	Auditor							55	Male
	Hiroshi Sato	Outside Auditor	●	○					71	Male
	Noboru Takebayashi	Outside Auditor	●						64	Male
	Masayuki Horie	Outside Auditor	●						64	Male

The major criteria for evaluating each skill in the matrix are as follows.

Corporate management

Experience of engaging in corporate management as a representative of an enterprise, such as a representative director

We discussed the knowledge, experience, and skills for corporate management and decided to check the experience of serving as a representative director for evaluation.

Business administration

Experience of engaging in business administration by managing business as a director or an executive officer

Finance and accounting

Accounting-related qualification for a certified public accountant, a tax accountant, or the like, or practical experience of finance and accounting (legal financial accounting and management accounting) in the finance and accounting division. To check whether an executive has knowledge and skills regarding finance and accounting, we decided to check whether said executive has a qualification related to finance, accounting, corporate finance, and corporate evaluation, such as the qualification as a certified public accountant, a tax accountant, a securities analyst, and a class-1 commercial bookkeeper. We focused on the practical experience as staff in charge rather than as managers of accounting and financial divisions, for evaluation.

Legal affairs and compliance

Qualification as a lawyer, a judicial scrivener, or the like or practical experience regarding legal affairs

Practical experience regarding audit and compliance

Personnel and labor affairs

Qualification as a certified social insurance labor consultant or practical experience of management of personnel and labor affairs, including appropriate staffing, training, diversity, and workstyles of employees, in the division of personnel and labor affairs
We decided to check whether an executive has a qualification related to labor affairs, such as the qualification as a certified social insurance labor consultant, a safety and health manager, a career consultant, or the like for evaluation.

Sales

Sufficient practical experience of managing concrete numerical goals and general marketing, including liaison, business talks and negotiations with clients, and closing. Practical experience in the marketing division.

System development

Experience of engaging in system development as a programmer or development engineer. Practical experience of engaging in commissioned development as an engineer and producing a lot of products

We chose this item as an important element, considering the characteristics of our business. We decided to check practical experience in the system development division for a sufficient period of time for evaluation.

Project management

(Translation) This document has been translated from the Japanese original for the convenience of overseas stakeholders.
In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Experience of leading a project for commissioned development or system development and managing a team of development engineers

We decided to check practical experience as a manager in the system development division or the like for evaluation.

Business development

Experience of engaging in measures for reforming the business structure, including the development of new business
We decided to check practical experience of new business development, formation of a business alliance, investment, restructuring, or the like and practical experience in a business company or the like that operates new business.

M&A

Experience of dealing with tasks for acquisition or merger of enterprises or businesses, or a business or capital alliance
We decided to check whether an executive has practical experience of merger or closure of enterprises or businesses, acquisition of a company, investment, a business or capital alliance and whether the executive has engaged in tasks related to them for evaluation.

Overseas business

Practical experience in a division or business for overseas operation, including working abroad, promotion, withdrawal, integration or discontinuation of overseas business
We decided to check experience of working for an overseas enterprise and practical experience in a division or business related to overseas business operation for evaluation. We will also check the experience of serving as an executive of an overseas subsidiary or the like.