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Corporate Governance Report

Last Update: June 19, 2026

SMS Co., Ltd.

Masaki Takahata

Representative Director and President (CEO)

Securities Code: 2175

<https://global.bm-sms.com/>

The corporate governance of SMS Co., Ltd. (the “**Company**” or “**SMS**”) is described below.

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

1. Basic Views updated

Based on the mission (**Group Mission**) of SMS and its subsidiaries (**Group**) of improving people’s quality of life by providing information infrastructure for an aging society, the Group strives to achieve sustainable growth and increase its corporate value over the long term by valuing all stakeholders including shareholders, customers, business partners, employees, and local communities. The markets for medical care, elderly care, disability care, healthcare, and senior life, which are the business domains of the Group, are growing at an accelerating pace and changing rapidly. Therefore, the Company must make swift and decisive management decisions. At the same time, it is essential to build a sound management system with transparency and fairness to earn the trust of all stakeholders.

Corporate governance is a framework for achieving transparent, fair, and swift management decision-making. The Company believes it is important to ensure effective corporate governance to realize the Group Mission and increase its corporate value over the long term. Based on this recognition, the Company will achieve effective corporate governance through the following basic policies:

(1) Ensuring the Rights of and Equality among Shareholders

(i) Ensuring the Rights of Shareholders

The Company discloses information in a timely and appropriate manner and strives to improve the environment in which shareholders can exert their rights to ensure substantial equality among all shareholders, including minority and/or foreign shareholders and the appropriate exercise of their rights.

(ii) General Shareholders Meetings

The Company believes that a General Shareholders Meeting is an opportunity for constructive dialogue with shareholders. To enable shareholders to exercise their voting rights appropriately, the Company sets out in the convocation notice the accurate information necessary for voting decisions, and also posts the notice on TDnet and the Company's website prior to its dispatch.

(iii) Capital Policy

The Company believes it is essential to contribute to shareholder value by achieving sustainable growth and increasing its corporate value over the long term. The Company aims to achieve continuous growth in revenue and EBITDA, and maintain a higher ROE than its cost of equity by efficiently utilizing its limited management resources. As huge business opportunities emerge in the market related to an aging society where the Group operates, the Company will use its profits for the investments necessary for sustainable growth and long-term corporate value enhancement.

Capital policies that may affect the rights of existing shareholders, such as large-scale capital increases, shall be conducted through appropriate procedures based on a thorough consideration of its necessity and rationality not to harm the rights of shareholders unduly.

The Company's basic policy for profit distribution is to implement a progressive dividend policy* targeting a consolidated dividend payout ratio of 30%, while prioritizing investments for growth and taking our financial condition into account. Exceptions may apply in cases of significant capital allocation opportunities, such as strategic M&A.

* Policy to maintain or increase the dividend per share compared to the previous fiscal year.

(iv) Cross-Shareholdings

The Company does not hold any listed shares under a so-called "cross-shareholdings" structure. The Company will not hold such shares if it is not possible to reasonably explain that such shares will lead to long-term enhancement of corporate value after comprehensive considerations of factors including consistency with the Group's strategy, synergy effects, and risks.

(v) Adoption of Takeover Response Policies (or Anti-Takeover Measures)

The Company believes that achieving sustainable growth and long-term enhancement of corporate value and building good relationships with shareholders and investors through IR activities will defend against hostile takeovers. Therefore, the Company has not adopted takeover response policies (anti-takeover measures).

(vi) Related Party Transactions

The Company conducts all transactions through the necessary screening and approval process depending on the transaction scale and significance following internal regulations.

Any transaction which may cause conflicts of interest is subject to the prior approval of the Board of Directors and is required to be reported to the Board after it is carried out.

Related party transactions are conducted by taking into account the general terms and conditions of transactions in the market, and the status of such transactions is monitored to prevent any disadvantages to the Company. The Company discloses related party transactions in the annual securities report and non-consolidated financial statements attached to the convocation notice for the General Shareholders Meeting.

(2) Appropriate Cooperation with Stakeholders Other Than Shareholders

The Group Mission states that the Company aims to continue contributing to society through its business activities. To this end, it is essential to build good relationships and cooperate with all stakeholders, including shareholders, customers, business partners, employees, and local communities. The Company's basic stance toward each stakeholder is as follows:

- For customers: The Company values customers (operators, workers, and end-users) through its information-based services.
- For business partners: The Company builds sound coexistence relationships with business partners by procuring products and services of appropriate quality at appropriate prices. In pursuit of the mission, initiatives toward a sustainable society across the entire supply chain are essential; to this end, the Company has established the "Sustainable Procurement Policy" and "Supplier Code of Conduct," and is working toward the realization of a sustainable supply chain.
- For employees: The Company provides employees with various growth opportunities through the sustainable growth of its business and aims for mutual development between the Company and employees.
- For local communities: The Company contributes to the sustainable development of local communities by solving various social issues that arise in an aging society through its business activities.

(3) Ensuring Appropriate Information Disclosure and Transparency

The Company believes that it has the responsibility to disclose appropriate information on a timely basis and sufficiently fulfill its accountability. In addition to ensuring disclosures in compliance with relevant laws and regulations, including the Companies Act, the Financial Instruments and Exchange Act, and the rules of the Tokyo Stock Exchange, the Company discloses information that may affect the investment decisions of shareholders and investors, in a timely and appropriate manner.

(4) Responsibilities of the Board of Directors

As a Company operating in a market that is accelerating and changing rapidly, it is imperative to build a management system that enables swift and sound management decisions in a timely and appropriate manner to realize the Group Mission and increase its corporate value over the long term. Therefore, the Company has adopted an organizational form of a company with an Audit and Supervisory Committee and the authority of the business execution of the Board of Directors has been delegated to the Representative Director and President (**CEO**), and other Directors. The Board of Directors focuses on substantial discussions regarding management strategies and issues from a broader perspective and enhances its supervisory function over business execution. At the Audit and Supervisory Committee, the Committee members who have the voting rights of the Board of Directors (all are Independent Outside Directors) conduct audits to improve the effectiveness of audit and supervision. The Company has also established the Nomination and Remuneration Advisory Committee to ensure objectivity, fairness, and transparency in the nomination of Director candidates, the appointment/dismissal of the senior management, and the remuneration decision for Directors who are not the Audit and Supervisory Committee members. To realize the most appropriate composition of the Board of Directors suitable for a rapidly changing business environment, the Company has set the policy for the nomination of Director that requires candidates to have a deep understanding of the Company's business along with a wealth of experience and broad insight in areas such as finance, accounting, legal affairs, and/or corporate management, regardless of age, gender, or

nationality. Specifically, the Company aims to achieve diversity among the members of the Board of Directors in terms of their backgrounds, areas of expertise, and international experience. The Company believes that the above system enables the Directors to fulfill their duties. Thereby the Company will realize the Group Mission and increase its corporate value over the long term.

(5) Dialogue with Shareholders

The Company recognizes that it must engage in constructive dialogue with shareholders and investors with a long-term perspective to realize the Group Mission and increase its corporate value over the long term. Therefore, the CEO supervises dialogue with shareholders, and the policy of the dialogue is decided in cooperation with the IR section. The CEO explains the management strategies and the business conditions at quarterly results briefings, and the IR section actively responds to individual interviews. In addition, opportunities for dialogue between Outside Directors and shareholders are provided as necessary.

[Reasons for Non-Compliance with the Principles of the Corporate Governance Code] updated

The Company implements all principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] updated

Principle 1.4 Cross-Shareholdings

The Company does not hold any listed shares under a so-called “cross-shareholdings” structure. The Company will not hold such shares if it is not possible to reasonably explain that such shares will lead to an increase in corporate value after comprehensive considerations of factors including consistency with the Group's strategy, synergy effects, and risks.

Principle 1.7 Related Party Transactions

The Company conducts all transactions through the necessary screening and approval process depending on the transaction scale and significance in accordance with internal regulations.

Any transaction which may cause conflicts of interest is subject to the prior approval of the Board of Directors and is required to be reported to the Board after it is carried out.

Related party transactions are conducted by considering the general terms and conditions of transactions in the market and the status of such transactions is monitored in order to prevent any disadvantages to the Company. The Company discloses related party transactions in the annual securities report and non-consolidated financial statements attached to the convocation notice for the General Shareholders Meeting.

Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion etc. of Core Personnel

< Policies for Ensuring Diversity in the Promotion of Core Personnel, etc. >

The basic policy of the Group regarding the promotion of core personnel is to make decisions based on the abilities required for the expected roles, regardless of attributes such as age, gender, or nationality. The Group believes that the promotion of diverse human resources enables decision-making from multifaceted perspectives in a rapidly changing business environment, and contributes to sustainable growth and the enhancement of corporate value over the long term.

Mid-career hires with diverse professional backgrounds account for over 90% of the Group's workforce. Amid the general tendency of Japanese companies to focus on recruiting new graduates as their corporate scale grows, the ratio of mid-career hires at the Company is outstandingly high, and the promotion of human resources with diverse experiences and expertise is deeply rooted in the organization. In addition, as the Group proactively expands its business overseas, the ratio of foreign employees is approximately 25%, almost all of whom work at overseas subsidiaries.

Based on this approach, the ratios of mid-career hires and foreign nationals in managerial positions both exceed their respective ratios in the overall workforce. This is due to the fact that overseas subsidiaries have a higher ratio of managerial positions compared to Japan, and that mid-career hires generally have relatively more experience than new graduates. The Company recognizes that ability-based promotion is functioning effectively in practice.

Please note that voluntary and measurable goals for the promotion of "foreign nationals" and "mid-career hires" to managerial positions have not been set, as described below. The details and reasons for this are provided in each respective section.

< Voluntary and Measurable Goals and Current Status >

- Promotion of Women to Managerial Positions

The Company aims to maintain a gender composition ratio of 40% to 60% for both men and women in managerial positions. The ratio of women in managerial positions is currently around 40%, and the Company recognizes that it has achieved this target level. The Company will continue to promote employees based on their abilities regardless of gender, and strive to maintain this level.

- Promotion of Foreign Nationals to Managerial Positions

The ratio of foreign employees is approximately 25%, but almost all of them work at overseas subsidiaries that are smaller in scale compared to the Company. Because there is a large number of overseas subsidiaries with business scales that vary significantly from company to company, and the composition ratios of managerial positions are also diverse, the Company believes that setting uniform numerical targets across the Group does not align with the actual circumstances of the Group. Therefore, numerical targets for the promotion of foreign nationals to managerial positions have not been set. Nevertheless, the ratio of foreign nationals in managerial positions exceeds the composition ratio of foreign employees in the Group's overall

workforce, and the policy of ability-based promotion regardless of nationality will be continuously maintained.

- Promotion of Mid-career Hires to Managerial Positions

Mid-career hires already account for over 90% of the Group's workforce, and the ratio of mid-career hires in managerial positions also exceeds their ratio in the overall workforce. Because ability-based promotion is already functioning sufficiently, numerical targets for the promotion of mid-career hires to managerial positions have not been set.

< Policies for Human Resource Development and Internal Environment Improvement to Ensure Diversity, and Current Status >

The Group aims for the mutual development of the Company and its employees by providing employees with diverse opportunities for growth through the sustainable growth of its business. The Group will continue to strive for human resource development and the improvement of the internal environment to ensure diversity, achieve sustainable growth, and enhance corporate value over the long term.

Details regarding the Group's approach, strategies (including policies on human resource development and internal environment improvement to ensure diversity), initiatives, metrics, and targets regarding human capital are disclosed in the Annual Securities Report.

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

The Company has not adopted any corporate pension plan and there is no opportunity to perform its role as an asset owner of a corporate pension plan. The Company will take necessary measures in the event such as an acquisition of a company with a corporate pension plan.

Principle 3.1 Full Disclosure

(i) The Group Mission and management strategies are disclosed on the Company's website and in the financial results briefing materials, the annual securities reports, etc.

(ii) The company's basic stance on corporate governance is described in the section of this report entitled "I-1. Basic Views."

(iii) The determination policy and procedure of the Director remuneration are described in the section of this report entitled "II-1. Director Remuneration, Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods."

(iv) The nomination of Director candidates and the appointment/dismissal of the senior management shall be consulted with the Nomination and Remuneration Advisory Committee, of which Independent Outside Directors account for the majority, in order to ensure objectivity, fairness and transparency, and shall be decided by the Board of Directors based

on the advice of the Committee. Candidates for Directors who are the Audit and Supervisory Committee members are to be nominated by the Board of Directors with the prior consent of the Audit and Supervisory Committee.

In nominating the candidates for Directors, with the aim of realizing the most appropriate composition of the Board of Directors suitable for the business environment, the Company's policy is to nominate candidates who have a deep understanding of the Company's business along with a wealth of experience and broad insight in areas such as finance, accounting, legal affairs, and/or corporate management, regardless of age, gender, or nationality. In appointing the senior management including the CEO, the Company appoints persons familiar with the Company's business who are able to fulfill their responsibilities and contribute to the realization of the Group Mission and the improvement of its corporate value over the long term.

With regard to the dismissal of Directors and the senior management, the Board of Directors will not nominate a person as a candidate for Director and will dismiss him/her from the position as the senior management in the event that the person is found to have violated laws and regulations, the Articles of Incorporation, or internal rules, or that the Board of Directors determines that the person has not fulfilled the functions and roles required for his/her office based on the advice of the Nomination and Remuneration Advisory Committee.

(v) The explanation for the nomination of the current Directors is contained in the “Convocation Notice for the Annual Shareholders Meeting.”

Supplementary Principle 3.1.3 Sustainability Initiatives

(1) Sustainability initiatives

The Company has established a Sustainability Committee to examine policies and measures on sustainability issues and to monitor progress. The Sustainability Committee, chaired by the CEO and composed of all Directors, meets in principle four times a year. The Sustainability Promotion Office serves as the secretariat of the Committee and supports the formulation and implementation of sustainability-related strategies and measures in cooperation with each business and corporate department. The Office and the department in charge of risk management integrally conduct group-wide risk management related to sustainability issues. The Company discloses its policies and initiatives regarding sustainability in the annual securities report and on its website. (<https://global.bm-sms.com/sustainability/>)

The Company has selected greenhouse gas emissions as its climate-related performance indicator and set SBT (Science Based Targets), which are greenhouse gas emission reduction targets aligned with the level required by the Paris Agreement. These targets have been validated by the SBTi (Science Based Targets initiative).

(2) Investment in human capital and intellectual property

The Company believes that human capital and intellectual property are important management resources to promote the Group's business.

The Company discloses details of human capital policies, initiatives, and indicators/ targets on its website. (<https://global.bm-sms.com/sustainability/people/>)

With regard to intellectual property, the Company makes investment as necessary, including defensive measures, to protect its knowhow and trademark rights.

Supplementary Principle 4.1.1 Scope and Content of the Matters Delegated to the Management

SMS is a company with the Audit and Supervisory Committee and its Articles of Incorporation stipulate that the Company may delegate all or part of the decisions regarding important business execution from the Board of Directors to Directors, except for matters stipulated by laws and regulations, from the viewpoint of ensuring speedy business execution and strengthening the supervisory functions of the Board.

The Board of Directors is supposed to make resolutions on matters prescribed by laws, regulations and the Articles of Incorporation, matters delegated by the resolutions of General Shareholders Meetings, and other important management decisions. The related standards are stipulated in the “Rules of the Board of Directors.”

In addition, the “Rules of Authorities” stipulates the decision-making authority for each committee/position in respect of business execution. The Company reviews these rules in a timely manner according to the status of legal system and the Company's situation, with the aim of ensuring that each committee including the Board of Directors or person at each position makes effective and swift decisions.

Principle 4.9 Independence Standards and Qualification for Independent Directors

The Company's views on the independence of the Outside Directors are described in the section of this report entitled “II-1. Independent Directors, Other Matters related to Independent Directors.”

Supplementary Principle 4.10.1 Involvement and Advice of Outside Directors regarding Nomination and Remuneration

The Company established the Nomination and Remuneration Advisory Committee, of which Independent Outside Directors account for the majority, in December 2018. The Committee is chaired by the Lead Independent Outside Director. Please refer to "II-2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Determination of Remuneration, etc." regarding the role of the Committee.

Supplementary Principle 4.11.1 Views on Overall Balance, Diversity, and Size of the Board of Directors

The Company operates in the markets which are growing at an accelerating pace and changing rapidly. The Company believes that it is essential to appoint Director candidates, who have a deep understanding of the Company's business, a wealth of experience and broad insight in areas such as finance, accounting, legal affairs, and/or corporate management etc., regardless of age, gender, or nationality, in order to realize the most appropriate composition of the Board of Directors according to the Company's strategy. Specifically, the Company aims to achieve diversity among the members of the Board of Directors in terms of their career backgrounds, areas of expertise, and international experience. By realizing such diversity, active discussions on management from the diverse perspectives required in the current

business environment become possible at Board of Directors meetings, and the Company believes that this enables the Board to function as a monitoring board aimed at enhancing corporate value.

With regard to the size of the Board of Directors, the Articles of Incorporation limit the number of Directors who are not the Audit and Supervisory Committee members up to nine, and the number of Directors who are the Audit and Supervisory Committee members up to five. Currently, the Board consists of three Directors who are not Audit and Supervisory Committee members (of whom two are Independent Outside Directors) and three Directors who are Audit and Supervisory Committee members (all of whom are Independent Outside Directors). The Company believes that it has the Board with necessary and sufficient size to supervise management and ensure swift decision-making. The skill matrix of the Board of Directors is on the last page.

The nomination of Director candidates shall be consulted with the Nomination and Remuneration Advisory Committee, of which Independent Outside Directors account for the majority, in order to ensure objectivity, fairness and transparency, and shall be decided by the Board of Directors based on the advice of the Committee. Candidates for Directors who are the Audit and Supervisory Committee members are to be nominated by the Board of Directors with a prior accord of the Audit and Supervisory Committee.

Supplementary Principle 4.11.2 Status of Concurrent Positions Held by Directors and Audit & Supervisory Committee Members

The status of important concurrent positions held by Directors is disclosed annually in the “Convocation Notice for the Annual Shareholders Meeting” and the annual securities report.

The attendance rate of Directors at meetings of the Board of Directors and that of Directors who are the Audit and Supervisory Committee members at meetings of the Audit and Supervisory Committee are very high (the average attendance rate of Directors at meetings of the Board of Directors: 98.7%, the average attendance rate of Audit and Supervisory Committee members at meetings of the Audit and Supervisory Committee: 97.2%, in the fiscal year ended March 31, 2026), and they are executing their duties as Directors appropriately. Therefore, the Company believes that the status of concurrent positions held by Directors falls within a reasonable range.

Supplementary Principle 4.11.3 Analysis and Evaluation of Board Effectiveness

The Company believes that the Board of Directors has demonstrated its effectiveness as all Directors engage in active discussions and deliberations to make important decisions by fully utilizing their experience and expertise. In addition, the Company believes that the effectiveness of the Board of Directors is sufficiently ensured through the audit and supervision by the Audit and Supervisory Committee. The Company conducts a questionnaire survey of all Directors on the effectiveness of the Board of Directors annually, analyzes and evaluates the result, and discloses the summary on its website. (<https://www.bm-sms.co.jp/ir-news/20250820-2/>)

Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Committee Members

In the appointment of Directors, the Company has nominated persons who have sufficient knowledge and capabilities to fulfill their respective duties, in accordance with the business environment, and has obtained approvals of the appointments at the General Shareholders Meetings. In addition to requiring Directors to improve themselves, the Company provides them with information relating to the Company's business, financial and organizational status, changes in laws and regulations and other industry trends as appropriate, so that Directors can respond to the rapidly changing business environment and properly fulfill their roles. The Company also provides information and support for expenses regarding external training courses as necessary in order for them to collect information and acquire knowledge.

Principle 5.1 Policy for Constructive Dialogue with Shareholders

The CEO supervises dialogue with shareholders, and the policy of the dialogue is decided in cooperation with the IR section. The CEO explains the management strategies and the business conditions at quarterly results briefings, and the IR section actively responds to individual interviews. In addition, opportunities for dialogue between Outside Directors and shareholders are provided as necessary. All sections that should cooperate with the IR section, such as the finance section and the risk management section, belong to the same Corporate Management Division as the IR section, and each section provides assistance for IR activities as necessary.

With regard to relationships with shareholders, the Company endeavors to identify the ownership structure of shareholders, including shareholders substantially holding the shares, and the content of dialogues with shareholders is fed back to the senior management as necessary. In order to prevent leakage of insider information, the Company holds a quiet period before the announcement of financial results and thoroughly controls insider information by refraining from answers or comments to inquiries about financial results.

Dialogue with Shareholders

The Company's basic stance toward dialogue with shareholders is described in the section of this report entitled "I-1. (5) Dialogue with Shareholders." In the fiscal year ended March 31, 2026, the Company conducted 251 meetings with institutional investors and analysts.

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

Details of disclosure updated	Disclosure of initiatives (update)
Availability of English disclosure updated	Available
Date of update updated	June 19, 2026

Improvement of Capital Efficiency

The Company's basic policy is to sustainably grow revenue and EBITDA while achieving an ROE that exceeds the cost of equity (generally slightly below 10%) calculated based on CAPM (Capital Asset Pricing Model).

With the fiscal year ending March 31, 2031 as the target year, the Company aims to achieve revenue of 122.0 billion yen (a CAGR of 14% from the fiscal year ended March 31, 2026) and an EBITDA of 28.0 billion yen (a CAGR of 20% over the same period), as well as to achieve an ROE of 30% as early as possible.

Specific Measures to Enhance Shareholder Value

To achieve these targets, the Company will promote the following measures:

- Acceleration of profit growth: Continuous updating of management strategies and the business portfolio, and the steady realization of investment effects.
- Stable shareholder returns: Implementation of a progressive dividend policy targeting a consolidated dividend payout ratio of 30%.
- Flexible capital policies: Flexible acquisition of treasury shares in light of the financial condition and stock price levels.
- Executive incentives and shareholding: Appropriate alignment of the interests of the management team with those of shareholders through the design of compensation for Internal Directors, including performance-linked compensation and stock compensation, and the promotion of shareholding by the Representative Director and President.
- Employee incentives: Granting of stock options to instill incentives throughout the organization for continuous profit growth and medium- to long-term stock price appreciation.

IR Activities and Reduction of Cost of Equity

Through timely and appropriate information disclosure and continuous dialogue with shareholders and investors, the Company strives to ensure that its medium- to long-term growth story is appropriately evaluated in the capital markets, and aims to reduce the cost of equity by eliminating information asymmetry.

ROE Results for the Fiscal Year Ended March 31, 2026 and Future Improvement Policy

ROE for the fiscal year ended March 31, 2026 was -38.9% due to the recording of an impairment loss in the overseas business. The recording of this impairment loss is non-recurring in nature, and through the execution of the above measures, the Company aims for an early improvement in ROE and the achievement of the target level.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders updated

Name/Company Name	Number of Shares Owned	Percentage (%)
MORO, LLC	15,373,618	18.72
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,192,200	11.19
MISAKI ENGAGEMENT MASTER FUND(Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	2,830,500	3.44
GOLDMAN,SACHS & CO.REG (Standing Proxy: Goldman Sachs Japan Co., Ltd.)	2,788,820	3.39
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB) (Standing Proxy: Nomura Securities Co., Ltd.)	2,760,874	3.36
Custody Bank of Japan, Ltd. (Trust Account)	2,411,900	2.93
AS ONE Corporation	2,404,000	2.92
GOLDMAN SACHS INTERNATIONAL (Standing Proxy: Goldman Sachs Japan Co., Ltd.)	2,388,027	2.90
CGML PB CLIENT ACCOUNT/COLLATERAL (Standing Proxy: CITIBANK, N.A. TOKYO BRANCH)	2,296,814	2.79
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Standing Proxy: CITIBANK, N.A. TOKYO BRANCH)	2,235,526	2.72

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	None

Supplementary Explanation updated

- The status of major shareholders above is the status as of March 31, 2026.
- Shareholding ratio is calculated excluding treasury shares.
- According to the change report dated February 10, 2026, submitted by Oasis Management Company Ltd., they owned 15,397,600 shares (17.58%) as of February 3, 2026. However, these are not included in the above Major Shareholders list since the actual numbers of shares owned as of March 31, 2026 are not confirmed.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo, Prime Market
Fiscal Year-End	March
Type of Business	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	JPY10 billion or more and less than JPY100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and less than 50

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

N/A

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

N/A

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Committee
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Directors

Maximum Number of Directors stipulated in the Articles of Incorporation	14
Term of Office of Directors stipulated in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	Representative Director and President
Number of Directors	6
Appointment of Outside Directors	Appointed
Number of Outside Directors updated	5
Number of Independent Directors updated	5

Outside Directors' Relationship with the Company (1) updated

Name	Attribute	Relationship with the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Nobuko Takagi	Certified Public Accountant												
Tetsuro Harada	From another company												
Aiko Ota	Lawyer												
Makoto Yasuda	From another company												
Takeshi Kawasaki	From another company												

* Categories for "Relationship with the Company"

* "○" 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;

"▲" when a close relative for the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, certified public accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director

- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- i. Executive of a company, between which the Company's Outside Directors are mutually appointed (the Director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2) updated

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary Explanation of the Relationship	Reason for Appointment
Nobuko Takagi	○	○	-	Ms. Nobuko Takagi joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) and Tohmatsu Tax Co. (currently Deloitte Tohmatsu Tax Co.) as a Certified Public Accountant (CPA). After gaining experience in audit and tax practice, she engaged in M&A advisory at GCA Corporation (currently Houlihan Lokey Corporation), where she promoted numerous domestic and cross-border transactions. Subsequently, at NEC Corporation, she provided decision-making support to top management regarding group-wide acquisitions, divestitures, and business reorganizations, while also handling deal negotiations, project management, and the formulation of business portfolio and global strategies. Through these roles, she acquired a deep understanding of business strategies that contribute to enhancing corporate value and the

				<p>realities of large-scale corporate management. In 2018, she established COEING AND COMPANY Inc. and became independent as a management consultant, where she has accumulated practical experience in building and operating evaluation models for new business development. Her expertise combines deep financial and accounting knowledge as a CPA with perspectives on business strategy and investment valuation honed at M&A advisory and operating companies, as well as insights into diverse industries and management phases gained as a management consultant. Ms. Takagi has been designated as an Independent Director as well with the expectation that she will provide effective oversight and supervision of management from an independent standpoint. She does not fall under any of the criteria itemized by the Tokyo Stock Exchange that could potentially cause conflicts of interest against common shareholders, such as being a major client or supplier of the Group or a consultant who receives a large amount of monetary consideration or other property besides the remuneration as a Director, and meets the independence standards set by the Company itself.</p>
Tetsuro Harada	○	○	-	<p>Mr. Tetsuro Harada joined Dream Incubator Inc. at its early stage in 2000, after gaining experience in investment and loan operations at the Japan Maritime Self-Defense Force and Nippon Life Insurance Company,</p>

				<p>and obtaining an MBA from the Haas School of Business, University of California, Berkeley. At Dream Incubator Inc., he engaged in strategic consulting for large enterprises and investment and incubation for venture companies. Serving as an Executive Officer from 2006 and a Director from 2018, he has been at the core of its management for over 20 years. After assuming the role of Representative Director and CEO of Dream Incubator Inc. in June 2020, he renewed its mission, vision, and values upon its 20th anniversary, and promoted a review of the composition of its Board of Directors and a transition to a monitoring model, a fundamental restructuring of its business portfolio and the launch of new service lines related to digital transformation, as well as a review of the capital structure and large-scale shareholder returns. As the top executive of a listed company, he has experience in leading the transformation of management structures and the enhancement of corporate value in line with changing times. Since 2023, as Chairman of the Board, he has put into practice the appropriate separation of management execution and the oversight functions of the Board of Directors, ensuring its effectiveness, and thereby possesses deep insight into the high-level operation of corporate governance at listed companies. Furthermore, during his tenure as an Outside Director of</p>
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				<p>Mandom Corporation, he served as a member of the special committee regarding the company's management buyout (MBO). In this role, he managed the risk of conflicts of interest between controlling shareholders and minority shareholders, and gained experience in making multifaceted examinations and decisions from an independent standpoint to ensure the enhancement of corporate value, the fairness of the transaction and the protection of minority shareholders' interests. The Company believes that his practical experience in independent decision-making in such complex capital transaction situations will contribute to improving the effectiveness of the oversight functions of the Company's Board of Directors. Mr. Harada has been designated as an Independent Director as well with the expectation that he will provide effective oversight and supervision of management from an independent standpoint. He does not fall under any of the criteria itemized by the Tokyo Stock Exchange that could potentially cause conflicts of interest against common shareholders, such as being a major client or supplier of the Group or a consultant who receives a large amount of monetary consideration or other property besides the remuneration as a Director, and meets the independence standards set by the Company itself.</p>
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Aiko Ota	○	○	-	<p>After being admitted to the Japan Bar, Ms. Aiko Ota practiced at Freshfields Bruckhaus Deringer (currently Freshfields), a major UK-based global law firm, where she engaged in labor and litigation cases for foreign affiliated companies and acquired international-standard corporate legal practices. Subsequently, she joined Nozomi Sogo Attorneys at Law in 2017. At the firm, she has been responsible for general corporate legal affairs, primarily focusing on supporting the establishment of governance systems such as compliance and internal controls, overseas legal affairs centered on Southeast Asia, and labor and litigation matters. Through these roles, she has accumulated extensive experience in responding to the various legal risks that listed companies face on a daily basis. In 2019, she studied at the National University of Singapore (NUS) to pursue a Master of Laws (LL.M.) as a student recommended by the Japan Federation of Bar Associations. After completing her studies in local dispute resolution systems and comparative law, she was seconded to Rajah & Tann Singapore, a major Singaporean law firm with offices across ASEAN countries. During her secondment at the firm, she provided broad support for Japanese companies expanding into Southeast Asia, responding to local laws, resolving cross-border disputes, and establishing local</p>
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			<p>compliance systems. Through approximately two years of practice in Singapore and the ASEAN region, she gained practical experience at the forefront of international corporate legal affairs. Her deep practical knowledge of Singapore, a major hub for the Overseas Business that the Group is expanding primarily in the APAC region, will bring concrete and effective perspectives to the oversight of Overseas Business risks at the Board of Directors and the Audit & Supervisory Committee. After returning to Japan, she rejoined Nozomi Sogo Attorneys at Law, where she continued to handle corporate legal affairs and compliance and governance fields related to Singapore and Southeast Asia, and was appointed as Partner, Nozomi Sogo Attorneys at Law in September 2025. The expertise in international corporate legal affairs she acquired through high-level legal practice at a global firm, international legal education at NUS, and practical experience at a major Singaporean law firm is expected to play a crucial role in structuring cross-border transactions, responding to local laws, and establishing compliance systems. Furthermore, her expertise is expected to contribute to the oversight of Overseas Business risks and the qualitative improvement of decision-making by the Board of Directors, as the Group is required to make complex decisions in various strategic phases, including the continuation and</p>
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				<p>reorganization of its Overseas Business. Ms. Ota has been designated as an Independent Director as well with the expectation that she will provide effective oversight and supervision of management from an independent standpoint. She does not fall under any of the criteria itemized by the Tokyo Stock Exchange that could potentially cause conflicts of interest against common shareholders, such as being a major client or supplier of the Group or a consultant who receives a large amount of monetary consideration or other property besides the remuneration as a Director, and meets the independence standards set by the Company itself.</p>
Makoto Yasuda		○	-	<p>Mr. Makoto Yasuda is one of the pioneers who has spearheaded the creation of data utilization and machine learning businesses in Japan since long before the current AI boom. After gaining business development experience at SoftBank Corp. (currently SoftBank Group Corp.) and FreeBit Co., Ltd., he joined BrainPad Inc., a data analysis firm specializing in statistical analysis and machine learning, as a founding member in 2004. At BrainPad Inc., he led the promotion of data analysis services, and following its listing on the Tokyo Stock Exchange in 2011, he was appointed as Director, driving the expansion of its business in this role for approximately 10 years. During his tenure as Director, in addition to expanding the data analysis business</p>

			<p>centered on statistical analysis and machine learning, he oversaw the SaaS product business division, including recommendation engines and automated advertising bidding systems, and led their planning, development, and growth, contributing to its listing on the First Section of the Tokyo Stock Exchange (currently the Prime Market). He has over 10 years of practical experience from a management perspective in the implementation and business growth of data-driven SaaS businesses, an area where many IT companies are currently focusing. He possesses deep insight that encompasses overall management—including market development, product strategy, organizational building, and monetization in data and AI businesses—going beyond mere technical expertise. After leaving BrainPad Inc. in 2021, he has continued to accumulate frontline experience, working on new business creation based on data utilization through the establishment of Seedim, as well as engaging in growth support for next-generation SaaS companies through his involvement with Nealle Inc. The Group possesses vast data assets in the medical care, elderly care, healthcare, and senior life domains, and the advancement of its SaaS business and the creation of new services utilizing these assets are positioned as critical pillars for maximizing corporate value. The</p>
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				<p>Company expects his practical knowledge, gained from working at the forefront as an executive of a listed company since the dawn of the data analysis business, to be demonstrated as concrete and insightful advice that translates directly into practice within the Board of Directors, thereby driving the further growth of the Company's IT and DX strategies as well as its SaaS business. Mr. Yasuda has been designated as an Independent Director as well with the expectation that he will provide effective oversight and supervision of management from an independent standpoint. He does not fall under any of the criteria itemized by the Tokyo Stock Exchange that could potentially cause conflicts of interest against common shareholders, such as being a major client or supplier of the Group or a consultant who receives a large amount of monetary consideration or other property besides the remuneration as a Director, and meets the independence standards set by the Company itself.</p>
Takeshi Kawasaki		○	-	<p>Mr. Takeshi Kawasaki engaged in corporate finance and private equity investment operations at the Regional Economy Vitalization Corporation of Japan (REVIC) after gaining experience in international banking at Citibank, N.A., Japan Branches (currently Citibank, N.A., Tokyo Branch) and in the securities business at Nikko Cordial Securities Inc. (currently SMBC Nikko Securities</p>

				<p>Inc.). REVIC is a government-affiliated fund responsible for strengthening industrial competitiveness. At REVIC, he acquired practical finance methods aimed at improving the financial structure and enhancing the corporate value of companies, while developing high-level expertise in analyzing and resolving management issues faced by companies of various industries and sizes from a capital market perspective. After joining LIFENET INSURANCE COMPANY in 2020, as General Manager of the Corporate Planning Department, he was responsible for formulating company-wide strategies. Since 2022, as an Executive Officer, he oversaw Corporate Planning and Accounting & Actuarial fields, including IR, and led continuous dialogue with institutional investors and analysts. In response to expectations from capital markets for enhancing corporate value as a listed company, he led capital fundraising for the realization of growth strategies and strategic capital and business alliances. In addition, from the perspective of providing useful information to investors, he has demonstrated high-quality communication skills in practice by promoting the voluntary adoption of International Financial Reporting Standards (IFRS) and leading the formulation and announcement of the mid-term business plan. Furthermore, since June 2025, as Director,</p>
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				<p>Executive Vice President, and CFO, he has overseen all areas of finance, IR, and management strategy, achieving concrete results in capital policy and market valuation, including the market segment change of LIFENET INSURANCE COMPANY from the Tokyo Stock Exchange Growth Market to the Prime Market in July 2025. The Company expects that his deep understanding of capital markets, based on practical experience across different financial fields—banking, securities, government-affiliated funds, and insurance—as well as his practical knowledge as a CFO of a listed company, will provide the Board of Directors with indispensable perspectives and advice for strengthening communication with capital markets, enhancing capital policy, and promoting growth investment strategies, including M&A, as set forth in the Company's “Corporate Value Creation Roadmap.”</p> <p>Mr. Kawasaki has been designated as an Independent Director as well with the expectation that he will provide effective oversight and supervision of management from an independent standpoint. He does not fall under any of the criteria itemized by the Tokyo Stock Exchange that could potentially cause conflicts of interest against common shareholders, such as being a major client or supplier of the Group or a consultant who receives a large amount of monetary consideration or other property besides the</p>
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				remuneration as a Director, and meets the independence standards set by the Company itself.
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Audit and Supervisory Committee

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	3	0	0	3	Outside Director

Appointment of Directors and/or Employees to Support Duties of the Audit & Supervisory Committee	Appointed
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Matters related to the Independence of Such Directors and/or Employees from Executive Directors

The Internal Audit Office plays the role of the Audit and Supervisory Committee secretariat and assists auditing duties as appropriate.

In order to ensure the independence of the employees of the Internal Audit Office who assist the Audit and Supervisory Committee in its duties, decisions concerning personnel changes, etc. are made with the prior consent of the Audit and Supervisory Committee. In addition, employees who have received an order from the Audit and Supervisory Committee in relation to auditing duties are not subject to instructions or orders from Directors (excluding Directors who are the Audit and Supervisory Committee members) regarding that order.

Cooperation among Audit & Supervisory Committee, Accounting Auditors, and Internal Audit Function

The Audit and Supervisory Committee strives to cooperate with the Internal Audit Office to conduct auditing duties. The Audit and Supervisory Committee receives semi-annual reports from the accounting auditors on audit results, and the Audit and Supervisory Committee cooperates with the accounting auditors by having meetings on a timely basis to exchange opinions and information.

The Internal Audit Office, in addition to assisting in the duties of the Audit and Supervisory Committee, holds monthly meetings with the Audit and Supervisory Committee, where reports are made on audit plans as well as the results and progress of audits, and opinions and information are exchanged. The Internal Audit Office also reports on the status of operation of the whistle-blowing system. In these ways, the Office strives to cooperate with the Audit and Supervisory Committee. It exchanges opinions and information with accounting auditors mainly regarding internal control audits based on the Financial Instruments and Exchange Act, and closely cooperates with each other in order to improve the effectiveness and efficiency of audits.

Also, the internal control section evaluates matters raised by above audits and strives to implement necessary measures.

Voluntary Establishment of Nomination/Remuneration Committee

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

Committee corresponding to Nomination Committee

Committee's name			Nomination and Remuneration Advisory Committee			
All Committee Members	Full-time Members	Internal Directors	Outside Directors	Outside Experts	Other	Chairperson
3	0	1	2	0	0	Outside Director

Committee corresponding to Remuneration Committee

Committee's name			Nomination and Remuneration Advisory Committee			
All Committee Members	Full-time Members	Internal Directors	Outside Directors	Outside Experts	Other	Chairperson
3	0	1	2	0	0	Outside Director

Supplementary Explanation updated

The Company established the Nomination and Remuneration Advisory Committee in December 2018. The committee is an advisory body to the Board of Directors, which was established to deliberate on the nomination/dismissal of Directors (including the appointment/dismissal of the Representative Directors and other senior management), remuneration for Directors who are not the Audit and Supervisory Committee members, succession plans for the CEO, and other important matters of the Group. Furthermore, the committee has been responsible for determining the amount of remuneration for each Director who is not a member of the Audit and Supervisory Committee.

The members selected for the Nomination and Remuneration Advisory Committee are as follows:

Chairperson:

Nobuko Takagi, Chairperson of the Audit and Supervisory Committee and Lead Independent Outside Director

Committee members:

Tetsuro Harada, The Audit and Supervisory Committee member and Independent Outside Director

Masaki Takahata, Representative Director and President (CEO)

Independent Directors updated

Number of Independent Directors	5
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Other Matters related to Independent Directors

The Company has set the following criteria for the objective judgment of independence as a requirement to designate Outside Directors as Independent Directors. They are deemed to have sufficient independence from the Company if none of the following items are found to apply.

- a. Person who engages in business execution of the Company or the Company’s subsidiaries (collectively, the “Group”), or a person who engaged in business execution of the Group at any time in the past 10 years.
- b. Business partner of the Group, for which the sales of the Group in the most recent business year exceeds 1% of the Group’s annual consolidated sales, or a person who engages in business execution of such business partner.
- c. Party for which the Group is a business partner and whose sales for the Group in the most recent business year exceeds 1% of the party’s annual consolidated sales, or a person who engages in business execution of such business partner.
- d. Attorney at law, certified public accountant, consultant, etc. who obtains monetary consideration or other property exceeding JPY10 million from the Group besides the remuneration as a Director (in cases where the person obtaining such property belongs to an incorporated entity, partnership or other organization, the transaction amount exceeding 1% of the annual consolidated net sales of either party or exceeding JPY10 million is referred to)
- e. Major creditor of the Group or a person who engages in business execution of a financial institution and other large creditors, which is indispensable for the Group’s financing and on which the Group is dependent without alternative options.
- f. Major shareholder of the Company (holding 10% or more of voting rights) or a person who engages in business execution of such shareholder.
- g. Party which receives donations exceeding JPY10 million from the Group in the most recent business year, or a person who engages in business execution of such party
- h. Accounting auditor who engages in the auditing duties of the Group or a certified public accountant who engages in the execution of the duties in such accounting auditor.
- i. Person who engages in business execution of a company holding cross-directorships with the Group.
- j. Person who falls under any of the above items from (b) to (i) at any time in the past 3 years.
- k. Spouse or relative within the second degree of kinship of a person who falls under any of the above items from (a) to (j) (excluding a person who is not significant with regard to (e) to (h))
- l. Notwithstanding the provisions of the respective items (a) to (k) above, a person with special grounds for being unable to perform his/her duties as an Independent Outside Director, such as a potential conflict of interests with common shareholders.

For Outside Directors, the Company aims to achieve diversity in terms of tenure to harmonize the experience of long-serving directors with the fresh perspectives brought by new directors. From this perspective, the Company does not set any standard regarding tenure.

Incentives

Implementation of Measures to Grant Incentives to Directors updated	Introduction of Performance-based Compensation Plan / Introduction of Stock Option System
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Supplementary Explanation

Introduction of a performance-based compensation plan

As described in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Director Remuneration]" of this report.

Introduction of a stock option system

The Company has introduced a stock option system with the aim of enhancing morale and motivation and promoting medium- to long-term contributions toward an improvement of the Group's business performance. The summary of our stock options is described in the annual securities report.

Recipients of Stock Options	Internal directors, employees, directors of subsidiaries, employees of subsidiaries
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Supplementary Explanation

Eligible recipients of the stock options whose exercise rights have not expired as of the filing date of this report.

Director Remuneration

Disclosure of Individual Directors' Remuneration	Individual Directors' remuneration is not disclosed
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Supplementary Explanation

N/A

Policy on Determining Remuneration Amounts and Calculation Methods <u>updated</u>	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has resolved, at the Board of Directors, the decision-making policy regarding the details of individual remuneration, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members). Upon making this resolution, the Company consults with the Nomination and Remuneration Advisory Committee and receives a report from the said Committee. The latest revision was resolved at the Board of Directors meeting held on May 15, 2026, and became effective on June 19, 2026.

The policy on determining remuneration for each Director is as follows:

- (a) Decision-making policy regarding the details of remuneration, etc., for the Representative Director
 - a. Basic Policy
 - i. The Directors of the Company (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) consist of one Representative Director. The basic policy is that the remuneration

shall function as an incentive to realize the corporate philosophy of "continual growth and contribution to society as an everlasting corporate group" and to promote the long-term, continuous enhancement of corporate value.

- ii. The Company places importance on executing strategies and enhancing corporate value over a medium- to long-term timeframe, without being biased solely toward short-term results. The remuneration system for the Representative Director is designed to embody this approach and fulfill accountability to stakeholders, including shareholders and investors.
- iii. The Company aims for a remuneration structure that promotes the holding of the Company's shares and aligns interests with those of shareholders, so that the Representative Director can have ownership over a long-term timeframe and engage in management as the main driver of value creation.

b. Remuneration Level

Based on the Company's current status, targeted corporate scale, and business phase, the remuneration level is set at a level that can fulfill accountability to stakeholders, including shareholders and investors, while ensuring the competitiveness necessary to secure and retain excellent human resources, using listed companies of similar scale and business phase as benchmarks.

c. Remuneration Composition

Remuneration consists of (1) basic remuneration, (2) annual bonus (STI), and (3) post-delivery stock-based remuneration (LTI: PSU and RSU). When performance targets are achieved at a standard level, the approximate guideline is as follows:

Basic remuneration : STI : LTI = 48% : 16% : 36% (of which, PSU 16%, RSU 20%)

Note that for (2) the annual bonus and the PSU portion of (3) the post-delivery stock-based remuneration (LTI), the actual amount paid fluctuates depending on the degree of achievement of performance targets, so the final ratio may differ from the above.

d. Basic Remuneration

Basic remuneration shall be fixed monetary remuneration, determined by comprehensively considering responsibilities, the difficulty of business execution, and the remuneration levels of listed companies of a similar scale. Basic remuneration is paid monthly.

e. Annual Bonus (STI)

This shall be monetary remuneration linked to the performance of each fiscal year. An amount obtained by multiplying a predetermined base amount by a payment coefficient (lower limit 0%, upper limit 150%) according to the achievement rate of predetermined key performance indicators (KPIs) is paid at a certain time after the end of the relevant fiscal year. The standard amount, the specific details of the KPIs, the performance target values, and the composition ratio of each indicator are determined by the Board of Directors.

f. Post-delivery Stock-based Remuneration (LTI: PSU and RSU)

As non-monetary remuneration, etc., the following two types of post-delivery stock-based remuneration (LTI) are provided. Both aim to align interests with those of shareholders and provide incentives for medium- to long-term corporate value enhancement.

- i. Performance-linked stock remuneration (PSU): As an incentive to promote the achievement of medium-term performance targets, Performance Share Units (PSUs) linked to performance achievement conditions are granted. The KPIs, the upper and lower limits of the performance-linked coefficient, and the target period are determined by the Board of Directors within the scope approved at the General Meeting of Shareholders. After it is confirmed that the performance achievement conditions have been satisfied, 50% of the PSUs are delivered as shares and 50% are paid as monetary compensation.
- ii. Non-performance-linked stock remuneration (RSU): For the purpose of promoting the holding of the Company's shares and providing an incentive for long-term service, Restricted Stock Units (RSUs) with service conditions are granted. The number of shares to be granted, the vesting conditions (service conditions, etc.), and the timing of the grant are determined by the Board of Directors within the scope approved at the General Meeting of Shareholders. After it is confirmed that the service conditions, etc., have been satisfied, 50% of the RSUs are delivered as shares and 50% are paid as monetary compensation.

g. Malus and Clawback Clauses

In the event of a material revision of financial statements and other documents due to causes such as accounting errors, or that the Representative Director engages in serious misconduct such as fraud or a violation of laws and regulations, the Company may, by resolution of the Board of Directors following deliberation by the Nomination and Remuneration Advisory Committee, demand the Representative Director to forfeit all or part of the rights prior to payment/delivery (malus) or return all or part of the already paid/delivered (clawback) incentive remuneration such as bonuses (STI) and post-delivery stock-based remuneration (LTI: PSU and RSU).

h. Decision-making Process

The details of the remuneration, etc. for the Representative Director are determined by the Board of Directors, with maximum respect for the contents of the report, following deliberation and reporting by the Nomination and Remuneration Advisory Committee, of which a majority of the members are Independent Outside Directors. However, the amount of remuneration shall be determined by the Nomination and Remuneration Advisory Committee, and the Board of Directors delegates this authority to the Chairperson and members of the Nomination and Remuneration Advisory Committee.

In accordance with the Rules of the Nomination and Remuneration Advisory Committee, the Board of Directors shall receive reports on the progress and results of deliberations from the Committee.

i. Other Important Matters

In order to align the interests of the management team with those of shareholders and to promote management aimed at enhancing corporate value over the long term, the Company shall require the Representative Director to purchase the Company's shares on the market on their own.

(b) Decision-making policy regarding the details of individual remuneration, etc., for Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)

a. Remuneration Level

Based on the Company's current status, targeted corporate scale, and business phase, the remuneration level is set at a level that can fulfill accountability to stakeholders, including shareholders and investors, while ensuring the competitiveness necessary to secure and retain excellent human resources, using listed companies of similar scale and business phase as benchmarks.

b. Remuneration Composition

Remuneration consists only of basic remuneration.

c. Basic Remuneration

Basic remuneration shall be fixed monetary remuneration, determined by comprehensively considering the remuneration levels of listed companies of a similar scale in accordance with the position, responsibilities, etc. Basic remuneration is paid monthly.

d. Decision-making Process

The details of individual remuneration, etc. are determined by the Board of Directors, with maximum respect for the contents of the report, following deliberation and reporting by the Nomination and Remuneration Advisory Committee, of which a majority of the members are Independent Outside Directors. However, the individual remuneration amount shall be determined by the Nomination and Remuneration Advisory Committee, and the Board of Directors delegates this authority to the Chairperson and members of the Nomination and Remuneration Advisory Committee. In accordance with the Rules of the Nomination and Remuneration Advisory Committee, the Board of Directors shall receive reports on the progress and results of deliberations from the Committee.

For the fiscal year ended March 31, 2026, at the Board of Directors meeting held on June 20, 2025, it was resolved to delegate the authority to determine the amount and timing of payment of individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) to Tomoki Matsubayashi, Director (Audit and Supervisory Committee Member) and Chairperson of the Nomination and Remuneration Advisory Committee, Nobuko Takagi, Director (Audit and Supervisory Committee Member) and member of the said Committee, and Natsuki Goto, Representative Director and President (Note). The said Committee determined the relevant matters. The reason for this delegation to the Nomination and Remuneration Advisory Committee—which consists of two Independent Outside Directors and the Representative Director, with the Lead Independent Outside Director serving as Chairperson—is to improve transparency and fairness in determining the details of individual remuneration, etc.

The Board of Directors has confirmed that the method of determining the details of remuneration, etc. and the determined details of remuneration, etc. regarding individual remuneration, etc. for Directors for the fiscal year ended March 31, 2026, are consistent with the decision-making policy regarding the details of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members), which was resolved at the

Board of Directors meeting held on June 24, 2022, and was valid at the time of the determination, and judges that they are in line with the said policy.

Furthermore, the determination of the amount and timing of payment of individual remuneration for Directors who are Audit and Supervisory Committee Members is entrusted to Tomoki Matsubayashi (Note), Chairperson of the Audit and Supervisory Committee, based on deliberation by all Audit and Supervisory Committee Members.

(Note) The name, position, and responsibilities at the time of each decision are stated.

Regarding the remuneration of Directors for the fiscal year ended March 31, 2026, the total amount is disclosed in the Annual Securities Report.

Supporting System for Outside Directors

The Company allocates appropriate personnel in consultation with Outside Directors and provides them with relevant documents and information as necessary.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Determination of Remuneration, etc. (Overview of the Current Corporate Governance System) updated

<Matters concerning functions of business execution>

The following systems are in place to ensure rational decision-making and business execution by the Board of Directors.

In principle, the Board of Directors meets once a month to report on the status of the execution of duties by Directors and to resolve matters stipulated by laws and regulations, the Articles of Incorporation, and the Rules of the Board of Directors.

In principle, the Executive Committee meets once a week to deliberate important business execution decisions, matters to be discussed by the Board of Directors, and other important matters.

<Matters concerning functions of audit and supervision>

The following systems are in place to strengthen corporate governance and monitoring functions.

Outside Directors attend meetings of the Board of Directors, supervise the appropriateness and fairness of its decision-making from an independent standpoint, and audit the business execution of Directors and the legality and appropriateness of their decision-making based on the audit policy established by the Audit and Supervisory Committee.

Appointment of Outside Directors who meet the requirements for Independent Directors and possess knowledge of legal, accounting, or tax affairs.

To ensure compliance with laws and regulations and the effectiveness of business operations, the Internal Audit Office verifies and evaluates the business operations at each division and subsidiary company and conducts audits to improve internal controls from a standpoint independent from other business execution.

With regard to accounting audits, the Company has concluded an audit contract with Ernst & Young ShinNihon LLC. The certified public accountants who perform the accounting audit duties are as follows.

Name of certified public accountants

Designated limited liability partner: Kiyoto Tanaka

Designated limited liability partner: Atsushi Sakai

The composition of assistants for the audit duties: 5 certified public accountants and 18 staff.

<Matters concerning functions of nomination and remuneration decisions>

Nomination of Director Candidates

The nomination of Director candidates is determined by the Board of Directors, based on the consultation with and advice from the Nomination and Remuneration Advisory Committee, the majority of which is composed of Independent Outside Directors, to ensure objectivity, fairness, and transparency. Candidates for Directors serving as members of the Audit and Supervisory Committee are nominated by the Board of Directors with the consent of the Audit and Supervisory Committee.

Determination of Director Remuneration

The determination policy and procedure of the Director remuneration are described in the section of this report entitled “II. 1 Director Remuneration, Disclosure of Policy on Determining Remuneration Amount and Calculation Methods.”

3. Reason for Adopting the Current Corporate Governance System updated

With the aim of enhancing further the Company’s corporate governance, a partial revision was made to the Articles of Incorporation at the 13th General Shareholder Meeting held on June 24, 2016, and on the same date, the Company thereby transitioned from a company with an Auditor and Supervisory Board to one with an Audit and Supervisory Committee. In this way, the Board of Directors delegates authority for business execution to the Representative Directors, etc., thereby realizing timely and decisive management decision-making. The Board of Directors discusses management strategies and management issues in a broader and substantive manner and strengthens the supervisory function for business execution. At the Audit and Supervisory Committee, the Committee members who have voting rights of the Board of Directors (all Independent Outside Directors) conduct audit duties to improve the effectiveness of audits and supervision.

In addition, the Company established the Nomination and Remuneration Advisory Committee in December 2018. The committee is an advisory body to the Board of Directors, which was established to deliberate on the nomination/dismissal of Directors (including the appointment/dismissal of the Representative Directors and other senior management), remuneration for Directors who are not the Audit and Supervisory Committee members, succession plans for the CEO, and other important matters of the Group. Furthermore, the committee has been responsible for determining the amount of remuneration for each Director who is not a member of the Audit and Supervisory Committee.

Furthermore, in order to communicate and coordinate with the management team and to cooperate with the Audit and Supervisory Committee members who are Independent Outside Directors, the Lead Independent Outside Director is selected by mutual election of Independent Outside Directors.

Most of the important decisions concerning business execution at the Company are centralized in the Board of Directors and the Executive Committee. The Board of Directors, which consists of six Directors including five Outside Directors, holds regular meetings in principle once a month, and extraordinary meetings of the Board of Directors are held as necessary.

Regarding other important matters, for the purpose of supplementing management decisions, the Executive Committee—consisting of Executive Directors and the heads of management units, etc. designated by the Representative Director and President—is held in principle once a week. Based on the Rules of the Board of Directors, the Rules of the Executive Committee, the Rules of Administrative Authority, and other internal rules, the committee makes decisions related to business execution and confirms the status of business execution.

Furthermore, Non-Executive Directors who are not Audit and Supervisory Committee Members and Directors who are Audit and Supervisory Committee Members participate in the Executive Committee as observers as necessary.

In addition, the Company plans to establish a Corporate Value Improvement Committee in July 2026 to examine and discuss management issues, including the contents of the "Corporate Value Creation Roadmap" formulated and disclosed on April 28, 2026.

In accordance with the audit policies and duties determined by the Audit and Supervisory Committee, Directors who are the Audit and Supervisory Committee members receive reports from Directors who are not the Committee members and employees on the status of their execution of duties, and request explanations and inspect important approval documents as necessary. In addition, Directors who are the Audit and Supervisory Committee members work closely with accounting auditors and the Internal Audit Office to maintain and improve the efficiency and ensure the legality of corporate management. Therefore, we believe that the objectivity in management is ensured by the system above.

The Company has adopted the current corporate governance system since it believes that it will be able to realize the Group Mission and increase its corporate value over the long term through the following factors: rational decision-making and business execution by Directors, fully-functioning audits and supervision, and further strengthened corporate governance.

III. Implementation Status of Measures for Shareholders and Other Stakeholders

1. Efforts to Vitalize the Annual General Shareholders Meetings and Facilitate the Exercise of Voting Rights updated

	Supplementary Explanation
Allowing Electronic Exercise of Voting Rights	For the convenience of our shareholders, the Company allows the exercise of voting rights via their own personal computers or smartphones.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice (Summary) in English	The Company discloses a summary convocation notice in English on TDnet and the Company's website.
Other	Regarding the early dispatch of the convocation notice of the annual general shareholders meeting, the convocation notice for the 23rd Annual General Shareholders Meeting held on June 19, 2026 was sent on June 4, 2026. Prior to the dispatch of the notice, it was disclosed on TDnet and the Company's website on May 28, 2026.

2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has established an IR policy and discloses it on its website. https://global.bm-sms.com/ir/ir_policy/	-
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds quarterly briefings.	Available
Posting of IR Materials on Website	Annual securities reports, financial reports, convocation notices for General Shareholder Meeting, presentation materials, and other materials are posted on the Company's IR web page: https://bm-sms.co.jp/ir/ (Japanese) https://global.bm-sms.com/ir/ (English)	-
Establishment of a Section (Post) for Investor Relations	The IR section is established under the IR and Research Department of the Corporate Management Division.	-

3. Measures to Ensure Due Respect for Stakeholders updated

	Supplementary Explanation
<p>Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders</p>	<p>Based on the Group Mission of “to improve people’s quality of life by providing information infrastructure for an aging society,” the Group strives to achieve sustainable growth and increase its corporate value over the long term by valuing all stakeholders including shareholders, customers, business partners, employees, and local communities. To achieve this, we have established "Credo" and "SMS Business Guidelines" and are working to spread them to all employees through training at the time of joining the company.</p> <p>Our basic stance toward each stakeholder is described in the section of this report entitled “I-1. (1) Ensuring the Rights of and Equality among Shareholders” and “I-1. (2) Appropriate Cooperation with Stakeholders Other Than Shareholders.”</p>
<p>Implementation of Environmental Preservation Activities and CSR Activities, etc.</p>	<p><Our approach to sustainability></p> <p>The Group has established Management Philosophy of "continual growth and contribution to society as an everlasting corporate group" as what we pursue universally. We aim to increase the sum total of our contributions to society by everlasting with growth.</p> <p>SMS's Mission is “to improve people's quality of life by providing information infrastructure suitable for an aging society.”</p> <p>We believe that by working to solve the various social issues that arise in an aging society as the foundation of our business, and by realizing our Mission, we can contribute to the realization of a sustainable society. By working to solve social issues through our business activities, we can achieve sustainable growth as a company that is needed by society. Increasing our corporate value over the long term through the accumulation of sustainable growth more powerfully supports the realization of our Mission and leads to the realization of a sustainable society.</p> <p>In order to support and promote these activities that create shared value with society, it is important to develop and strengthen the management platform, taking into account the demands of society, including perspectives such as governance, human capital,</p>

	<p>consideration for global environment, information security, respect for human rights, and prevention of corruption/bribery.</p> <p>We will continue to earn our various stakeholders' trust and meet their expectations and contribute to the realization of a sustainable society through these activities.</p> <p><Environmental Initiatives></p> <p>The Group recognizes the importance of preserving the global environment in order to realize a sustainable society, and is working to address the issues related to climate change and reduce the environmental impact of our business activities.</p> <p>Details of these initiatives are disclosed on the Company's website. https://global.bm-sms.com/sustainability/environment/</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>The Company strives to ensure the timely, accurate, and fair disclosure of corporate information from the perspective of investors and other stakeholders" by complying with the Companies Act, the Financial Instruments and Exchange Act and other relevant laws and regulations and the rules set forth by the Tokyo Stock Exchange, as well as by enhancing our internal systems and investor relations activities.</p>
<p>Other</p>	<p>The Group believes that it is important for employees to work in good health both mentally and physically to realize the Group Mission of "to improve people's quality of life by providing information infrastructure for an aging society". As a company operating healthcare businesses, we also believe that employees' awareness of their own health will lead to the provision of better services.</p> <p>To this end, we have established the Health Promotion Office directly under the CEO and are implementing various initiatives to maintain and improve employee health and awareness.</p> <p>The main initiatives for Health and Productivity Management are disclosed on the Company's website. https://global.bm-sms.com/sustainability/employee-health</p> <p>We were recognized in the Large Enterprise Category under the Certified Health & Productivity Management Outstanding Organization Recognition Program, jointly hosted by the Ministry</p>

	of Economy, Trade and Industry (METI) and Japan Health Council for the seventh consecutive year.
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IV. Matters related to Internal Control System, etc.

1. Basic Views on the Internal Control System and its Development Status updated

The Company has set the following basic policy for internal control to establish the systems necessary to ensure the appropriateness of its operations. The Board of Directors constantly evaluates the design and operation of the internal control system in accordance with the basic policy and takes necessary remedial actions. In addition, the Board of Directors reviews and revises this basic policy as necessary in response to changes in the business environment and other factors, and is committed to maintaining a legitimate and efficient system for business execution. The final revision was resolved at the meeting of the Board of Directors held on December 17, 2025, and became effective on January 1, 2026.

- a. System for ensuring that execution of duties by Directors and employees of the Company complies with laws and regulations as well as the Articles of Incorporation
 - 1) Compliance with laws and regulations, the Articles of Incorporation and societal norms is placed at the core of management, and in order to achieve thorough and continued improvement within the Group, a compliance system will be maintained and improved, determining policy related to compliance with laws and regulations, fostering a sense of ethics, and the Group-wide risk management.
 - 2) For the purpose of early detection and correction of violations of laws and regulations, and other compliance issues, the Group shall establish a whistle-blowing system with an internal reporting contact window and an external reporting contact window that designates a legal counsel law office as the recipient of information, aiming at early detection or prevention of issues.
 - 3) The Company has established rules related to risk management including compliance, and the department responsible for risk management oversees all organizations handling compliance for the Group. The Executive Committee conducts decision-making related to compliance activities and the details thereof are reported regularly to the Board of Directors.
 - 4) The Internal Audit Office audits the status of compliance with laws and regulations, fostering a sense of ethics and the Group-wide risk management, and reports its activities to the Board of Directors and the Audit and Supervisory Committee.
 - 5) The entire Group takes an unwavering stance toward completely eliminating relationships with anti-social forces and organizations that threaten societal order and safety.
- b. System for storage and administration of information related to execution of duties by Directors of the Company
 - 1) The Company has established rules for the type of documents, period of retention and method of administration for information related to the execution of duties of Directors and its administration, and after recording them in written or electronic media, shall store them along with materials used in management decisions.
 - 2) In preparation for the case of a request from Directors, the Company shall store and maintain records in an appropriate, reliable, and easily searchable state, depending on the type and characteristics of the information, and shall maintain them in a viewable state.

- c. Provisions and other measures related to crisis management for loss at the Company
- 1) The Company has defined rules on the policy for establishing and building a risk management system which covers business activities of the Group, and recognizes the risks of business activities based on these rules. The Company shall also conduct risk management according to importance, with a view toward impact and potential for occurrence.
 - 2) The Company's department responsible for risk management oversees all organizations handling risk management for the Group, including with respect to information security, with important decision-making related to risk management activities conducted at the Executive Committee, and the details thereof are regularly reported to the Board of Directors. The Sustainability Committee identifies and evaluates risks related to sustainability. Identified risks are integrated into the group-wide risk management system in cooperation with the department in charge of risk management.
 - 3) Each department head shall be responsible for ensuring the effective operation of the risk management system. This includes providing relevant information to the department in charge of risk management, implementing and supervising risk control measures within their department, directing and supervising self-inspections necessary for the proper implementation of such measures, conducting and supervising training and education programs, and collecting and reporting incident information that arises within their department.
 - 4) The Company has established a countermeasure policy for the Group in the case of a natural disaster, accident or other critical event, and by determining the level of the crisis based on the policy and carrying out a rapid response, prevents damage from growing and minimizes losses.
- d. System to ensure that execution of duties by Directors of the Company is carried out efficiently
- 1) The Company has established its Audit and Supervisory Committee as a means of providing corporate governance aimed at achieving highly effective and flexible execution of duties and strengthening of its monitoring activities.
 - 2) In order to secure such highly effective and flexible execution of duties, the Company delegates part of the Board of Directors' authority to the Chief Executive Officer, etc., as well as to the Executive Officers and the persons in charge of each department, etc., as and when necessary. Directors of the Company who are not the Audit and Supervisory Committee members or Executive Officers conduct prompt sharing of information through holding regular meetings on the progress of operations with each department, thereby implementing appropriate management decisions in a timely manner. The duties, authority and responsibilities of officers and employees shall be set forth in the regulations related to segregation of duties and limitations on authority.
 - 3) The Company's Board of Directors formulates the overall strategy for the Group and engages in the making of important decisions. In addition, each department and subsidiary takes the Group strategy into account when formulating their own strategies. Through regular monitoring of the status of progress, the Board of Directors ensures the execution of overall strategy for the Group as a whole.
 - 4) The Company has established its Executive Committee as an advisory body to the Chief Executive Officer, comprised of Director executing business, Executive Officers or persons in charge of each department involved

in the execution of key operations, and meetings of the Executive Committee are regularly held with the aim of debating important matters related to the execution of operations, and thereby advances management efficiency through the sharing of management information.

- 5) The corporate functional departments of the Company provide support to each department and subsidiary in executing strategy as well as decision-making by the Board of Directors and the Executive Committee, in areas such as business planning, IR, financial planning, management infrastructure, human resources development and risk management. A similar structure is being built in key subsidiaries, aimed at optimizing support for the respective business strategies of each subsidiary through cooperation with the corporate functional departments of the Company.

e. System to ensure the soundness and propriety of operations of the Company and its subsidiaries

- 1) The Company has established policy rules regarding the business administration of subsidiaries, under which important matters related to the business and financial situation of subsidiaries must be reported to the Company, and important decision-making must be made with the approval of the Company, thereby realizing appropriate business administration of subsidiaries.
- 2) The Company has established departments responsible for the administration of subsidiaries, and conducts administration through cooperation with persons in charge of administration of subsidiaries. Also, the Company collects, organizes and retains the latest information regarding subsidiaries, and provides such information to related parties as required.
- 3) The internal reporting contact window set up by the Company can be used by all officers and employees in the domestic Group, aimed at early detection or prevention of violations of the laws and regulations and other compliance problems in the subsidiaries. The Company stipulates explicitly in its “Whistleblower Protection Rules” that under no circumstances shall the Company invoke disadvantageous measures such as dismissal or re-assignment against any whistleblower who has made a report, citing the report as the reason for such disciplinary action.
- 4) The Internal Audit Office conducts audits regarding the administration of subsidiaries and operations activities.

f. Matters related to Directors and employees that assist duties of the Company’s Audit and Supervisory Committee, matters related to their independence from Directors who are not the Audit and Supervisory Committee members, and a system to ensure the effectiveness of the Audit and Supervisory Committee’s instructions towards those assistants

- 1) The Internal Audit Office assists in the duties of the Audit and Supervisory Committee.
- 2) In order to ensure the independence of the Internal Audit Office member who assists in the duties of the Audit and Supervisory Committee, the decision requiring the transfer of said member must be made with prior consent from the Audit and Supervisory Committee.

- 3) An assistant employee who receives instructions related to audit work from the Audit and Supervisory Committee is not subject to instructions from Directors who are not the Audit and Supervisory Committee members with respect to those instructions.
- g. A framework for reporting made to the Company's Audit and Supervisory Committee by the Company's Directors who are not the Audit and Supervisory Committee members and employees, and by the Company's subsidiaries' Directors, Corporate Auditors, other persons falling thereunder and employees
- 1) In addition to statutory matters, if matters that may have a critical impact on the business, matters thought to be in violation of the laws and regulations or the Articles of Incorporation, matters that may result in a substantial loss to the Company, or other matters that must be reported to the Audit and Supervisory Committee occur, the Group's Directors who are not the Audit and Supervisory Committee members and Corporate Auditors and employees must promptly report the same to the Audit and Supervisory Committee, and the corporate functional departments shall provide support to facilitate smooth reporting.
 - 2) The Internal Audit Office regularly reports the results of the internal audit and the circumstances of internal reporting contacts to the Audit and Supervisory Committee.
- h. Systems for ensuring that persons who report to the Company's Audit and Supervisory Committee are not treated in a disadvantageous manner because of their reporting
- 1) The Company stipulates explicitly in its "Whistleblower Protection Rules" that under no circumstances shall the Company invoke disadvantageous measures such as dismissal or re-assignment against any person who has made a report to the Audit and Supervisory Committee, citing the report as the reason for such disciplinary action.
- i. Matters regarding policies related to processing expenses/liabilities and prepayment/reimbursement of expenses arising related to the execution of duties by the Company's Audit and Supervisory Committee
- 1) With respect to expenses arising in relation to the execution of duties by the Audit and Supervisory Committee members and the Audit and Supervisory Committee, normal audit expenditures are included in the initial budget and unplanned expenditures (except for those that are deemed to be clearly not required for the execution of audit duties), shall be handled in a timely manner through advances and expense claims.
- j. System to ensure that audits by the Company's Audit and Supervisory Committee are carried out in an efficient manner
- 1) The Audit and Supervisory Committee members have the authority to attend major meetings, as well as meetings of the Board of Directors, may access important documents regarding the execution of duties, such as approval documents, and may request explanation by Directors who are not the Audit and Supervisory Committee members and employees.
 - 2) The Audit and Supervisory Committee shall conduct audits in cooperation with the Internal Audit Office. Also, the Audit and Supervisory Committee shall hold regular meetings with the CEO and accounting auditors, exchanging opinions and information therewith.

2. Basic Views on System to Eliminate Anti-Social Forces and its Development Status

- a. The Company has set the measures against anti-social forces in “SMS Business Guideline” and implements awareness-raising activities as necessary.
- b. The Company joins the Special Association for Prevention of Violence and other organizations and builds a system to respond in cooperation with corporate law firms, other external experts, and relevant organizations.

V. Other

1. Adoption of Takeover Response Policies

Adoption of Takeover Response Policies	Not Adopted
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Supplementary Explanation

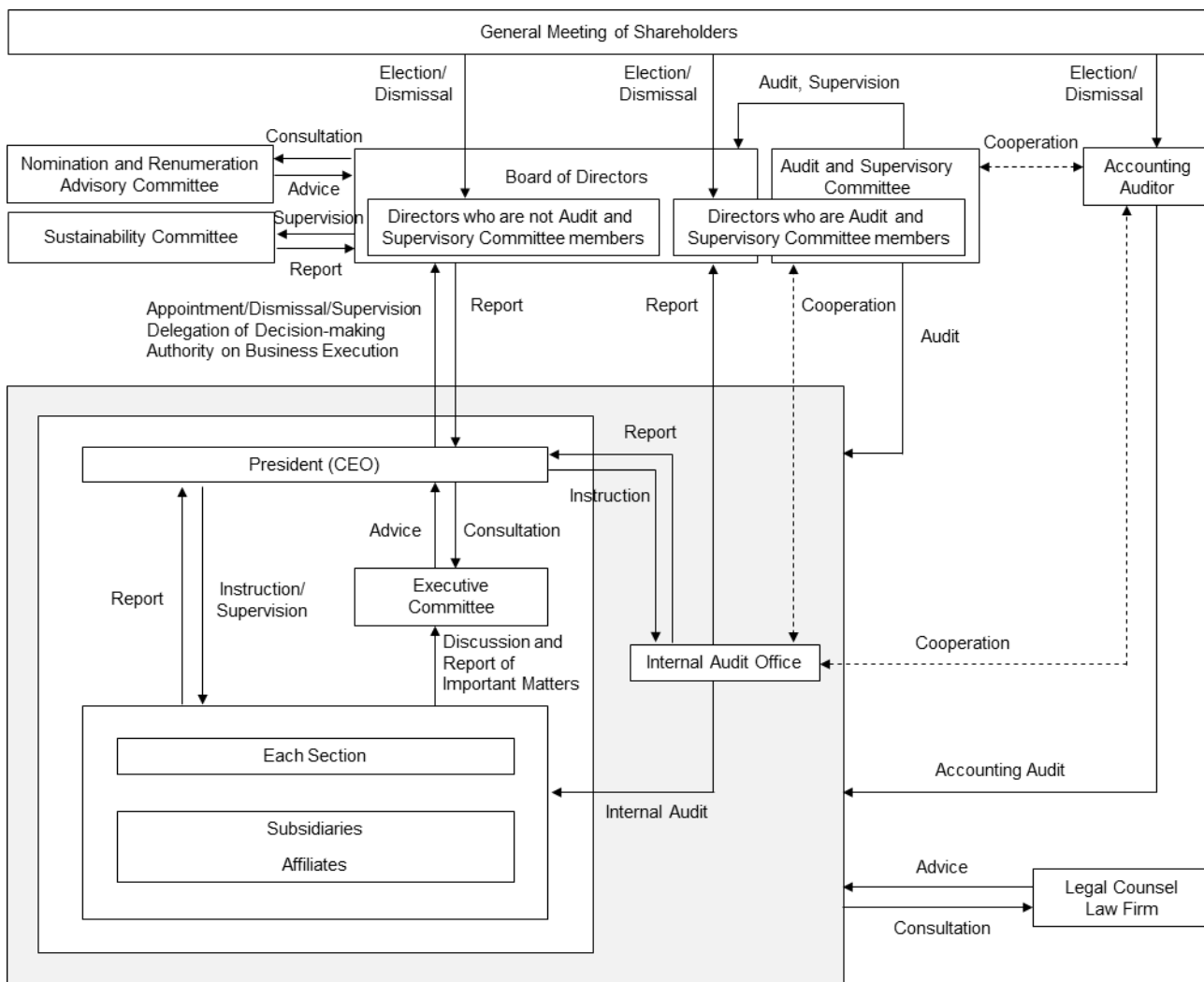
The Company believes that achieving sustainable growth and long-term enhancement of corporate value as well as building good relationships with shareholders and investors through IR activities will lead to defend against hostile takeovers, and accordingly has not adopted takeover response policies.

2. Other Matters Concerning Corporate Governance System updated

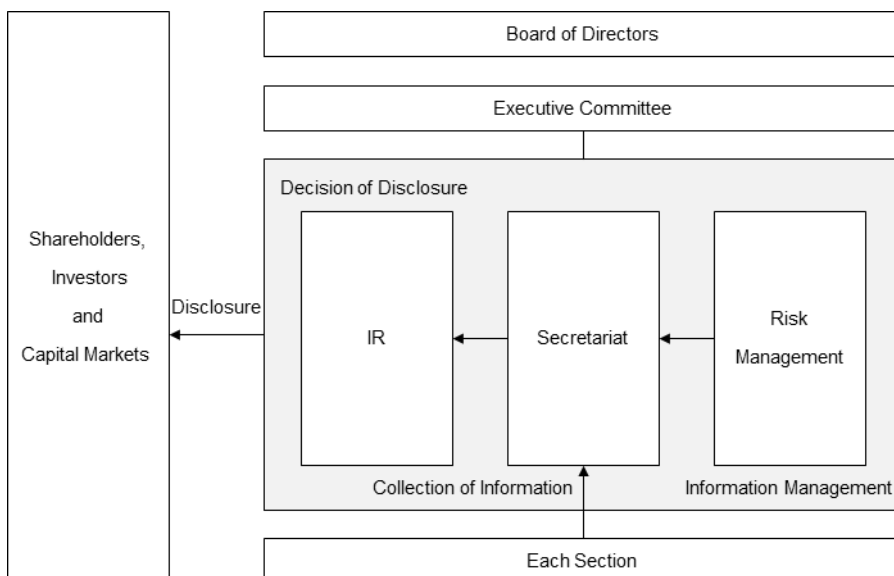
The Company believes it is essential to disclose company information to shareholders and investors in a timely and appropriate manner in order to gain the social credibility and appropriate evaluation of the Group, and accordingly has built an internal system for timely disclosure.

Information regarding material matters of the Group is, in principle, resolved at or reported to the Board of Directors or the Executive Committee. Information regarding material matters is gathered by the secretariat of each committee. The IR section determines the necessity of disclosure of information regarding material matters in cooperation with the secretariat of each committee, finance section, risk management section and other sections, and conducts timely and appropriate disclosure with the approval of the information disclosure officers (the CEO). Information regarding material matters is managed centrally by the risk management section.

Corporate Governance Structure



Disclosure Structure



Skill Matrix of Directors

Name	Notable Knowledge and Experiences						
	Management	Business Knowledge	International Experience	Legal / Risk Management	Accounting/ Finance / M&A	IT / Digital Transformation	ESG / Sustainability
Masaki Takahata ⁽¹⁾	○	○	○		○	○	○
Nobuko Takagi ⁽²⁾		○	○		○		○
Tetsuro Harada ⁽³⁾	○	○		○	○		
Aiko Ota ⁽³⁾			○	○			○
Makoto Yasuda ⁽⁴⁾	○	○				○	
Takeshi Kawasaki ⁽⁴⁾	○	○			○		○

Notes:

- (1) Representative Director and President (CEO)
- (2) Lead Independent Outside Director (Chairperson of the Audit and Supervisory Committee)
- (3) Independent Outside Director (Member of the Audit and Supervisory Committee)
- (4) Independent Outside Director