

This is a translation of the original Japanese release. The Japanese text shall prevail in case of any variance between this version and the Japanese text.

Revised: 18 December 2023

BEENOS Inc.

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TSE First Section Code: 3328

URL : <http://www.beenos.com/>

The following is an overview of the  
Corporate Governance for BEENOS Inc.

### I . Basic Policy, Capital Structure, Corporate Attributes and Other Basic Information of the Corporate Governance

#### 1 . Basic Policy

The BEENOS Group (the Group) is dedicated to continually grow and improve its corporate value. The Group recognizes that the fulfillment of its corporate governance is of great importance and fortifies its measures by improving the speed of managerial decisions, securing a transparent management system through its disclosure policies and strengthen the auditing functions of management.

Furthermore, the Group has established its Risk Management department and compliance committee to maintain its high ethics and to perform business activities lawfully and responsibly.

#### 【Reasons for not complying with principles within the Corporate Governance Code】

BEENOS is complying with all principles within the Corporate Governance Code that was released on 18 December 2023.

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

##### 【Principle 1-4】

BEENOS Inc. (the Company) does not hold any shares of companies as cross-shareholdings and does not intend to hold any for the foreseeable future.

##### 【Principle 1-7】

If the Company is in a position where it could legally engage in transactions with competitors or have a conflict of interest with its director(s), it will always receive approval in a board meeting consisting multiple external directors. Furthermore, if a director(s) has a conflict of interest, he/she will immediately report it to the board of directors and must be approved in a board meeting. If such instances occur, the Company will accurately disclose all necessary facts as constituted by law.

Important transactions with major shareholders will be evaluated in a board meeting as to whether it is

valid and appropriate. The Company will create compliance measures for the management of important information and the transaction of the Company's stocks by Board Members, etc. and strictly operate said measures to prevent internal trading of the Company's stocks etc.

**【Principle 2-4-1】**

A sustainability section was added onto the Company's corporate website. Information regarding diversity policies and recruiting are disclosed in the section.

**【Principle 2-6】**

The Company's Defined Benefit Corporate Pension Fund is a comprehensive establishment type (a corporate pension fund that has been created by a conglomerate of businesses with no personnel, capital or contractual partnerships with each other) which does not make it an asset owner. Furthermore, the Corporate Pension Fund follows Corporate Accounting Standards No. 26 Item 33 (2) by processing it according to the defined benefit system which does not have a direct impact on the Company's financial status. The Company receives financial information of the Fund as needed and lists it within the notes of its asset securities report.

**【Principle 3-1】**

(1) BEENOS is on the "Global Platform Frontier" to use IT and the internet to create new platforms in new markets on the global market. BEENOS aims to increase corporate value through the construction of a multi-lateral global platform where Japanese products and contents can be distributed on marketplaces throughout the world and products and contents around the world can be distributed throughout Japan and Asia. BEENOS will create a bilateral platform in new business regions where people and experiences from Japan and the globe can be shared with each other to create new international business opportunities. Our vision is also described on our website at <https://beenos.com/>

(2) Our basic views on Corporate Governance is listed in "1. 1. Basic Policy"

(3) Our policy in determining the remuneration of directors are determined at our General Shareholders Meetings under the following guidelines:

Remuneration for directors (excluding external directors and Audit and Supervisory Committee members) will be distributed through a mixture of cash and Company stock to incentivize long-term growth of the Company.

Annual cash remuneration is based on the rank, responsibilities and contribution of each director on a consolidated basis and bonuses are results based. Restricted stocks are issued in accordance with the rise of share prices as stock-based compensation.

The following table shows the purposes and outline of each type of remuneration.

Type of remuneration		Objective and Overview
Fixed	Fixed remuneration	<p>Fixed remuneration to promote sound execution of duties</p> <ul style="list-style-type: none"> <li>• The remuneration level shall be determined based on the amount of ordinary income in the previous year and in accordance with the position, role, responsibility, etc.</li> <li>• Remuneration is distributed monthly.</li> </ul>
Variable	Incentivized remuneration (Short-term incentive remuneration)	<p>Performance-linked remuneration to steadily accumulate results for each fiscal year</p> <ul style="list-style-type: none"> <li>• The specific amount to be paid shall be determined based on the amount of consolidated ordinary income for each fiscal year and in accordance with position, role, responsibility, etc.</li> <li>• Payment shall be made in a sum after the end of each fiscal year.</li> </ul>
	Restricted stock remuneration (Medium-to long-term incentive remuneration)	<p>Performance-linked remuneration to promote management with an emphasis on medium to long-term enhancement of corporate and shareholder value</p> <ul style="list-style-type: none"> <li>• The "Base Value" shall be set according to responsibilities, etc.</li> <li>• Grant the "Base Value" by the number of Shares divided by the closing price of our Shares on the Tokyo Stock Exchange on the day before the issue resolution date.</li> <li>• The shares to be granted shall be specified restricted shares that cannot be disposed of, such as via transfers, for the period until retirement.</li> <li>• The number of shares to be granted shall not exceed 100,000 shares per year.</li> <li>• Remuneration to be issued within 1 month of the Board Meeting held after the AGM.</li> <li>• The Company will obtain any restricted shares that have not been released at the end of the restricted period for reasons, such as the director not fulfilling their full term, free of charge.</li> </ul>

Remuneration for external directors and directors who are audit and supervisory committee members will only be a fixed monthly compensation since it is necessary to ensure independence in order to appropriately assume that role and there is no remuneration that will fluctuate depending on performance.

(4) The election/dismissal of a managing official and a designation of a board member candidate by the Board of Directors is decided upon by the director election/dismissal standards.

- (5) The explanations with respect to the individual appointments of directors and members of the Audit and Supervisory Committee are disclosed in Notice of the Annual Meeting of Shareholders and the asset securities report.

**【Principle 3-1-3】**

A sustainability section was added onto the Company's corporate website. Information regarding all sustainability efforts is disclosed in the section. The Company has calculated and disclosed its Scope 1-3 greenhouse gas output based on the Greenhouse Gas (GHG) Protocol for environmental matters. The Company has also responded to the CDP questionnaire and will address the risks and opportunities that were outlined in it.

**【Supplementary Principle 4-1-1】**

The board of directors take their responsibility to shareholders very seriously and aim to continually grow and raise corporate value. As the board makes important business decisions and watches over work performance. Board meetings are held in principle on a monthly basis and extraordinary board meetings are held whenever necessary. The minutes of the board meetings are established in the "Board Meeting Rules."

The Company has established in its Articles of Incorporation that important business decisions can be delegated to directors, but our basic policy is to make such decisions after counseling among all directors, including external directors, during board meetings.

**【Principle 4-9】**

Our independence standards and qualification for independent directors is listed in "2. 1. Directors".

**【Supplementary Principle 4-10-1】**

The Company does not have a consultation committee such as a nominating committee or a compensation committee, but independent external directors make up of a majority of the board of directors who give their objective input on the nomination and remuneration of directors.

**【Supplementary Principle 4-11-1】**

The Group has defined the following standards to elect a suitable director:

- (1) The candidate must have the qualities to perform duties loyally and duty of care of a good manager. The candidate must also act to improve the Company's corporate value with a mid-long-term perspective and manage as a trustee of the shareholders.
- (2) Internal directors that make business decisions must have a deep knowledge of the Group and the ability to make sound and accurate corporate management decisions for the Group.

(3) External directors must have ample experience in fields such as corporate management, finances, accounting, law, etc. as well as fundamental knowledge of the responsibilities of a director and board meetings. The candidate must also be able to monitor the overall management of the Company and give any necessary advice.

(4) External directors must meet the standards of the Company's independence assessment in addition to the aforementioned requirements.

(5) The candidate must meet all legal requirements to be a director.

The skill matrix listed on its AGM notice is also disclosed.

#### **【Supplementary Principle 4-11-2】**

Full-time directors at the Company hold no other responsibility at any other publicly listed company except within subsidiaries in the Group. External directors concurrently serve in a limited and reasonable number (max 2 companies) of other positions. Furthermore, directors' profiles and concurrent statuses are disclosed in the asset securities report.

#### **【Supplementary Principle 4-11-3】**

To continuously improve the effectiveness of our Board of Directors, a survey was conducted at the end of FY2023. This survey targeted all directors, including external directors, focusing on aspects such as the Board's composition, operation, agenda and support system. The responses were thoroughly discussed in a Board meeting, where an analysis and evaluation of the Board's effectiveness were conducted, leading to the determination of future initiatives. Overall, the survey results showed high ratings for all queried items, affirming the appropriate functioning and ensured effectiveness of our Board of Directors.

Notably, the Board's increased diversity and the flexible decision-making process, spurred by active discussions involving external directors and encouraged by the chairman, received high commendations. However, the evaluation also identified areas needing improvement, like deepening the conversation on the tenure of external directors and developing well-structured succession plans.

In response to these findings, efforts will be made to acknowledge and address these issues. The Board will also engage in proactive measures to further enhance its effectiveness, strengthen its supervisory role, and bolster corporate governance.

#### **【Supplementary Principle 4-14-2】**

The Company has selected directors that have the necessary skills to do so and take the necessary measures/training to improve themselves. If necessary, they will invite outside professionals to give them the necessary guidance/education on how to improve their skills.

#### **【Principle 5-1】**

The Company has established the following policies for constructive dialogue with shareholders:

(1) Appointing a member of the management who is responsible for overseeing and ensuring that constructive dialogue takes place.

The Company actively engages in constructive dialogue with shareholders and other investors through IR activities for the mid-to-long-range growth of corporate value.

(2) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue.

IR activities are managed by the IR department, but the activities are done in close collaboration with the accounting/finance, legal and internal control departments, as well as subsidiaries, depending on the topic at hand. Such topics include financial statements, capital policy, laws/regulations and governance.

(3) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities).

Financial results briefings, reported by the Group CEO and CFO, are held 4 times a year for institutional investors. The briefing is recorded and uploaded onto the corporate website along with the materials. One on one meetings with institutional investors are generally conducted with members in the IR office. The Group CEO or CFO also engages in International IR activities and talks with foreign investors. By meeting with foreign and domestic institutional investors periodically, we can understand how they would exercise their shareholder rights while they can understand the management policies and strategies the Company has.

The Company will continue to enhance the disclosure of its information on its corporate website for IR materials, corporate policies, investment activities and financial statuses, etc. Furthermore, it will share pertinent and accurate information on its notice of annual meeting of shareholders. All important information will, to its best capability, be translated into English.

(4) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board

Dialogue and feedback received from investors will be reported at management meetings and, if necessary, will also be reported at board meetings for consideration and be utilized for the improvement of managing the business.

(5) Measures to control insider information when engaging in dialogue

The Company has established the time period from the end of a quarter to the announcement of its financial results as its silence period to prevent the leakage of financial information and to ensure fairness among investors. We refrain from commenting or responding to financial information during this time.

Meetings with investors are generally done with at least two people in the IR office to prevent the leaking of insider information during the meeting.

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#### 2. Capital Structure

Ratio of Shares Held by Foreigners	Over 20%
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#### 【Major Shareholders】

Name/Designation	Number of Shares Held	Ratio (%)
Custody Bank of Japan, Ltd. (Trust port)	1,601,400	13.27%
The Master Trust Bank of Japan, Ltd.	1,001,800	8.30%
Central Tanshi FX Co. Ltd.	361,600	3.00%
Teruhide Sato	306,200	2.54%
BBH FOR FINANCIAL INVESTORS TR - GRANDEUR PEAK GLOBAL CONTRARIAN FUND	270,600	2.24%
GOLDMAN SACHS & CO. REG	268,985	2.23%
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE CLIENTS NON- TREATY ACCOUNT	267,000	2.21%
JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO	247,383	2.05%
GOLDMAN SACHS INTERNATIONAL	245,400	2.03%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	222,211	1.84%

Controlling Shareholders (excluding parent company)	—
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Parent Company	None
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#### Supplementary Information

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#### 3. Corporate Attributes

Stock Exchange Listing and Market Classification	TSE Prime
Fiscal Year-end	September
Industry	Retail
Number of Employees as of the end of the Previous Fiscal Year (Consolidated)	Between 500 and 1,000 employees
Total Net Sales of the Previous Fiscal Year (Consolidated)	Between 10 Billion and 100 Billion JPY
Number of Consolidated Subsidiaries	Between 10 and 50 subsidiaries

#### 4. Policy for Measures to Protect Minority Shareholders when Conducting Transactions with Controlling Shareholders

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

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#### II. Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision Making, Business Execution and Management Supervision

##### 1. Items Related to Organizational Structure and Operations, etc.

Form of Organization	Company with Audit and Supervisory Committee
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#### 【Directors】

Limit of Number of Directors stated in the Articles of Incorporation	14
Term of Office for Directors stated in the Articles	1 Year



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of Incorporation	
Chairman of the Board of Directors	President
Number of Directors	8
Election of External Directors	Elected
Number of External Directors	5
Number of External Directors Designated as Independent Directors	5

#### Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Naofumi Nishi	From another company												
Yasukazu Joho	From another company												
Kibo Kondo	From another company												
Yoshindo Takahashi	From another company												
Haruka Osawa	From another company												

\* Relationship with the Company

\* “○” if the status of the person is current or recent, “△” if the status of the person is previously

\* “●” if the status of a near-relative is current or recent, “▲” if the status of a near relative is previously

a. A person performing an executive role at the Company or its subsidiary

b. A person performing an executive role at or who is a non-executive director of the Company’s parent

c. A person performing an executive role at an affiliate who is another subsidiary of the Company’s parent

d. A person (or its person performing an executive role) whose major customers include the Company

e. A person (or its person performing an executive role) who is a major customer of the Company

f. A consultant, accountant or lawyer who receives a large amount of monetary compensation or other property (other than the remuneration as the external director) from the Company

g. A major shareholder (or its person performing an executive role) of the Company

h. A person performing an executive role at a customer of the Company (other than those to which items d, e or f applies) (this item applies only to the external director)

i. A person performing an executive role at an entity who has an external director or corporate auditor from the Company

j. A person performing an executive role at an entity to which the Company makes donations (this item applies only to the external director)

k. Other

#### Relationship with the Company (2)

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Name	Independent Director	Supplementary Information Related to the Criteria	Reason for Appointment
Naofumi Nishi	○	—	Nishi's ample experience and expertise from his tenure as director, nominating committee and compensation committee member has given him a track record of fortifying the companies he has been involved with. He has given proper advice regarding business operation decisions. We have elected him also for his potential to help keep the management healthy and transparent along with his dedication to fortify Corporate Governance.
Yasukazu Joho	○	—	Joho's ample knowledge and experience he gained while working as the representative of finances at a private company is well suited in the auditing process. He has given proper advice regarding business operation decisions. We have elected him also for his potential to help keep the management healthy and transparent along with his dedication to fortify Corporate Governance.
Kibo Kondo	○	—	Kondo's ample knowledge and experience as a certified

			<p>public accountant is well suited in the auditing process. He has given proper advice regarding business operation decisions. We have elected him also for his potential to help keep the management healthy and transparent along with his dedication to fortify Corporate Governance.</p>
Yoshindo Takahashi	○	—	<p>Takahashi's ample knowledge and experience in overall business management is well suited in the auditing process. He has given proper advice regarding business operation decisions. We have elected him also for his potential to help keep the management healthy and transparent along with his dedication to fortify Corporate Governance.</p>
Haruka Osawa	○	—	<p>Osawa's wealth of practical experience in the field of corporate legal affairs cultivated through her work experience at trading companies, etc., in addition to her advanced expertise as an attorney. We believe that these achievements also relate to the business of our group, can be expected to provide useful advice and recommendations on legal matters, and can contribute to</p>

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			the appropriate supervision of our management which is why she was elected.
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#### 【Audit and Supervisory Committee】

Composition of Advisory Committee to the Board and Attribution of the Chairperson

	Total Number	Full-Time	Internal Directors	External Directors	Chairman
Audit and Supervisory Committee	4	1	0	4	External Director

Appointment of Directors or Employees who Assist the Audit and Supervisory Committee	None
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Reasons relating to the Independence of Such Directors and Employees from Executive Directors

<p>The Audit &amp; Supervisory Committee can arrange for a specific Aid Employee to assist in the work of the Committee and the Company will council with the Committee to select the Aid Employee.</p> <p>The Aid Employee will not receive any direction from directors (excluding the Audit &amp; Supervisory Committee) and employees. If the Aid Employee is transferred or evaluated, they will hear and respect the decision of the Audit &amp; Supervisory Committee.</p>
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Cooperation between Audit and Supervisory Committee, Accounting Auditors and the Internal Auditing Division

<p>The Audit and Supervisory Committee, Risk Management Department and Accounting Auditors all regularly and alternately convene to collaborate closely and share information and opinions to create an efficient and effective auditing process.</p>
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#### 【Voluntary Establishment of Committees】

Voluntary Establishment of Committees equivalent to Nomination Committee or Compensation Committee	None
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#### 【Independent Directors】

Number of Independent Directors	5
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#### Matters relating to Independent Directors

The Company has set the standards for independence for external directors as listed. If none of the standards apply to the candidate after a logical and reasonable background check, the candidate is considered independent and does not have any conflict of interest with a normal shareholder.

##### (1) Relationship with the Company and its subsidiaries

- i) Any worker within the Group ('Worker' as defined in Japan's Companies Act Article 2 Subject 3 Number 6, including directors and hired persons. Auditors are not included)
- ii) Any worker within the Group within the past 10 years (However, if within the past 10 years the worker was a non-servicing director or auditor it would be 10 years before taking the corresponding post)
- iii) The Company's accounting advisor
- iv) The Company's subsidiary's non-servicing director or accounting advisor

##### (2) Relationship with Business Connections

- i) Anybody that the Group is a major connection for (any connection or group that the Group provides products or services for that amounts to over 2% of the connection or group's previous fiscal year's consolidated net sales) or its worker
- ii) Anybody that is a major connection for the Group (any connection or group that provides products or services for the Group that amounts to over 2% of the Group's previous fiscal year's consolidated net sales) or its worker

##### (3) Provider of specialized services or economical vested interest

- i) Any company that includes directors or auditors (permanent and non-permanent) from the Group or a worker of its parent company or subsidiary
- ii) A consultant who has received a large compensation from the Group excluding directors remuneration (monetary value of an annual average of over 10 Million JPY within the past 3 years) or an accounting or legal specialist (of the aforementioned compensation is a business, union or organization, then anybody affiliated with such organization)
- iii) Anybody that is affiliated with the auditors that do any legal auditing for the Group

##### (4) Relationship with shareholders

- i) A major shareholder of the Group (including direct and indirect retention of over 10%) or a worker of the business if the shareholder is a business. If the shareholder of the Group is our parent company, then it would also include non-servicing directors and auditors
- ii) Worker in the Company's fellow subsidiary

(5) Appropriate period of time

i) Anybody that falls in articles (2) ~ (4) within the past 5 years

(6) Close Relatives

i) Anybody who has blood relatives (spouses and relatives within the second degree) in articles (1) ~ (5) (limited to those in important positions)

### 【Incentive Programs】

Incentive Programs for Directors	Implementation of Stock Option Program and remuneration through shares with restriction on transfer
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### Supplementary Information

The Company has implemented a stock option program and remuneration through shares with restriction on transfer to increase awareness in the mid-range progression of the Company and escalation of corporate value.
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Grantees of Stock Options	Internal Directors, Employees, Directors of subsidiaries and employees of subsidiaries.
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### Supplementary Information

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### 【Directors' Compensation】

Disclosure of Directors' Compensation	Individual compensation is not disclosed
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### Supplementary Information

Individual compensation amount is not disclosed since there is nobody who's compensation exceeds 100 Million JPY. However, the collective amount of Directors' Compensation is disclosed in the asset securities report.  The compensation amount for FY 2022 is the following: Directors: 232 Million JPY (5 people) Auditors: 26 Million JPY (4 people)
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Existence of Policy on Determining Compensation Amounts and Calculation	Yes
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Methods	
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**Disclosure of Policy on Determining Compensation Amounts and Calculation Methods****1. Basic Concept of the Compensation System for Directors and Audit & Supervisory Board Members**

Based on our basic policy on corporate governance, we have established a policy for determining the amount of remuneration, etc. for officers in accordance with the functions and roles that our officers should perform and our level of performance, etc., in order to lead to continuous increases in corporate value and in accordance with the functions of business execution and management oversight.

**2. Approach to Compensation Structure for Directors and Audit & Supervisory Board Members**

Remuneration for directors (excluding outside directors and directors serving on the Audit and Supervisory Committee) consists of cash-based remuneration and share-based remuneration as medium-to long-term incentives.

Regarding cash remuneration for each fiscal year, the Company determines base remuneration on a consolidated basis as consideration for the execution of duties and responsibilities, etc., and determines bonuses linked to consolidated performance.

For stock-based compensation, the Company grants restricted stock as compensation linked to medium-term performance (stock price).

The type of remuneration and the purpose and outline of each type of remuneration are described below.

**【Fixed compensation】**

Fixed remuneration to encourage sound execution of duties in accordance with responsibilities

- Compensation levels shall be determined based on the amount of ordinary profit in the previous year and in accordance with positions, roles, responsibilities, etc.
- Monthly payments are made.

**【Incentive fee (Short-Term Incentive Compensation)】**

Performance-linked remuneration to steadily accumulate results for each fiscal year

- The specific amount to be paid shall be determined based on the consolidated ordinary profit amount for each business year and in accordance with the position, roles, responsibilities, etc. of each director. The base amount of consolidated ordinary income is shown in the consolidated statements of income.
- Payment shall be made in a lump sum after the end of each fiscal year.

**【Restricted stock awards (Medium-to long-term incentive remuneration)】**

Performance-linked remuneration to promote management with an emphasis on enhancing corporate and shareholder value over the medium to long term

- The "standard amount" shall be set according to the job responsibilities, etc.
- Grant the number of shares calculated by dividing the "Base Amount" by the closing price of our shares on the Tokyo Stock Exchange on the day before the issue resolution date.
- The shares to be granted shall be the Specified Shares with Restriction on Transfer that cannot be transferred or otherwise disposed of for the period until they leave office.
- The number of shares to be granted shall not exceed 100,000 shares per year.
- Payment shall be made within 1 month after the meeting of the Board of Directors held after the annual general meeting of shareholders.
- We shall acquire shares for which the restriction on transfer has not been lifted due to failure to meet the period for offering services at the time of expiration of the restriction on transfer, such as at the time of resignation, without charge.

Note: Remuneration for External Directors and Directors serving on the Audit and Supervisory Committee are limited to fixed monthly remuneration as it is necessary to ensure independence in order to properly fulfill their roles, and there is no remuneration that varies depending on performance.

3. Reasons for the Board of Directors to determine that the content of individual remuneration, etc. for directors (excluding external directors and directors serving on the Audit and Supervisory Committee) is in line with the policy

The Board of Directors considers individual remuneration of Directors (excluding external directors and directors serving on the Audit and Supervisory Committee) in a diversified manner, including consistency with the decision-making policy, and determines that it is in accordance with the decision-making policy.

#### 【Support System for External Directors】

The Audit and Supervisory Committee can arrange for supporting persons to aid them in carrying out their duties as a Committee and will council with the Company, if needed.

2. Matters regarding Decision-making Functions related to the Execution of Duties, Audit and Supervision, Appointments, Compensation etc. (Outline of the Current Corporate Governance System)

The Company has installed an Audit and Supervisory Committee and has 4 directors (not including directors of the Audit and Supervisory Committee) and 4 directors of the Audit and Supervisory Committee. According to the Governance framework, the Company has a board of directors, an Audit and Supervisory Committee, a Compliance Committee, a Risk Management Department and an Accounting Auditor.



#### · Board of Directors

The Board of Directors comprises 4 directors (excluding those serving as audit and supervisory committee members) and 4 directors who are audit and supervisory committee members, including 4 external directors. Regular monthly Board meetings are held, and extraordinary Board meetings are convened flexibly as required. The Board's responsibilities include decision-making on matters mandated by laws, the company's articles of incorporation, and other critical issues related to company and group management, as outlined in the Board of Directors regulations. Furthermore, the Board oversees the performance of directors and executive officers by regularly reviewing reports on their job execution.

The President chairs the Board of Directors, oversees the Board of Directors, executes resolutions of the Board of Directors, and oversees the overall operations of the Company.

The Board of Directors annually analyzes and evaluates the effectiveness of the Board of Directors using a self-evaluation method and discloses an outline of the results.

#### · Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of 4 Audit and Supervisory Committee members (of whom 1 is a full-time Audit and Supervisory Committee member), all of whom are external directors. The Audit and Supervisory Committee meets once a month to monitor the status of the business environment and the decision-making process. The Audit and Supervisory Committee strives to enhance the effectiveness of corporate governance.

#### · Board Member Meetings (Management Meetings)

Board member meetings (management meetings) are held weekly which includes internal directors and executive managing officers. Through this system, we aim to verify day-to-day business execution, accelerate decision-making and increase corporate value.

#### · Risk Management Department

The Risk Management Department (4 people) construct and maintain the compliance framework under the direction of the President. They also foresee the internal auditing of the Group and audit the business activities of the companies and departments within the Group according to the "Internal Auditing Rules" and report results to the President. They also regularly report their activities to the Board of Directors and the Audit and Supervisory Committee and exchange information with them.

#### · Accounting Auditor

The Company has selected Grant Thornton Taiyo LLC as accounting auditor. Furthermore, the Audit and Supervisory Committee and Process Re-engineering Department cooperate and exchange information with the accounting auditor.

#### < Status of the Limited Liability Agreement >

The Company has signed contracts with the 5 external directors, Naofumi Nishi, Yasukazu Joho, Kibo Kondo, Yoshindo Takahashi and Haruka Osawa, according to the regulations specified in Article 427 Section 1 of Japan's Companies Act and holds liability for damages as listed in Article 423

Section 1 of the same Act. The limit amount set for the liability for damages is the minimum amount.

### 3. Reasons for Adopting the Current Corporate Governance System

The Company has installed an Audit and Supervisory Committee comprised of external directors who are auditors that have a seat in board meetings to fortify the auditing functions towards management.

Furthermore, external directors who are a part of the Audit and Supervisory Committee are designated as independent directors so to be in a position to make fair and accurate decisions without conflict of interest.

We have decided that this provides the necessary functions to audit management and exercise proper Corporate Governance.

### III. Status of Implementation of Measures Related to Shareholders and Other Stakeholders

#### 1. Measures to Revitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

	Supplementary Information
Setting Date of General Meeting of Shareholders to Avoid Being Held on the Same Day as Other Companies	The date of the 24 <sup>th</sup> General Meeting of Shareholders was 15 December 2023.
Participation in Electronic Voting and Other Measures to Enhance Environment for Exercise of Voting Rights by Institutional Investors	The Company has participated in the electronic voting platform since the 18 <sup>th</sup> General Meeting of Shareholders.
Providing Convocation Notice	The Company provides its notice for its General Meeting of Shareholders in English, along with the Japanese version, on its website.

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(Summary) in English	
Other	The Group holds a “Group Business Report” session after the AGM for shareholders to gain a deeper understanding of the Group.

#### 2. IR Activities

	Supplementary Information	Explanation by Representative
Adoption of Disclosure Policy	The Company has adopted a disclosure policy as outlined on the Company’s corporate website.	
Holding Regular Meetings for Analysts and Institutional Investors	The Company holds Financial Results Briefings for analysts and institutional investors on a quarterly basis.	Yes
Posting IR Materials on the Company Website	The Company has an IR Library section on its corporate website that contains materials such as asset securities reports, disclosure materials, financial reports briefing materials, etc.	
Establishment of IR Department	The Company has a department set up specifically for investor relations, the Corporate Management/IR office.	

#### 3. Measures that Consider the Interests of Stakeholders

	Supplementary Information
Provisions Made in Consideration of Stakeholders’ Interests	The Company has mandated a code of conduct towards its shareholders according to the compliance rules.
Implementation of environmental conservation and CSR activities	We have managed the Company with an awareness to social and environmental issues and will continue to do so in accordance with the scope and condition of our business field.
Establishment of Policy Concerning Disclosure of Information to Stake holders	The Company quickly, accurately and fairly discloses information that is necessary in making investment decisions regardless if it is legally obligated to build long-lasting relationships of trust with all shareholders, both domestic and International. We will also disclose information in English as feasibly possible.

### IV. Items Related to the Internal Control System

#### 1. Basic Policy and Development and Operation Status Related to the Internal Control System

The Board of Directors has resolved on the following systems to ensure that the framework for working operations coincide with the law and its articles of incorporation and that the framework and operations for the Company and its subsidiaries are appropriate.

- (1) The framework to secure appropriate working operations that coincide with the law and the articles of incorporation for the directors and employees of the Company and its subsidiaries

The directors and employees of the Company and its subsidiaries will work in accordance to the “Compliance Rules” with high moral ethics and a good conscience and will behave responsibly and comply with social norms as they strictly follow the law, articles of incorporation and corporate rules. Furthermore, it will form a Compliance Committee that will maintain an internal reporting system for any persons violating any laws, articles of incorporation or corporate rules.

- (2) The framework to eliminate any antisocial forces

The Company and its subsidiaries will sever all deals and support with antisocial forces, will not succumb to any undue claims by antisocial forces, maintain an infrastructure at an administrative level to collectively administer against any interference, damages, mental or physical abuse from antisocial forces and cooperate with the police and other relevant agencies to take a firm stance as an organization against such forces.

- (3) Items to store and administer the execution of duties of the Company’s directors

In order to store and administer the execution of duties of the Company’s directors, the administrative section shall take charge in recording, in writing or electronically, all applicable execution of duties and saving and administrating it for the applicable period of time in accordance with the “Document Handling Rules”.

The Company’s director will be able to see the recordings at any time and the officer in charge must quickly respond to the director’s request.

- (4) The regulations and framework to administer to any losses or danger to the Company or its subsidiaries

The risk management infrastructure for the Company and its subsidiaries will be done under the “Risk Management Rules” overseen by the Director in charge of the administrative section. The Risk Management Department will foresee and assess specific risks to create a speedy and appropriate reporting process and emergency plan, and report all matters regarding risk management regularly to the Board of Directors.

In the case an unexpected incident occurs, a task force will be created with the CEO at the helm and a resolution will be made immediately along with a plan to prevent repeated incidents.

Furthermore, subsidiaries will also comply with company rules and regulations to

avert any losses or danger and adopt policies into their respective circumstances.

- (5) The framework for directors and employees to execute duties efficiently

The Board of Directors will create a corporate-wide plan and each appropriate director will create specific measurable goals and action plans for each segment to accomplish those goals. Progress on key indicators will be reported on a weekly basis while budgets will be updated monthly.

The Board of Directors will meet on a monthly basis to report on business progress and monthly closing, take care of any items regarding the execution of duties of the directors and decide on any important matters for the execution of operations.

The Company will create appropriate committees under the “Administrative Authority Rules” to facilitate the decisions of decisive matters.

The Company will place a director and auditor at each subsidiary to secure efficiency of work execution. They will also monitor the monthly progress of the Company and its subsidiaries of its annual budget and mid to long term plan. They will receive reports on other important information regarding each subsidiary.

- (6) The framework to secure appropriate work for the Corporate Group within the Company and its subsidiaries

The company will place a director and auditor at each subsidiary to monitor execution of duties.

The Related Company Administration Department will gather the administration of each subsidiary and will work under the “Related Company Administration Rules” to receive reports beforehand so to be able to bring any appropriate agenda items to the Board Meeting. The Risk Management Department will internally checkup on the subsidiaries for risk management and legal compliance under the “Internal Auditing Rules”.

- (7) Framework to secure the reliability of financial reports

The Company will create an internal control system to secure the reliability of financial reports and create an internal control report as determined by the Financial Instruments and Exchange Act. The Risk Management Department will periodically evaluate the system so to secure its validity with the Financial Instruments and Exchange Act and other related laws.

- (8) Items regarding employees to aid the work of the Audit & Supervisory Committee (hereby known as “Aid Employees”) as well as items to keep Aid Employees independent from the Company’s directors (excluding the Audit & Supervisory Committee) and items to secure a workable system to designate Aid Employees

The Audit & Supervisory Committee can arrange for a specific Aid Employee to assist in the work of the Committee and the Company will council with the Committee to select the Aid Employee.

The Aid Employee will not receive any direction from directors (excluding the Audit & Supervisory Committee) and employees. If the Aid Employee is transferred or evaluated, they will hear and respect the decision of the Audit & Supervisory Committee.

- (9) The framework for the Company and its subsidiaries' directors and employees to report to the Audit & Supervisory Committee

The Full-time Audit & Supervisory Committee Member will attend all Board of Director's meetings and other important meetings and will see all final documents as well as related materials. If the Company or its subsidiaries' director or employee commits a grave crime or greatly damages the Company or its subsidiary, the Audit & Supervisory Committee Member will immediately report it to the Audit & Supervisory Committee and can request a report from the director or employee if necessary.

The Company and its subsidiaries will not improperly handle anybody who files such a report and will report it throughout to the directors and employees of the Company and its subsidiaries.

- (10) The framework to secure an effective audit for the Audit & Supervisory Committee

The Board of Directors will not refuse the attendance of an Audit & Supervisory Committee member to an important company meeting to ensure that the Audit & Supervisory Committee member can be readily available to receive reports from a director or employee to effectively understand the decision-making process and working status of the Company. The Audit & Supervisory Committee member will cooperate closely with the financial auditor and the Risk Management Department and exchange information regularly and will exchange information with the legal advisor if necessary.

- (11) Items that will need to be paid in advance for Audit & Supervisory Committee members for the execution of duties or reimbursement procedures for expenditures for the execution of duties or the policy for the processing of liabilities

The Company will quickly process any expenses or liabilities that are necessary for the Audit & Supervisory Committee member to execute duties upon reviewing it with the proper department under the condition that the department does not deem the expense or liability unnecessary.

## 2. Basic Policy and Efforts to Eliminate Antisocial Forces

The Company has set basic principles regarding our internal integration system to adhere to compliance regulations as the following: "The Company is completely cut off from any business transactions and endorsements with antisocial forces and do not yield to any of their undue claims. If any antisocial forces interfere with, abuse or attack the Company or its management activities, the Corporate Headquarters will coordinate with the appropriate law enforcement agency to engage in necessary countermeasures."

Furthermore, all subsidiaries of the Group will also adhere by the same policies regarding antisocial forces.

We regularly notify these policies throughout the Group via training seminars and posting them on groupware portals.

Specific measures include using Nikkei Telecom to search for articles involving business

# Corporate Governance

## CORPORATE GOVERNANCE

contacts and conducting background searches, if necessary. If a business contact turns out to be an antisocial force, we have included a clause in all our contracts that will nullify our dealings with antisocial forces.

We cannot directly control our shareholders since we are a publicly listed company, but we review our list of shareholders semi-annually (2Q and FYE) and perform a background check on all uncertain major shareholders through the administrator of our list of shareholders.

Directors and employees must confirm that they are not affiliated with antisocial forces and are contractually obligated to not be involved with them.

Furthermore, the corporate legal department actively attends seminars held by law enforcement and law firms on the handling of antisocial forces and in turn trains directors and employees on the information they received.

### V. Others

#### 1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures	None
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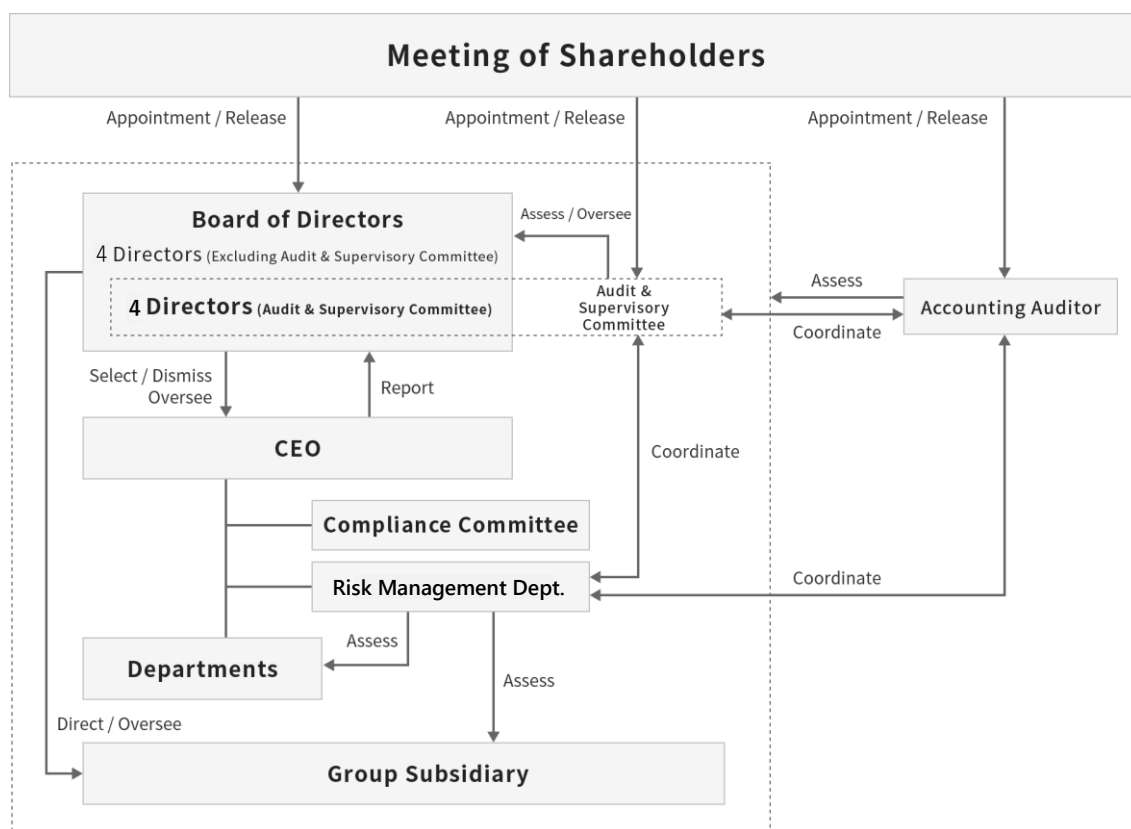
#### Supplementary Information

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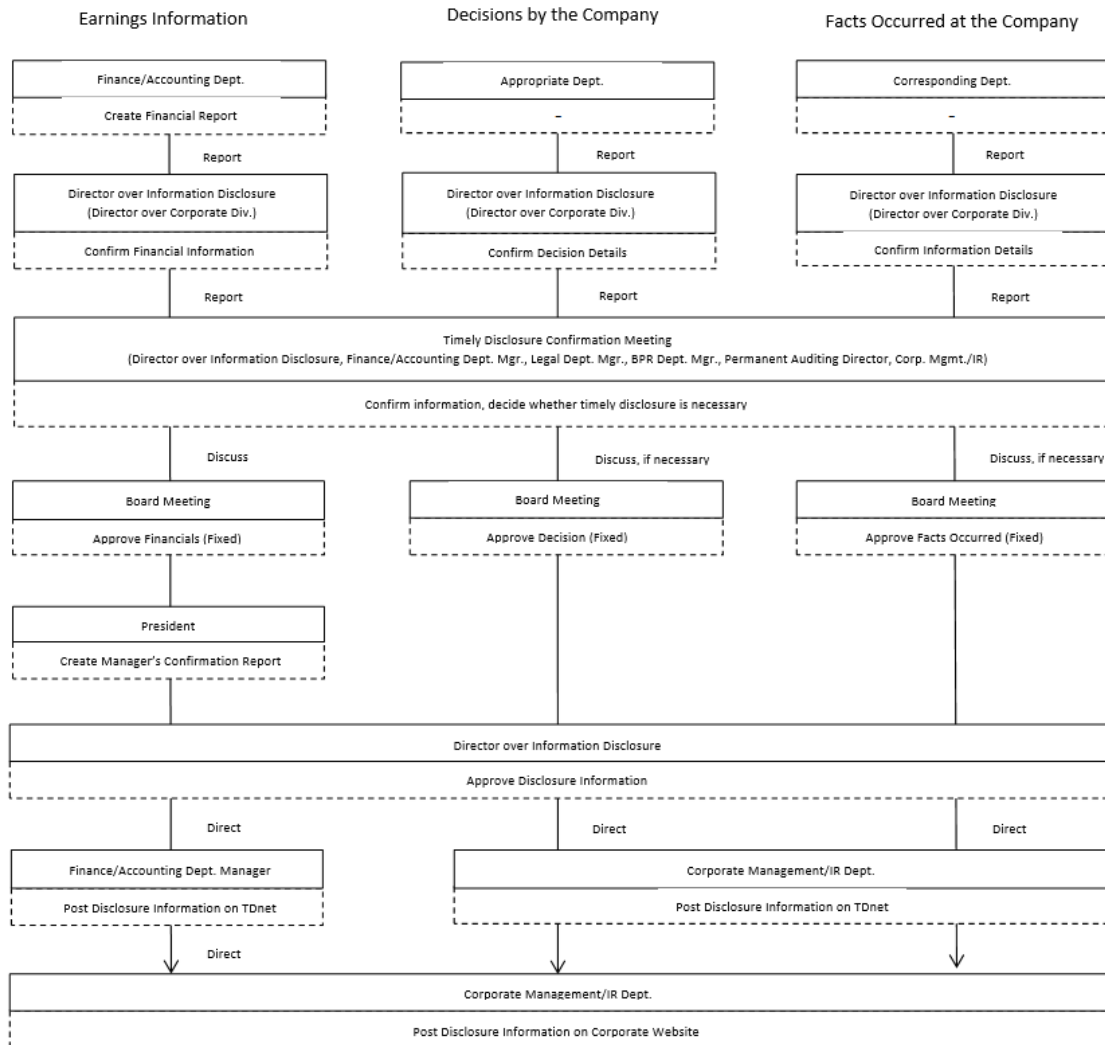
#### 2. Other Items Related to the Corporate Governance System, etc.

We will continually revise internal processes to further strengthen our Corporate Governance framework and maintain necessary rules, policies, etc.

### ●Corporate Governance Image



### 【Timely Disclosure System】





## Corporate Governance

### CORPORATE GOVERNANCE

#### Expertise and Experience of Directors (current and nominees)

We have appointed director candidates based on a comprehensive consideration of their knowledge, skills and experience. The number of candidates is based on the ability to have all areas covered within the board and being able to maintain a swift decision process.

#### (1) Definition of each skill

Management: Experience in corporate management and in the formulation and execution of business strategies

Finance: Expertise in finance, management control, and M&A

New Business: Specialization in the planning and realization of new business ventures

IT: Experience in formulating technical strategies and development in IT

Sales/Marketing: Experience in launching and expanding IT services, and various marketing experiences

Global Business: Experience in launching and managing international services

HR: Expertise in human resources systems, organizational development, training, and labor matters

Legal/Risk Management: Specialization in legal matters and risk management

#### (2) Skill Matrix

Ratification	Item 1				Item 2			Director in progress
	1	2	3	4	1	2	3	
Candidate	Shota Naoi	Kenichi Sento	Taisuke Miura	Naofumi Nishi	Yasukazu Joho	Kibo Kondo	Yoshindo Takahashi	Haruka Osawa
Position	President and Group CEO	Director Executive Managing Officer	Executive Officer CSO	External Director	Audit & Supervisory Committee Member	Audit & Supervisory Committee Member	Audit & Supervisory Committee Member	Audit & Supervisory Committee Member
Management	○	○	○	○	○	○	○	
Finance			○	○	○	○	○	
New Business	○	○						
IT	○	○						
Sales/Marketing	○	○						
Global Business	○		○					○
HR	○		○					
Legal/Risk Management					○	○		○

-END-