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Last Update: June 16, 2024

Simplex Holdings, Inc.

Hideki Kaneko, Representative Director, President and CEO

Contact: Operations Division

Securities code: 4373

<https://www.simplex.holdings/en/>

The corporate governance of Simplex Holdings, Inc. (the “Company”) is described below.

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

1. Basic Views

With the management philosophy of “Hello world, Hello innovation.,” our management policy is to promote worthwhile innovation through our business activities, and maximize our corporate value. In order to achieve sustainable growth and increase corporate value for the Group, we are building fair and amicable relationships with various stakeholders, and are engaged in constructing systems for improving management transparency and management efficiency.

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

The Company complies with all of the principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

Principle 1.4: Cross-Shareholdings

With respect to cross-shareholdings, the Company holds the appropriate number of shares in another company based on the results of due diligence only when it is deemed reasonable to hold the shares, such as when it contributes to the enhancement of the Company’s corporate value over the medium- to long-term through the maintenance and strengthening of business relationships as well as the maintenance and development of business partnerships.

The Company exercises its voting rights for all cross-shareholdings. In exercising such rights, the Company makes decisions about whether to approve or disapprove each proposal after careful consideration based on criteria such as whether it will lead to enhancing the corporate value of both the Company and the investee company or whether it will damage the corporate value of both companies.

Principle 1.7: Related Party Transactions

The Company scrutinizes and operates its transactions with related parties in accordance with the Rules on Related Party Transactions Management. The Rules specify that whenever engaging in an actual transaction with a related party, the resolution of the Board of Directors must be approved in order to ensure that such a transaction does not harm the common interests of shareholders and prevent any concerns with respect to such harm.

Supplementary Principle 2.4.1: Ensuring Diversity

Since our inception, we have done everything we can to support those who are interested, motivated, and passionate for self-fulfillment in the areas where the company takes on challenges, with no discrimination or categorization whatsoever. We are committed to fostering a corporate culture that enables meaningful and rewarding work, and where a diverse range of people can work together, have a distinct sense of ownership, and realize their potential to the fullest.

We are working to ensure fair recruitment, personnel evaluation, and appointment of managers, regardless of whether they are women, foreign nationals, or mid-career workers. We thus believe that we have achieved diversity in our workplace. As for gender equality for women, we have set a target to be achieved by March 2026, which is to increase the percentage of female workers among all workers employed to 20% or higher, in the General Employer Action Plan based on the Act on the Promotion of Women’s Active Engagement in Professional Life. Along with this, we have also set a target of increasing the percentage of female managers to 20% or higher.

We have also actively hired foreign nationals and mid-career workers and appointed them to managerial positions. However, we have not set individual targets for those categories as it is difficult to set such quantitative targets.

Principle 2.6: Roles of Corporate Pension Funds as Asset Owners

The Company currently has no corporate pension plan.

Principle 3.1: Full Disclosure

(i) Company objectives (e.g., business principles), business strategies and business plans
Our management philosophy is as stated in “1. Basic Views” in this report. Information on our medium-term business strategies and business plan is provided in the URL linked below:
<https://www.simplex.holdings/en/ir/management/strategy/>

(ii) Basic views and guidelines on corporate governance
Our fundamental approach to corporate governance is as stated in “1. Basic Views” in this report.

(iii) Board policies and procedures in determining the remuneration of senior management and directors
The Nomination and Compensation Committee, which is mainly composed of Outside Directors, makes a draft decision on the compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members) in accordance with the Regulations of the Nomination and Compensation Committee.

(iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of director and corporate auditor candidates

In electing Directors, the Nomination and Compensation Committee nominates candidates who have excellent personality and insights as well as extensive experience and expertise that are appropriate for serving as Directors of the Company.

The Company has established the Nomination and Compensation Committee, which is mainly composed of Outside Directors, as an advisory committee to the Board of Directors, and the Committee makes a draft decision on the election and dismissal of Directors.

(v) Explanations with respect to the individual appointments/dismissals and nominations based on (iv)

We clearly state the reasons for selection as a candidate for Director for each of the director candidates in a convocation notice of a general meeting of shareholders.

Supplementary Principle 3.1.3: Initiatives on Sustainability

Through our business activities, the Company confronts the issues that must be dealt with to realize a sustainable society, aiming to achieve the kind of sustainable development that grows together with the global environment and society.

As for environmental issues, the Company agreed to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and discloses information on governance, risk management, and strategy and on metrics and targets including those for greenhouse gas emissions. Meanwhile, the Company responds to social issues by establishing the Simplex Group Basic Policy on Human Rights and the Simplex Group Basic Policy on Anti-Corruption.

For the details of our initiatives on sustainability, please refer to the “Sustainability” page on our corporate website; “II. Overview of Business, 2. Approach and Initiatives on Sustainability” in an Annual Securities Report (available in Japanese only); and “III. 3. Status of Measures to Ensure Due Respect for Stakeholders, Implementation of Environmental Preservation Activities, CSR Activities, etc.” in this report.

Sustainability page on the Company’s website: <https://www.simplex.holdings/en/sustainability/>

Supplementary Principle 4.1.1: Overviews of Matters Delegated to Directors

In addition to matters specified in laws and regulations and the Articles of Incorporation, the Company’s Regulations of the Board of Directors specify matters to be decided by the Board of Directors. Also, the Rules on Administrative Authority and the Organizational Rules clarify the scope of matters on which management may make quick decisions to speed up their execution.

Principle 4.9: Independence Standards for Independent Directors

The Company determines the independence of Independent Outside Directors under the qualification requirements for independence as stipulated in the Companies Act and by the Tokyo Stock Exchange, Inc.

In electing Independent Outside Directors, the Company strives to select candidates who have a high level of expertise, extensive experience, and knowledge and achievements of management in general, and who can contribute to the sustained growth of the Group and the enhancement of corporate value over the medium- to long-term through constructive discussions at meetings of the Board of Directors and other.

Supplementary Principle 4.10.1: Independence of Composition of Committees

The Company is a company with an audit and supervisory committee. The Board of Directors is composed of nine members, including five Independent Outside Directors, and the number of which has reached a majority of the Board of Directors. They use their expertise and extensive experience to express their opinions and provide advice as necessary at meetings of the Board of Directors.

In addition, the Company has established the Nomination and Compensation Committee in order to ensure the objectivity and transparency of the procedures for nominating candidates for Directors and to obtain appropriate involvement and advice from the Committee as an advisory committee to the Board of Directors. The Nomination and Compensation Committee is composed of three members, and more than half of which are two Independent Outside Directors.

The Company believes that the independence of each committee has been sufficiently secured through the above systems.

Supplementary Principle 4.11.1: Views on the Composition of the Board of Directors

The Company’s Articles of Incorporation stipulate that the Board of Directors shall be composed of three or more Directors (excluding Directors who are Audit and Supervisory Committee Members) and three or more Directors who are Audit and

Supervisory Committee Members. As of the filing date of this report, the Board of Directors is composed of nine Directors, of which five are Outside Directors (including a female Director).

The Board of Directors is composed of Executive Directors who have extensive experience and deep knowledge in corporate management and business as well as various areas of expertise and Outside Directors who have experience in corporate management or expertise as an attorney-at-law or other expert so as to ensure appropriate balance between knowledge, experience and skills of the Board of Directors as a whole and diversity in the Board.

The Company appoints its Directors, regardless of nationality or gender. We will continue to look into the optimal composition of the Board of Directors to achieve the sustained growth of the Group and the enhancement of corporate value.

The skills matrix of the Company's Directors is provided in a convocation notice of an ordinary general meeting of shareholders.

Supplementary Principle 4.11.2: Concurrent Positions Held in Other Organizations by Directors and Corporate Auditors

Information on important concurrent positions held in other organizations by Directors of the Company is disclosed in a convocation notice of a general meeting of shareholders and an Annual Securities Report.

We believe that the Company's Directors are concurrently holding positions in other organizations within a reasonable extent that will not interfere with execution of duties as Directors of the Company.

Supplementary Principle 4.11.3: Analysis and Evaluation of Effectiveness of the Board of Directors

During the fiscal year ended March 31, 2023, we analyzed and evaluated the effectiveness of the Board of Directors as a whole based on the self-assessment of each Director.

The results of the analysis and evaluation are summarized as follows.

The results of the analysis of the current state of the Board of Directors show that more than half of the Board members are Outside Directors who have diverse experience and knowledge and the Board is operated efficiently, while demonstrating effective governance. Based on this, it has been evaluated that the effectiveness of the Board of Directors is ensured. At the same time, there were calls for appointment of more diverse human resources, such as women, to higher positions and further information sharing on medium- to long-term management strategies.

Supplementary Principle 4.14.2: Training Policy for Directors

We provide information and knowledge on our business activities necessary for Directors to appropriately fulfill their roles and responsibilities and provide training to them as necessary, such as when Directors ask us to do so.

Principle 5.1: Policy for Constructive Dialogue with Shareholders

We recognize that engaging in constructive dialogue with shareholders and investors is essential to achieve sustainable growth and enhance corporate value. To this end, we will be committed to ensuring fair and highly transparent information disclosure.

Under the initiative of the Corporate Innovation Division, relevant departments will work together to engage in dialogue with shareholders and investors. The Company also holds financial results briefings several times a year.

With regard to the management of insider information, the Company will strive to prevent insider information from being leaked by ensuring thorough information management in accordance with its internal rules called "Rules for Preventing Insider Trading."

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

We present our approach to capital allocation in a presentation material for a financial results briefing we disclose on a quarterly basis. In the presentation material, we explain our view of healthy levels of investments that ensure financial stability and our shareholder return policy.

Japanese version: <https://www.simplex.holdings/ir/library/presentation/>

English version: <https://www.simplex.holdings/en/ir/library/presentation/>

We have also formulated the Medium-Term Business Plan 2027 and the Long-Term Growth Strategy: Vision1000 with the aim of achieving sustainable growth and higher profitability. In the plan, we announced what the Simplex Group aims to be, such as by presenting an ROE target as a specific quantitative target, in addition to disclosing major performance indicators including revenue and operating profit forecasts.

For more details, please refer to information on our growth strategies, as well as the Medium-Term Business Plan 2027 and the Long-Term Growth Strategy Vision1000 disclosed on the Company's website.

Japanese version: <https://www.simplex.holdings/ir/management/strategy/>

English version: <https://www.simplex.holdings/en/ir/management/strategy/>

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Hideki Kaneko	7,819,712	13.44
The Master Trust Bank of Japan, Ltd. (trust account)	5,936,500	10.20
Custody Bank of Japan, Ltd. (trust account)	4,199,800	7.22
SBI Holdings, Inc.	3,296,200	5.67
MLPFS CUSTODY ACCOUNT	3,000,000	5.16
Mitsuru Igarashi	2,222,800	3.82
Kenichi Tanaka	1,715,000	2.95
TK & Company, Inc.	1,454,544	2.50
YK & Company, Inc.	1,454,544	2.50
Yasuhito Fukui	1,400,000	2.41

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	_____
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Name of Parent Company, if applicable	Not applicable
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Supplementary Explanation

* The above information is based on the shareholders' register as of March 31, 2024.

* Mr. Mitsuru Igarashi, a founding member of the Company, is a beneficial owner of shares held by MLPFS CUSTODY ACCOUNT.

* Mr. Hideki Kaneko, Representative Director, President and CEO of the Company, is a beneficial owner of shares held by TK & Company, Inc. and YK & Company, Inc.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange
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Fiscal Year-End	March
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Business Sector	Information & Communications
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Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
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Net Sales (Consolidated) for the Previous Fiscal Year	10 billion yen or more but less than 100 billion yen
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Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10
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4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances Which May Have a Material Impact on Corporate Governance

Not applicable

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

1. Organizational Composition and Operation

Corporate Governance System	Company with an audit and supervisory committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	No upper limit
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Ryozo Akiyama	From another company												
Noriyuki Ogasawara	From another company								△				
Mari Takahashi	Lawyer												
Yasuto Hamanishi	From another company								△				
Naoto Hirota	From another company					△							

* Categories for "Relationship with the Company"

Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.

- Person who executes business for the Company or its subsidiary
- Person who executes business for or is a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/corporate auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Ryozo Akiyama	○	○	—	Mr. Ryozo Akiyama has been appointed as an Outside Director because he has many years of experience as a representative director, in addition to a wealth of knowledge gained through his work experience at a major general consulting firm. Therefore, we expected that he would provide useful advice to ensure that the Company makes appropriate decisions when developing its business strategies.
Noriyuki Ogasawara	○	○	Mr. Noriyuki Ogasawara served as Executive Deputy President of Nikko Cordial Securities Inc. (currently, SMBC Nikko Securities Inc.), which is a business partner of the Group, but retired from the position in July 2008. Therefore, the Company determines that he currently has no risk of conflict of interest with shareholders and that he is deemed to be independent.	Mr. Noriyuki Ogasawara has been appointed as an Outside Director because he has extensive knowledge and experience gained through his work experience at a corporate planning division, personnel division, and system division at financial institutions. Therefore, we expected that he would contribute to ensuring the soundness and appropriateness of the Company's management decision-making from a comprehensive perspective.
Mari Takahashi	○	○	—	Ms. Mari Takahashi has been appointed as an Outside Director because she has gained many years of experience in and insight into the legal profession, particularly by handling numerous trials as a public prosecutor and an attorney. Therefore, we expected that she would leverage such knowledge to supervise and advise our Directors on executing their duties from a professional perspective, particularly for strengthening the governance and compliance of the Company's corporate activities.

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yasuto Hamanishi	○	○	Mr. Yasuto Hamanishi served as Deputy President & Executive Officer of Mizuho Securities Co., Ltd., which is a business partner of the Group, but retired from the position in March 2022. Therefore, the Company determines that he currently has no risk of conflict of interest with shareholders and that he is deemed to be independent.	Mr. Yasuto Hamanishi has been appointed as an Outside Director because he has many years of experience at financial institutions and insight gained therefrom, including his experience as the head of the global investment banking division and Outside Director of Mizuho Securities USA LLC. Therefore, we expected that he would leverage such knowledge to provide useful advice from a higher perspective of the Group, including its overseas business.
Naoto Hirota	○	○	Mr. Naoto Hirota served as Executive Director of MUFG Bank, Ltd., which is a business partner of and a lender of loans to the Group, but retired from the position as a business executor in June 2017. Therefore, the Company determines that he currently has no risk of conflict of interest with shareholders and that he is deemed to be independent.	Mr. Naoto Hirota has been appointed as an Outside Director because he has extensive experience in business execution and corporate management at financial institutions, etc. and wide-ranging insight he has gained therefrom. Therefore, we expected that he would contribute to strengthening the supervisory function over management to ensure the soundness and appropriateness of corporate activities.

Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	5	0	0	5	Outside Director
Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed				

Matters Concerning Independence of Said Directors and/or Staff from Executive Directors

- (1) Staff from the administrative division concurrently serve as employees who assist the Audit and Supervisory Committee in their duties.
- (2) With regard to instructions received from the Audit and Supervisory Committee, Audit and Supervisory Committee staff members are not subject to instructions and orders given by Directors other than those who are Audit and Supervisory Committee Members, and execute matters related to the appointment of and changes to assistant employees with prior consent of the Audit and Supervisory Committee.

Cooperation among the Audit and Supervisory Committee, Independent Auditor and Internal Audit Department

The Audit and Supervisory Committee receives reports from the Independent Auditor on its quality assurance system, the auditing agreement, the status of performance of its duties, and the results of its audits as appropriate and on a regular basis, and exchanges information and opinions with the Independent Auditor. In addition, under the initiative of the Committee Chair, the Audit and Supervisory Committee Members supervise the performance of duties by the Independent Auditor and report the results to the Audit and Supervisory Committee. Besides that, they exchange information and opinions with the Independent Auditor whenever necessary.

The Audit and Supervisory Committee also receives reports from the Internal Audit Office on its audit plans, the status of performance of its duties, and the results of its audits on a regular basis, and exchanges information and opinions with the Internal Audit Office.

Furthermore, the Audit and Supervisory Committee asks the Internal Audit Office to attend quarterly reporting sessions for accounting audits held with the Independent Auditor to exchange information among the three parties as appropriate. This allows the parties to communicate information that should be shared and build shared views without delay.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation

The Company has established the Nomination and Compensation Committee, and the Committee functions as both a nomination committee and a compensation committee. The Nomination and Compensation Committee assumes the roles described in “(iii) Board policies and procedures in determining the compensation of senior management and directors” and “(iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of director and corporate auditor candidates” under “Disclosure Based on each Principle of the Corporate Governance Code, Principle 3.1: Full Disclosure.” Members of the Nomination and Compensation Committee are Outside Director Noriyuki Ogasawara (Chairperson); Hideki Kaneko, Representative Director, President and CEO; and Outside Director Ryozo Akiyama.

Matters Concerning Independent Officers

Number of Independent Officers	5
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Other Matters Concerning Independent Officers

The Company has designated all outside officers who satisfy the requirements for independent officers as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

None

Supplementary Explanation for Applicable Items

The Company does not have an incentive plan like a stock option plan or performance-linked compensation plan. However, the financial results of a business, for which each officer is responsible, for the previous fiscal year are reflected in the assessment of compensation amount to be paid to each of the individual officers.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosed for selected Directors

Supplementary Explanation for Applicable Items

With regard to compensation for Directors, information on the number of recipients and the aggregate amount of compensation is disclosed in an Annual Securities Report.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has established the voluntary Nomination and Compensation Committee, more than half of which are Outside Directors, as an advisory committee to the Board of Directors in order to improve the transparency and objectivity of the deliberation process regarding the compensation system for Directors. The Committee discusses the compensation of Directors excluding Directors who are Audit and Supervisory Committee Members and others in advance. The Board of Directors makes decisions with the utmost respect for the Committee's recommendations, within the limit of compensation approved by resolution of a general meeting of shareholders.

The compensation of Directors who are Audit and Supervisory Committee Members is determined through discussions among all Audit and Supervisory Committee Members.

At the Company, the Board of Directors resolves a policy on determining the details of compensation, etc. for individual Directors (excluding Audit and Supervisory Committee Members). At the said Board of Directors' meeting, details of such decision-making policy are resolved based on a draft decision made in advance by the Nomination and Compensation Committee. The Board of Directors has determined that compensation, etc. for individual Directors (excluding Audit and Supervisory Committee Members) for the fiscal year under review is in line with the said decision-making policy, since it has confirmed that the method of determining the details of compensation, etc. and the details of compensation, etc. determined for each individual Director (excluding Audit and Supervisory Committee Member) are consistent with the policy resolved by the Board of Directors.

Support System for Outside Directors

As a system that supports activities of Outside Directors (in the case of the Company, they are Audit and Supervisory Committee Members; hereinafter simply referred to as "Audit and Supervisory Committee Members"), the Company has put in place a system that allows Audit and Supervisory Committee Members to conduct their audits appropriately, such as assigning assistants to the Audit and Supervisory Committee at the request of its members and bearing necessary expenses for its audits.

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

The Board of Directors is composed of nine members, including five Outside Directors. The Company actively appoints members of the Board of Directors from outside the Company to invigorate the Board, which is a decision-making body of the Company, create a system to prevent misconduct, and strengthen the supervisory function over management, thereby enabling the Board to serve a function that improves the transparency of management. The Board of Directors meets at least once a month to resolve the Company's important matters and makes reports on the progress of business and on management policies.

Meanwhile, the Executive Committee is composed of Representative Director, President and CEO and three Executive Directors. In principle, the Committee meets at least twice a month to speed up deliberations and examination on important matters related to the execution of the Company's operational matters as an advisory committee to Representative Director, President and CEO. The Company has built a system capable of responding to the ever-changing IT industry and realizing flexible management strategies by discussing management issues, large and small, at these meetings.

Furthermore, the Company has adopted an audit and supervisory committee system. Under the system, Audit and Supervisory Committee Members, who are independent of the Company's management, have voting rights on the Board of Directors, and the Committee actively uses internal control systems to conduct its audits. This enables the Committee to further strengthen its supervisory function over management. In order to strengthen and improve the Committee's supervisory function over management, the Committee operates in the environment where Audit and Supervisory Members are allowed to voluntarily attend the Executive Committee meetings and other meetings, or inspects the minutes of such meetings.

The Company has established the Internal Audit Office under direct control of Representative Director, President and CEO. The Company's Internal Audit Office is divided into two sections: one responsible for operational audits to audit whether the Company's operational activities comply with laws and regulations, the Articles of Incorporation, and other rules and are operated reasonably and effectively to achieve the Company's business objectives; and the other responsible for system audits to audit whether the Company's system risk management complies with laws and regulations, the Articles of Incorporation, and other rules and is operated reasonably and effectively to achieve the Company's business objectives. Both sections are overseen by the head of the Internal Audit Office. Both sections conduct internal audits based on internal audit plans, which are formulated annually, to achieve the aforementioned objectives, and report the results to Representative Director, President and CEO. These sections also audit improvements in matters pointed out in their audits on an ongoing basis.

Additionally, the Company has established the voluntary Nomination and Compensation Committee as an advisory committee to the Board of Directors in order to improve the transparency and objectivity of the deliberation process regarding the election and dismissal of Directors and the compensation system. The Committee discusses the election and dismissal of Directors, their compensation and others in advance. The Board of Directors makes decisions with the utmost respect for the Committee's recommendations. The Committee consists of three or more of the Company's Directors, and more than half of the Committee members are Outside Directors.

The Company has also entered into an auditing agreement with Grant Thornton Taiyo LLC, which is the Independent Auditor of the Company, to receive accounting audits. There are no special interests between the Company and the auditing firm or its engagement partners engaged in audits of the Company.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the current corporate governance system because we believe that the system allows Directors and outside officers to be involved in the Company's decision-making process by leveraging the interaction of each individual's knowledge and experience. The system also ensures the flexibility of the Company's management, while enhancing its auditing and supervision system, by strengthening the supervisory function over management. This is achieved by allowing Audit and Supervisory Committee Members, who are independent of the Company's management, to have voting rights on the Board of Directors and the Committee to actively use internal control systems to conduct its audits, as well as by establishing the Nomination and Compensation Committee as a voluntarily established committee.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company will strive to send a convocation notice of a general meeting of shareholders as early as possible before the statutory deadline. The Company posts information contained in the reference documents, etc. for a general meeting of shareholders on the Tokyo Stock Exchange website and the Company's website prior to the dispatch of the convocation notice.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company will schedule its future general meetings of shareholders to avoid peak days of other companies' meetings so that more shareholders can attend the meetings.
Electronic Exercise of Voting Rights	The Company allows shareholders to exercise their voting rights by electromagnetic means.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has participated in a platform for the electronic exercise of voting rights for institutional investors in consideration of their convenience.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company provides a convocation notice (summary) in English.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has prepared the Disclosure Policy and published it on the Investor Relations page of the Company's website.	
Regular Investor Briefings held for Individual Investors	Representative Director, President and CEO gives explanations on the Company's latest business conditions and medium- to long-term growth strategies and provides an opportunity for questions and answers to individual investors at an ordinary general meeting of shareholders to help them deepen their understanding of the Company. The Company also posts videos, presentation materials (with notes), and Q&A scripts for quarterly financial results briefings held for analysts and institutional investors on the Company's website immediately after the briefings to provide individual investors with the same information as provided to analysts and institutional investors.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	Representative Director, President and CEO gives explanations and provides an opportunity for questions and answers to analysts and institutional investors at quarterly financial results briefings held for analysts and institutional investors four times a year. Representative Director, President and CEO also gives explanations and provides an opportunity for questions and answers to analysts and institutional investors at conferences and webinars organized by securities firms. The Company also regularly holds one-on-one and group meetings with analysts and institutional investors.	Held
Regular Investor Briefings held for Foreign Investors	Representative Director, President and CEO gives explanations and provides an opportunity for questions and answers to foreign investors at conferences and	Held

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
	<p>webinars organized by securities firms.</p> <p>The Company also regularly holds one-on-one and group meetings with foreign institutional investors and analysts.</p> <p>As for information deemed necessary to be disclosed in English (e.g., timely disclosure documents, press releases, and presentation materials (with notes) and Q&A scripts for financial results briefings), the Company proactively discloses such information on the Investor Relations page of the Company's website.</p>	
Online Disclosure of IR Information	The Company has set up an Investor Relations page on the Company's website to post such information as timely disclosure documents, press releases, Annual Securities Reports and Quarterly Securities Reports, shareholders' meeting documents, and presentation materials (with notes) and Q&A scripts for financial results briefings.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has designated the Corporate Innovation Division, which is under direct control of Representative Director, President and CEO, as a department in charge of investor relations and assigned dedicated staff.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company's internal rules related to timely disclosure and the Fair Disclosure Rules specify that the Company shall ensure fair, timely and appropriate information disclosure to all stakeholders, including shareholders and employees.
Implementation of Environmental Preservation Activities, CSR Activities, etc.	<p>As a member of society who operates in the global environment, we believe that it is of great importance for us to make efforts to address climate change and other environmental issues. We recognize the need to reduce the environmental impact of our business activities and are proactively working to address environmental issues and collaborate with other companies that aim to realize a sustainable society.</p> <p>Specifically, we have our offices in office buildings that take proactive and cutting-edge approaches to environmental issues. By proactively selecting sustainable business environments, we are engaging in responsible energy management.</p> <p>For our internal systems, we actively use cloud servers, which are energy-efficient and help to reduce the burden on the global environment. Even in our client systems, we have developed support services for companies that choose to make use of the most advanced cloud computing. Since 2020, we have also participated in the FISC*¹-compliant APN*² Consortium by Amazon Web Services (AWS), a leading cloud server provider, with the aim of facilitating FISC compliance and promoting the use of AWS by financial institutions.</p> <p>*1 FISC: The Center for Financial Industry Information Systems</p> <p>*2 APN: AWS Partner Network</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company intends to actively disclose information to stakeholders by such means as posting information on the Company's website and giving explanations at financial results briefings.

IV. Matters Concerning the Internal Control System

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

The following is a summary of decisions made regarding the development of a system to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the appropriateness of the Company's operations.

1. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
 - (1) Directors and employees are constantly reminded that compliance with laws and regulations, the Articles of Incorporation and social ethics is a prerequisite for corporate activities.
 - (2) The Audit and Supervisory Committee verifies that the execution of duties by Directors complies with laws and regulations every fiscal year.

2. System to store and manage information related to the execution of duties by Directors

Information related to the execution of duties by Directors (including information related to the conduct of employees) is recorded in documents or electromagnetic media, and is stored and managed appropriately in accordance with internal rules.

3. Regulations and other systems for managing risk of loss

- (1) The Company has established the Organizational Rules, Segregation of Duties Rules, Rules on Administrative Authority and other similar rules to clarify the responsibility structure and decision-making procedures, thereby managing risks in overall management.
- (2) The Company has established the Risk Management Regulations and other rules to ensure that risks that may occur in its business operations are identified and detected early and that the extent of damage from such risks is prevented from expanding.
- (3) In the event that risk materializes, the Company takes prompt action, headed by the Executive Committee, and puts in place a system to prevent and minimize the spread of damage.

4. System to ensure that Directors execute their duties efficiently

- (1) Executive Directors responsible for business execution are appointed by resolution of the Board of Directors. Executive Directors execute operations in accordance with the Company's policies determined by the Board of Directors and under the direction of Representative Directors.
- (2) In order to ensure that Directors execute their duties efficiently, the Board of Directors meets at least once a month, and meets on an extraordinary basis whenever necessary, where important matters of the Company are resolved and Executive Directors report on the status of their duties.
- (3) The Executive Committee, composed of Executive Directors, meets at least twice a month to make decisions on important matters related to the execution of operational matters. The authority of determining such matters is delegated to Representative Directors by the Board of Directors, thereby ensuring efficient decision-making.

5. System to ensure the appropriateness of business operations in the corporate group

- (1) In order to ensure the appropriateness of business operations within the corporate group, the Company appropriately manages its subsidiaries and provides guidance and advice as necessary in accordance with the Regulations on Management of Affiliated Companies.
- (2) The Company's Independent Auditor, the Audit and Supervisory Committee, and the Internal Audit Office conduct audits of subsidiaries as necessary.

6. In the event the Audit and Supervisory Committee requests that employees be assigned to assist in their duties, matters related to the relevant employees, matters related to ensuring the effectiveness of the instructions given to such employees, and matters related to the independence of such employees from Directors (excluding Directors who are Audit and Supervisory Committee Members)

When the Audit and Supervisory Committee deems it necessary to have employees to assist their duties, the Company will assign such employees. In such cases, the Audit and Supervisory Committee gives instructions and orders to the employees, and the consent of the Audit and Supervisory Committee shall be obtained for the personnel changes, evaluations, decisions on disciplinary actions, etc. of said assistant employees.

7. System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to report to the Audit and Supervisory Committee, other systems for reporting to the Audit and Supervisory Committee, and systems to ensure that reporters will not receive detrimental treatment because of such reporting

- (1) Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees shall report to the Audit and Supervisory Committee on important matters that may affect the Company's business operations or financial performance each time they arise and on the following matters.
 - i) Matters resolved by the Executive Committee
 - ii) Status of activities related to the establishment of internal control systems
 - iii) Details of matters subject to whistleblowing as stipulated in the Internal Reporting Regulations
 - iv) Other information related to meetings and minutes requested by the Audit and Supervisory Committee

- (2) The Company has established the Internal Reporting Regulations to ensure an appropriate mechanism for reporting to the Company and its subsidiaries about violations of laws and misconduct observed. The Regulations stipulate that the whistleblower shall not be treated disadvantageously for such reporting or reporting to the Audit and Supervisory Committee.
- 8. Matters concerning procedures for prepayment or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee Members (limited to those related to the execution of duties of the Audit and Supervisory Committee), policy related to the handling of expenses or liabilities arising from the execution of other related duties, and other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively
 - (1) The Audit and Supervisory Committee regularly exchanges information and opinions with Representative Directors and the Internal Audit Office.
 - (2) Audit and Supervisory Committee Members may attend all important meetings when deemed necessary by the Audit and Supervisory Committee.
 - (3) The Company shall promptly pay expenses necessary for the execution of duties by Audit and Supervisory Committee Members (limited to those related to the execution of duties of the Audit and Supervisory Committee), upon request by any of such members.

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

The Company will take a resolute stance against antisocial forces and sever every relationship with them as one of its basic policies. In accordance with the Rules for Elimination of Antisocial Forces and the Implementation Guidelines for Background Check for Relationships with Antisocial Forces, the Company has put in place a system to eliminate transactions and other relationships with antisocial forces. The Operations Division, which is responsible for eliminating antisocial forces, conducts investigations on business partners before starting business with new business partners and on a regular basis (once a year) as well as on candidates for the Company's officers before submitting a proposal for election to a general meeting of shareholders to confirm that they have no relationships with antisocial forces. The Division also confirms with employees that they have no relationships with antisocial forces and asks them to submit written pledges.

V. Other

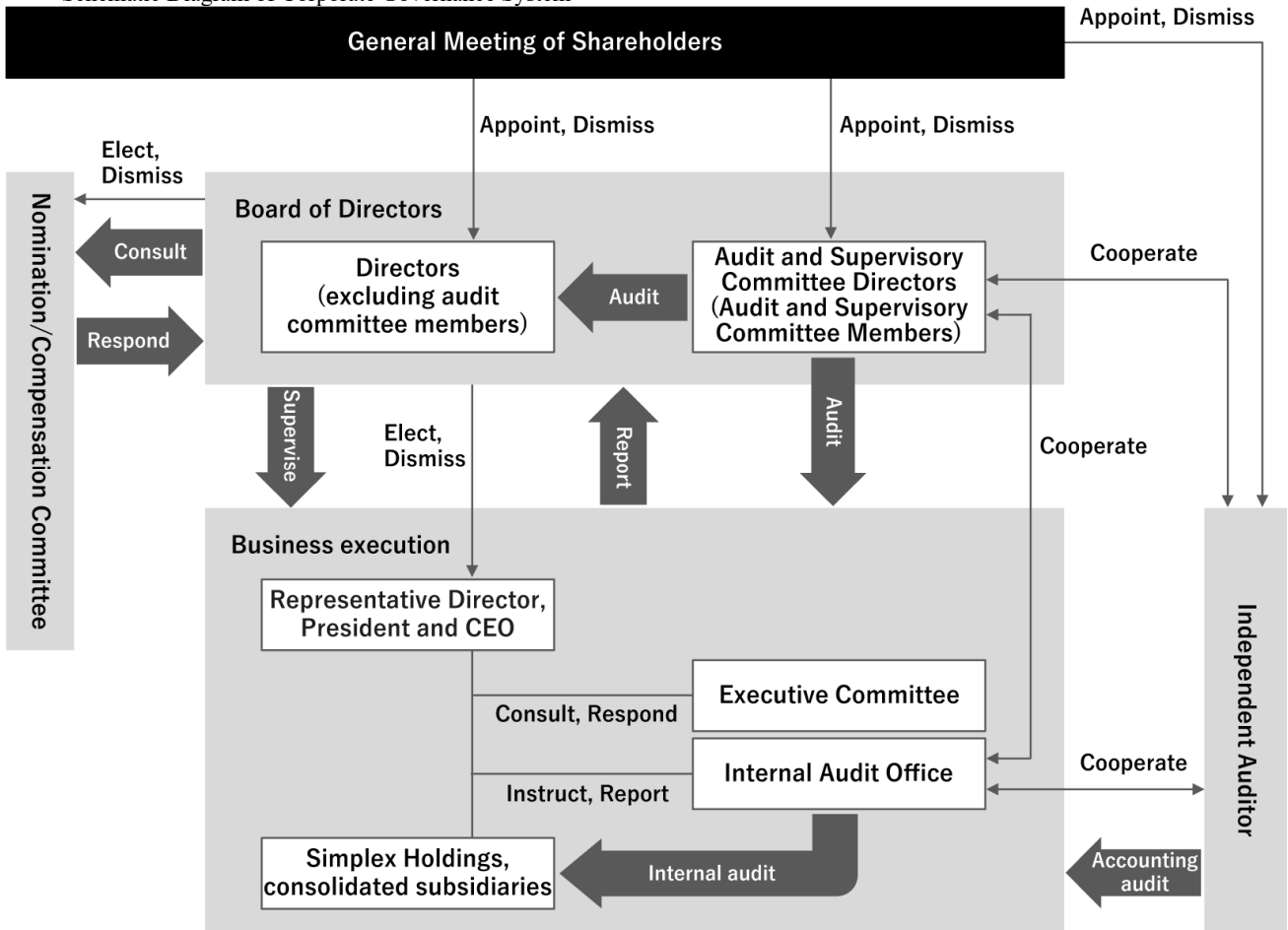
1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures Not adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

Schematic Diagram of Corporate Governance System



END