

The Company's corporate governance is described below.

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

1. Basic views

The Company recognizes that strengthening and enhancing its corporate governance system is an important management issue in order to continually improve its corporate value. For the realization of such strengthening and enhancement, the Company will strive to develop and operate a management system that can quickly and accurately respond to changes in the business environment, while at the same time ensuring the soundness and transparency of the corporation and aiming to realize a corporation that is trusted by all stakeholders, including shareholders, customers, business partners, and employees. Viewing this as our basic policy regarding corporate governance, we will strive to enhance corporate governance.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] **Updated**

[Supplementary Principle 2 -4 (1) Ensuring Diversity in Appointment of Women, Foreign Nationals and Mid-career Employees to Management Positions]

In April 2021, the Company formulated its Basic Sustainability Policy, which sets forth the following conduct guidelines: "We will maintain fair, just and transparent relationships with all stakeholders, including shareholders, customers and business partners. In addition, we respect the fundamental human rights of all people, do not commit acts that harm the dignity of individuals, and do not discriminate against people based on their nationality, ethnicity, religion, sex, age, social status or disability. "

The Company website discloses the status of the ratio of female employees as well as major employee-related systems and training. However, the Company has yet to achieve sufficient diversity and establish measurable targets for the appointment of core human resources. Going forward, we will make preparations to disclose the implementation status of our human resource development policy for the medium- to long-term enhancement of corporate value by thoroughly discussing it within the company and incorporating external knowledge as necessary.

Currently, we are identifying materiality issues and identifying issues in order to increase corporate value over the medium to long term. Through these discussions, we will continue to discuss our human resource development policy and the utilization of human resources within the company, and if necessary, incorporate external knowledge to prepare for disclosing the status of implementation.

[Supplementary Principle 3 -1 (3) Sustainability Initiatives]

In April 2021, the Company formulated its Basic Sustainability Policy, which is disclosed on our website. We will strive to improve our corporate value and social value through our business activities, and strive to improve our corporate value through social contribution and sustainable growth by further strengthening and enhancing our ESG initiatives going forward. Currently, we are identifying materiality issues and identifying issues in order to increase corporate value over the medium to long term. Through these discussions, we will continue to discuss the use of human capital and intellectual property within the company and, where necessary, incorporate external knowledge to prepare for disclosure of the status of implementation. With regard to risks and earning opportunities pertaining to climate change, the current business model of the Company is not expected to have a significant impact on the climate change issue. Thus, we do not make disclosures, etc. based on the TCFD. However, we will reexamine the Company's response within the TCFD framework and make preparations for disclosure.

With regard to addressing current environmental issues such as climate change, we understand that addressing these issues is an important initiative for maintaining the infrastructure of daily life and achieving sustainable growth. Within the MDV Group (the "Group"), we are working to ensure energy conservation and the digitization of documents, etc. We also believe that the diffusion of the Company's business model will lead to further digitization of medical data and a significant reduction in management costs. We believe that business promotion will lead to initiatives for sustainability.

[Principle 4 -11 Preconditions for Ensuring the Effectiveness of the Board of Directors and the Audit and Supervisory Committee]

The Company's Board of Directors is comprised of personnel from diverse professional backgrounds and age groups, such as Executive Directors who are well versed in the relevant business field in each Business Execution Division, and Outside Directors who have experience in corporate management in the service industry, experience in corporate management as a Representative Director and considerable insight as a lawyer. The Company's Audit and Supervisory Committee consists of five members, including certified public accountants and certified public tax accountants, who have a high level of expertise and experience in each field.

In addition, individual Directors strive to improve the functions of the Board of Directors by analyzing and evaluating the performance of the Board of Directors as a whole and exchanging opinions as necessary. Going forward, the Company will continue to consider ways to ensure diversity, including in terms of gender and internationality.

[Disclosure Based on the Principles of the Corporate Governance Code] **Updated**

[Principle 1-4 Cross-Shareholdings]

The Group will hold the shares of other companies only if it is deemed reasonably necessary from the viewpoint of building, maintaining and strengthening a good cooperative relationship with the relevant company, in comprehensive consideration of the business relationship between the relevant company and the Group as well as investment costs, etc. Upon holding shares, the Board of Directors will conduct a review after carrying out a careful examination based on the above viewpoints, and if the Board of Directors determines that the significance of the holding is weak as a result of the review, the Company will reduce the holding or sell the shares.

[Principle 1 -7 Related Party Transactions]

The Company requires deliberation and resolution by the Board of Directors for competing or conflict-of-interest transactions with officers and corporations substantially controlled by officers. If the relevant transaction is approved, the terms and conditions thereof are disclosed in the Notice of the General Meeting of Shareholders and Annual Securities Reports, etc. Moreover, the Company conducts a survey at the end of each fiscal year to confirm whether or not there have been related party transactions with the Group's officers, and has established a system to manage related party transactions.

[Principle 2 -6 Fulfillment of Roles of Corporate Pension Funds as Asset Owners]

The Company does not have a corporate pension plan.

[Principle 3 -1 Full Disclosure]

- (1) The Company discloses its management philosophy, vision and management strategy on the Company website, in financial results briefing materials and medium-term management plan.
- (2) The basic policy on corporate governance is disclosed on the Company website and in the Report on Corporate Governance.
- (3) The amount of remuneration for the Company's Directors is determined individually by the Board of Directors within the maximum amount of remuneration determined by the General Meeting of Shareholders, with reference to the economic situation, the environment surrounding the Company, and the duties of each Director. The amount of remuneration for each Director is determined by the President, who is authorized by resolution of the Board of Directors, in accordance with the standards set by the Company. In making such a decision, the Nomination, Remuneration and Evaluation Committee, which is composed mainly of Independent Outside Directors, confirms the appropriateness thereof and provides appropriate advice. The remuneration of Corporate Auditors is determined through consultation among the Corporate Auditors within the maximum amount of remuneration determined by the General Meeting of Shareholders.
- (4) When the Board of Directors of the Company appoints management members, the Board of Directors makes a decision based on a review of the capabilities, experience, insight, and character traits required for each role.
In order to respond to the entrustment from shareholders, the representative director and president prepares drafts for candidates with the necessary abilities, experience, insight, and personality, which are determined after deliberation by the Board of Directors. The Audit & Supervisory Board prepares draft proposals for candidates for Audit & Supervisory Board Members with the necessary abilities, experience, insight, and personality to respond to shareholder entrustments for audits of the management team, and the decisions are made after deliberation by the Board of Directors. In making such a decision, the Nomination, Remuneration and Evaluation Committee, which is composed mainly of Independent Outside Directors, confirms the appropriateness thereof and provides appropriate advice.
- (5) For candidates for Outside Director and Outside Corporate Auditor of the Company, the Company states "Reasons for Nomination as a Candidate" in each proposal for appointment described in the Annual Securities Report and the Notice of the General Meeting of Shareholders. The appointment of Executive Officers complies with the criteria specified in the Companies Act and the Financial Instruments and Exchange Act. Going forward, the Company will consider matters such as the disclosure of the selection criteria.

[Supplementary Principle 4 -1 (1) Matters to be Resolved by Directors and Scope of Delegation to Management]

The Company has set forth matters to be resolved by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors, as well as the scope of delegation to Directors in accordance with the resolutions of the Board of Directors and the Regulations for Official Authority, etc.

[Principle 4 -9 Independence Standards and Qualification for Independent Outside Directors]

In the appointment of Outside Directors, the Company attaches importance to their abundant experience and considerable insight in corporate management, etc., in addition to requirements of an external nature under the Companies Act. Moreover, such Outside Directors meet the requirements for independent officers in accordance with the rules of the Tokyo Stock Exchange, and the criterion for designation as Independent Outside Directors is that there is no risk of conflicts of interest with general shareholders.

[Supplementary Principle 4 -10 (1) Views, Authority and Role Concerning Committee Member Independence]

The Company has six Directors, two of whom are Independent Outside Directors. Although the Independent Outside Directors do not constitute a majority of the Directors, the Company has established the Nomination, Remuneration and Evaluation Committee, which consists of three or more Independent Outside Directors, to confirm the appropriateness of the nomination, evaluation and remuneration of Directors and to obtain appropriate advice. The chairperson of the Committee is to be appointed from among the Independent Outside Directors. In the future, we plan to seek advice from the Committee from perspectives such as gender diversity and skills.

[Supplementary Principle 4 -11 (1) Policy and Procedures for Appointment of Directors]

Six of the 11 persons present at the Board of Directors meetings are independent outside officers (two Outside Directors and four Outside Corporate Auditors), enabling discussions based on opinions from an independent and neutral standpoint at the Board of Directors meetings. The current Board of Directors is composed of persons who are familiar with each business and company operations, etc., and persons who have a high level of expertise and can advise and supervise management from a wide range of viewpoints. When selecting candidates for Director, the Nomination, Evaluation and Remuneration Committee, which is composed mainly of Independent Outside Directors, confirms the appropriateness of the candidates and provides appropriate advice.

The Company disclosed the skills matrix after the appointment of Directors at the 19th Ordinary General Meeting of Shareholders. We will continue to strive to maintain a good balance of knowledge, experience, and abilities to effectively fulfill the roles and responsibilities of Directors, and to create a structure that balances diversity and appropriate scale.

[Supplementary Principle 4 -11 (2) Concurrent Holding of Positions by Directors and Corporate Auditors]

The status of the concurrent holding of positions at other companies by Outside Directors and Outside Corporate Auditors is disclosed annually through the Notice of the General Meeting of Shareholders, the Annual Securities Report, and the Report on Corporate Governance. One of the two Outside Directors does not concurrently serve as an officer of any listed company other than the Group. Moreover, none of the Executive Directors concurrently serve as officers of any listed companies other than the Group, so a system is in place that enables Directors to concentrate on their duties. The two Full-time Corporate Auditors do not concurrently serve as officers of any listed companies other than the Group. One of the two Outside Directors and one Outside Corporate Auditors concurrently serve as officers of listed companies other than the Group. However, a sufficient system has been secured for the execution of the Company's audit operations.

[Supplementary Principle 4 -11 (3) Implementation and Disclosure of Evaluation of Effectiveness of the Board of Directors]

We have established the Regulations Concerning Evaluation of the Board of Directors. Each fiscal year, we analyze and evaluate the effectiveness of the Board of Directors as a whole based on the advice and recommendations of the Nominating, Compensation and Evaluation Committee, whose main members are independent outside directors. In order to incorporate a more objective and independent perspective, we have outsourced the survey, compilation and analysis of questionnaires to third-party organizations since fiscal 2022. In addition, we will publish an outline of the results on our website.

[Supplementary Principle 4 -14 (2) Training Policy for Directors and Corporate Auditors]

The Company's basic policy is to provide Directors and Corporate Auditors with training opportunities from time to time to acquire the knowledge necessary to perform their duties and to understand their roles and responsibilities. Directors and Corporate Auditors of the Company actively participate in external seminars, etc. in order to acquire and cultivate knowledge necessary for the fulfillment of their roles and responsibilities, as well as new knowledge according to the current situation.

[Principle 5 -1 Policy for Constructive Dialogue with Shareholders]

The Company has appointed an executive officer in charge of IR, and the Corporate Planning Division is in charge of engaging in dialogue (interviews) with shareholders. The Company holds results briefings for shareholders and investors once every quarter, and the President himself provides explanations. The Company also discloses its Policy for Constructive Dialogue with Shareholders (IR Policy) on the Company website.

2. Capital Structure

| | |
|---|---------------|
| Foreign shareholder percentage Updated | Less than 10% |
|---|---------------|

[Status of Major Shareholders] **Updated**

| Name | Number of shares held (share) | Percentage (%) |
|--|-------------------------------|----------------|
| SBI Holdings, Inc. | 9,408,814 | 24.63 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 4,914,300 | 12.86 |
| Medipal Holdings Corporation | 3,212,600 | 8.41 |
| Custody Bank of Japan, Ltd. (Trust Account) | 1,997,900 | 5.23 |
| Takahiro Suzuki | 1,280,000 | 3.35 |
| THE BANK OF NEW YORK MELLON SA/NV 10 (Standing proxy: MUFG Bank, Ltd.) | 900,000 | 2.35 |
| Hiroyuki Iwasaki | 800,600 | 2.09 |
| CMIC HOLDINGS Co., Ltd. | 610,000 | 1.59 |
| Shigeru Tanaoka | 540,800 | 1.41 |
| Dai-ichi Life Holdings, Inc. | 480,000 | 1.25 |

| | |
|---|-------|
| Controlling Shareholder (excluding the parent company) (yes/no) | ----- |
| Parent company (yes/no) | None |

Supplementary explanations

3. Corporate Attributes

| | |
|--|--------------------------------|
| Stock exchange listing and market segment Updated | Tokyo Stock Exchange, Prime |
| Fiscal year end | December |
| Business type | Information and Communications |
| Number of employees at the end of the previous fiscal year | 100 or more, but less than 500 |

| | |
|--|--------------------------|
| (consolidated) | |
| Sales revenues in the previous fiscal year (consolidated) | Less than 10 billion yen |
| Number of consolidated subsidiaries at the end of the previous fiscal year | Less than 10 |

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

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

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II. Status of Business Management Organization and Other Corporate Governance Systems Pertaining to Management Decision-making, Execution and Supervision

1. Matters Related to Organizational Structure and Organizational Management, Etc.

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|---------------------|-----------------------------------|
| Organizational form | Company with corporate auditor(s) |
|---------------------|-----------------------------------|

[Directors]

| | |
|--|-----------|
| Number of Directors stipulated in the Articles of Incorporation | 10 |
| Term of office of Directors stipulated in the Articles of Incorporation | 1 year |
| Chair of the Board of Directors | President |
| Number of Directors | 6 |
| Status of appointment of Outside Directors | Appointed |
| Number of Outside Directors | 2 |
| Number of persons designated as independent officers among Outside Directors | 2 |

Relationship with the Company (1)

| Name | Affiliation | Relationship with the Company (*) | | | | | | | | | | | |
|-----------------|-----------------------------|-----------------------------------|---|---|---|---|---|---|---|---|---|---|--|
| | | a | b | c | d | e | f | g | h | i | j | k | |
| Souichi Katsuki | Person from another company | | | | | | | | | | | | |
| Takao Nakamura | Person from another company | | | | | | | | | | | | |

* Categories regarding the relationship with the Company

* For each item, "○" indicates that the person presently falls or has recently fallen under the item, and "△" indicates that the person fell under the item in the past.

* For each item, "●" indicates that the close relative presently falls or has recently fallen under the item, and "▲" indicates that the close relative fell under the item in the past.

a Executive of a listed company or its subsidiary company

b Executive or Non-Executive Director of the parent company of a listed company

c Executive of the fellow subsidiary of a listed company

d Person whose major business partner is a listed company or an executive thereof

e Major business partner of a listed company or an executive thereof

f Consultant, accountant or legal expert who receives large sums of money and other assets from a listed company in addition to executive compensation

g Major shareholder of a listed company (if the major shareholder concerned is a corporation, an executive of the corporation)

h Executive of a business partner of a listed company (those who do not fall under any of (d), (e) and (f)) (only the person concerned)

i Executive of an entity at which officers of the Company are appointed as outside officers and vice versa (only the person concerned)

j Executive of an entity to which a listed company makes a donation (only the person concerned)

k Other

Relationship with the Company (2) **Updated**

| Name | Independent Officer | Supplementary explanation of conformity items | Reasons for appointment |
|-----------------|---------------------|--|---|
| Souichi Katsuki | ○ | The status of concurrent holding of positions at other companies is as follows. Outside Director of Cocorport Inc. | The Company has appointed Mr. Katsuki as an Outside Director based on the judgment that he will contribute to the Company by providing advice on its management and through appropriately supervising business execution from a practical perspective based on his considerable insight cultivated through corporate management in the service industry over many years. The Company has also designated Mr. Katsuki as an independent officer because he does not conflict with the independence criteria nor is subject to additional disclosure requirements, and there is no risk of a conflict of interest with general shareholders. |
| Takao Nakamura | ○ | Outside Director Takao Nakamura is a partner attorney at Wadakura Gate Law Office. Outside Director of ValueCommerce Co., Ltd. (Audit and Supervisory Committee Member) Outside Director of Matsuya Co., Ltd. (Audit and Supervisory Committee Member) | Based on his wealth of experience gained through corporate management as a Representative Director and his considerable insight as a lawyer, the Company has determined that Mr. Nakamura can be expected to contribute to strengthening the Group's corporate governance from practical and diverse perspectives, and has therefore appointed him as an Outside Director. The Company has also designated Mr. Nakamura as |

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| | | | an independent officer because he does not conflict with the independence criteria nor is subject to additional disclosure requirements, and there is no risk of a conflict of interest with general shareholders. |
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| Voluntary committee(s) equivalent to the Nomination Committee or the Remuneration Committee (yes/no) | Yes |
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Establishment of voluntary committee(s), composition of committee(s), and affiliation of the chairperson (chair)

| | Name of the Committee | All Committee Members | Full-time Committee Members | Inside Directors | Outside Directors | Outside Experts | Others | Chairperson (Chair) |
|---|---|-----------------------|-----------------------------|------------------|-------------------|-----------------|--------|---------------------|
| Voluntary committee(s) equivalent to the Nomination Committee | Nomination, Remuneration and Evaluation Committee | 3 | 3 | 1 | 2 | 0 | 0 | Outside Director |
| Voluntary committee(s) equivalent to the Remuneration Committee | Nomination, Remuneration and Evaluation Committee | 3 | 3 | 1 | 2 | 0 | 0 | Outside Director |

Supplementary explanations

The Nomination, Remuneration and Evaluation Committee of the Company is composed of three or more Independent Outside Directors, and the chairperson of the Committee is to be appointed from among the Independent Outside Directors. The Nomination, Remuneration and Evaluation Committee provides advice and recommendations to the President after deliberating on the nomination, evaluation, and remuneration, etc. of Directors.

[Corporate Auditors]

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| Establishment of the Board of Corporate Auditors (yes/no) | Yes |
| Number of Corporate Auditors stipulated in the Articles of Incorporation | 5 |
| Number of Corporate Auditors | 5 |

Coordination among Corporate Auditors, Accounting Auditor, and Internal Audit Unit

With regard to the status of coordination between the Corporate Auditors and the Accounting Auditor, the Corporate Auditors receive an explanation of the audit plan at the beginning of the fiscal year, listen to the audit status as appropriate during the fiscal year, receive audit results reports at the end of the fiscal year, and regularly exchange information to share accurate management information at all times, thereby enhancing mutual coordination.

With regard to coordination between the Corporate Auditors and the person in charge of internal audits, the person in charge of internal audits reports to the Corporate Auditors the results of the execution of internal audits and the status of the improvement of matters to be improved identified in internal audits and the results of audits, etc., as appropriate, in accordance with the annual internal audit plan, thereby exchanging information and opinions.

The Internal Audit Office, the Board of Corporate Auditors and the Accounting Auditor conduct a three-party meeting after the Accounting Auditor conducts an on-site audit, thereby exchanging opinions on audit issues and challenges.

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| Appointment of Outside Corporate Auditors | Appointed |
| Number of Outside Corporate Auditors Updated | 4 |
| Number of persons designated as independent officers among Outside Corporate Auditors Updated | 4 |

Relationship with the Company (1)

| Name | Affiliation | Relationship with the Company (*) | | | | | | | | | | | | |
|--------------------|-----------------------------|-----------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k | l | m |
| Masaaki Takaki | Certified Public Accountant | | | | | | | | | | △ | | | |
| Atsushi Igarashi | Person from another company | | | | | | | | | | | | | |
| Yasunori Matsumoto | Certified Public Accountant | | | | | | | | | | △ | | | |
| Kiyohito Hamada | Certified Public Accountant | | | | | | | | | | △ | | | |

* Categories regarding the relationship with the Company

* For each item, "○" indicates that the person presently falls or has recently fallen under the item, and "△" indicates that the person fell under the item in the past.

* For each item, "●" indicates that the close relative presently falls or has recently fallen under the item, and "▲" indicates that the close relative fell under the item in the past.

a Executive of a listed company or its subsidiary company

b Non-Executive Director or Accounting Advisor of a listed company or its subsidiary

c Executive or Non-Executive Director of the parent company of a listed company

d Corporate Auditor of the parent company of a listed company

e Executive of the fellow subsidiary of a listed company

f Person whose major business partner is a listed company or an executive thereof

g Major business partner of a listed company or an executive thereof

h Consultant, accountant or legal expert who receives large sums of money and other assets from a listed company in addition to executive compensation

i Major shareholder of a listed company (if the major shareholder concerned is a corporation, an executive of the corporation)

j Executive of a business partner of a listed company (those who do not fall under any of (f), (g) and (h)) (only the person concerned)

k Executive of an entity at which officers of the Company are appointed as outside officers and vice versa (only the person concerned)

l Executive of an entity to which a listed company makes a donation (only the person concerned)

m Other

Relationship with the Company (2) **Updated**

| Name | Independent Officer | Supplementary explanation of conformity items | Reasons for appointment |
|--------------------|---------------------|---|---|
| Masaaki Takaki | ○ | The status of concurrent holding of positions at other companies is as follows. Outside Corporate Auditor of jinjer Co., Ltd. | The Company has appointed Mr. Takaki as an Outside Corporate Auditor because he has abundant experience and significant knowledge as a certified public accountant for many years. He formerly belonged to Deloitte Touche Tohmatsu LLC, the Accounting Auditor of the Company, but transactions with Deloitte do not fall under the category of major transactions. Since he left Deloitte in March 2020 and is not in a position to be affected by the wishes of his former corporation, the Company recognizes that there is no risk of a conflict of interest between Mr. Takaki and general shareholders and has designated him as an independent officer. |
| Atsushi Igarashi | ○ | ----- | In addition to his extensive experience as a software development engineer, Mr. Igarashi has a proven track record and insight in development information management, internal auditing, and as a Full-time Corporate Auditor at a software development company. The Company has also designated Mr. Igarashi as an independent officer because he does not conflict with the independence criteria nor is subject to additional disclosure requirements, and there is no risk of a conflict of interest with general shareholders. |
| Yasunori Matsumoto | ○ | Mr. Yasunori Matsumoto, an Outside Corporate Auditor, belongs to Matsumoto Yasunori Certified Public Accountant Office. Representative Partner of Akahoshi Audit Corporation | The Company has appointed Mr. Matsumoto as an Outside Corporate Auditor because he has abundant experience and significant knowledge as a certified public accountant for many years. He is a former member of Deloitte Touche Tohmatsu LLC, the Accounting Auditor of the |

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| | | | Company, and was in charge of accounting audits of the Company for a period of time (2008 – 2014), but transactions with Deloitte do not fall under the category of major transactions. Since he left Deloitte in June 2017 and is not in a position to be affected by the wishes of his former corporation, the Company recognizes that there is no risk of a conflict of interest between Mr. Matsumoto and general shareholders and has designated him as an independent officer. |
| Kiyohito Hamada | ○ | Mr. Kiyohito Hamada, an Outside Corporate Auditor, belongs to Yotsubasogo Accounting Office. Outside Director of Nice Corporation | The Company has appointed Mr. Hamada as an Outside Corporate Auditor because he has abundant experience and significant knowledge as a certified public accountant and management member for many years. He formerly belonged to Deloitte Touche Tohmatsu LLC, the Accounting Auditor of the Company, but transactions with Deloitte do not fall under the category of major transactions. Since he left Deloitte in February 1997 and is not in a position to be affected by the wishes of his former corporation, the Company recognizes that there is no risk of a conflict of interest between Mr. Hamada and general shareholders and has designated him as an independent officer. |

[Independent Officers]

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| Number of independent officers | 6 |
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Other matters concerning independent officers

The Company designates all qualified Outside Directors and Outside Corporate Auditors as independent officers.

[Incentives]

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| Implementation of measures to provide incentives to Directors | Introduction of performance-linked compensation system, among others |
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Supplementary explanation of applicable items

Compensation for the Company's Directors consists of fixed compensation, performance-linked compensation, and stock-based compensation (transfer-restricted stock-based compensation).
At the Extraordinary General Meeting of Shareholders held on February 25, 2004, it was resolved that the total amount of fixed compensation and performance-linked compensation for Directors is to be 200 million yen or less annually (however, this does not include employee salaries for Directors who concurrently serve as employees).
At the Ordinary General Meeting of Shareholders held on March 27, 2018, it was resolved that the maximum amount of transfer-restricted stock-based compensation for Directors (excluding Outside Directors) is to be 100 million yen or less annually.
The amount of compensation for Directors (fixed compensation, performance-linked compensation, and stock-based compensation) is fully determined by the Board of Directors based on the deliberations, advice and recommendations of the Nomination, Remuneration and Evaluation Committee. The allocation to each Director is determined based on the deliberations, advice and recommendations of the Nomination, Remuneration and Evaluation Committee.

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| Stock option grantees | Inside Directors |
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Supplementary explanation of applicable items

The Ordinary General Meeting of Shareholders held on March 27, 2018 approved the introduction of a transfer-restricted stock-based compensation system designed to provide the Company's Directors (excluding Outside Directors) with an incentive to sustainably increase the Company's corporate value and to further promote value sharing with shareholders.

[Director Remuneration]

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| Status of disclosure (of individual directors' remuneration) | Individual remuneration is not disclosed. |
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Supplementary explanation of applicable items

As there is no director whose total amount of remuneration, etc. is 100 million yen or more, the individual disclosure of remuneration is not conducted.

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|---|-----|
| Policy for determining amounts of remuneration or calculation method thereof (yes/ no) Updated | Yes |
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Disclosed details of policy for determining amounts of remuneration or calculation method thereof

Compensation for the Company's Directors consists of fixed compensation, performance-linked compensation, and stock-based compensation (transfer-restricted stock-based compensation).
The amount of compensation for Directors (fixed compensation, performance-linked compensation, and stock-based compensation) is fully determined by the Board of Directors based on the deliberations, advice and recommendations of the Nomination, Remuneration and Evaluation Committee. The allocation to each Director is determined based on the deliberations, advice and recommendations of the Nomination, Remuneration and Evaluation Committee.
At the Extraordinary General Meeting of Shareholders held on February 25, 2004, it was resolved that the maximum amount of remuneration for Corporate Auditors is to be 80 million yen or less annually. The remuneration for Corporate Auditors is to be fixed compensation only, and the amount thereof is discussed and determined by the Board of Corporate Auditors.
Executive compensation for Directors of the Company for the fiscal year ended December 2022 was as follows.
[Executive Compensation]
Six Directors: 138,960,000 yen (fixed compensation: 138,960,000 yen, performance-linked compensation: —, transfer-restricted stock-based compensation: —)
Five Corporate Auditors: 26,235,000 yen (fixed compensation: 26,235,000 yen)

[Support System for Outside Directors (Outside Corporate Auditors)]

The Corporate Planning Division supports Outside Directors (Outside Corporate Auditors). The Board of Directors has established a system to communicate in advance matters to be discussed, etc. and to provide information. Full-time Corporate Auditors also promote information sharing with Outside Corporate Auditors in terms of auditors' audits, accounting audits, and internal audits.

2. Matters concerning functions related to operational execution, audits and supervision, nominations, and the determination of remuneration, etc. (Outline of the current corporate governance systems) **Updated**

[Board of Directors]
The Board of Directors consists of six Directors (two Outside Directors), and deliberates and makes decisions on important matters related to the execution of the Company's business, and executes business, and mutually supervises the execution of duties among the Directors. The Board of Directors holds the Ordinary Board of Directors Meeting once a month, in principle, and the Extraordinary Board of Directors Meeting as necessary to make decisions flexibly.

[Board of Corporate Auditors]
The Board of Corporate Auditors consists of five members (four Outside Corporate Auditors); two Full-time Corporate Auditors and three Part-time Corporate Auditors. It rigorously audits the execution of duties by Directors and conducts accounting audits and business audits for the Company. In principle, the Board of Corporate Auditors Meeting is held once a month to ensure the effectiveness of corporate governance.

[Management Committee]
The Management Committee is composed of Executive Directors, Executive Officers, Full-time Corporate Auditors, and Division Managers designated by the President, and it meets once a month, in principle. At meetings of the Management Committee, reports are made on management plans, organizational structures, financial conditions, business conditions, etc., and measures for important matters that require deliberation are deliberated.

[Nomination, Remuneration and Evaluation Committee]
The Nomination, Remuneration and Evaluation Committee consists of at least three members, mainly Independent Outside Directors (and is chaired by an Independent Outside Director). The committee deliberates on matters such as the nomination, remuneration and evaluation of Directors, and provides advice and recommendations to the President.

[Status of Accounting Audit]
Deloitte Touche Tohmatsu LLC. performs accounting audits of the Company. There are no special interests between the Company and the audit corporation and its engagement partners. The names of the certified public accountants who executed accounting audit services in the 20th fiscal year and a breakdown of the team auditing the Company's accounts are as follows.
Continuous audit period
16 years
Names of certified public accountants who executed accounting audit services
Motoyuki Suzuki, Engagement Partner of Designated Limited Liability Partner
Yutaka Takeda, Engagement Partner of Designated Limited Liability Partner

Breakdown of team auditing the Company's accounts
Ten certified public accountants
Nine others

3. Basis of selection of the current corporate governance systems

The Company has appointed two Outside Directors and four Outside Corporate Auditors. Each of the Outside Directors and Outside Corporate Auditors is well versed in corporate governance and internal control systems, has broad insight and abundant experience, attends the Board of Directors meetings of the Company, and supervises, advises, and audits decision-making concerning business execution. Full-time Corporate Auditors also regularly attend other important meetings and express their opinions as necessary. The Company has adopted this system in order to ensure the appropriateness of its operations.

III. Implementation of Measures Concerning Shareholders and Other Stakeholders

1. Status of initiatives to revitalize the General Meetings of Shareholders and facilitate the exercise of voting rights Updated

| | Supplementary explanations |
|---|---|
| Early dispatch of Notice of the General Meeting of Shareholders | In order to revitalize the General Meetings of Shareholders and facilitate the exercise of voting rights, the Company is working to expedite the settlement of accounts for the early dispatch of the Notice of the General Meeting of Shareholders (at least three weeks prior to the date of the meeting) and to develop an internal system for expediting the preparation of the convocation notice and so forth. The Notice of the 20th Ordinary General Meeting of Shareholders held on March 28, 2023 was disclosed early on the Company website and the Tokyo Stock Exchange website on March 3, 2023, prior to the dispatch of the notice. |
| Scheduling the General Meeting of Shareholders to avoid days on which many other companies' general meetings of shareholders are held | We will work to avoid days on which many other companies' general meetings of shareholders are held and to flexibly select a place where shareholders can attend, in consideration of their convenience. |
| Exercise of voting rights by electromagnetic means | A system to exercise voting rights via the internet has been introduced to enable the exercise of voting rights via personal computers, mobile phones and smartphones. |
| Participation in the electronic voting platform and other initiatives to enhance the voting rights exercise environment for institutional investors | If you apply in advance to use the electronic voting platform for institutional investors operated by ICJ, Inc., you can use the platform as a method for exercising voting rights at the Company's General Meeting of Shareholders. |
| Provision of convocation notice (summary) in English | The proposal portion of the convocation notice is provided in English for foreign investors. |

2. IR-related Activities

| | Supplementary explanations | Explanation by the representative (yes/no) |
|--|--|--|
| Preparation and publication of disclosure policies | The policy on IR and disclosure is posted on the Company website. | |
| Holding of Periodic results briefings for individual investors | The Company holds briefings for individual investors where the President explains its business results and management policies. | Yes |
| Holding of periodic results briefings for analysts and institutional investors | The briefings are scheduled to be held four times a year, on a quarterly basis. | Yes |
| Posting of IR materials on the website | Financial results summary, timely disclosure materials, briefing materials, annual securities reports and quarterly reports are posted on the IR pages of the Company website. | |
| Establishment of IR department (person in charge) | The Corporate Planning Division is in charge of IR-related matters. | |

3. Status of initiatives for the protection of stakeholder interests

| | Supplementary explanations |
|---|---|
| Stipulation of a provision on the protection of stakeholder interests in internal regulations, etc. | It is stipulated in the Information Disclosure Regulations. |
| Formulation of policies, etc. on information provision to stakeholders | The Company believes that as a listed company, it is our duty to disclose corporate information to shareholders, investors and all other stakeholders in a timely and appropriate manner, and it is important to fully recognize that fulfilling this duty is essential as a member of a sound securities market and promptly, accurately and fairly disclose corporate information from the perspective of shareholders and investors at all times. Thus, the Company intends to provide information on our website and through briefings held as appropriate. |

IV. Matters Concerning Internal Control Systems, Etc.

1. Basic views on internal control systems and status of their development

In order to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as well as to ensure the appropriateness of the Company's business operations, the Company has set forth the Basic Policy on the Development of Internal Control Systems and has developed an internal control system based thereon.

1. System to ensure that Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation

(1) Directors and employees of the Company and its subsidiaries (hereinafter referred to as "the Group") will comply with laws and regulations and the Articles of Incorporation, the Management Philosophy and the Corporate Ethics set forth by the Group, and will act with high ethical standards.

(2) Promote the use of the whistle-blowing system, and endeavor to detect, at an early stage, violations of the Group's Articles of Incorporation and internal regulations, laws and regulations, and the Company's conduct guidelines, or any facts that are deemed likely to lead to such violations. The Company will not dismiss or otherwise disadvantageously treat a whistle-blower on the grounds that he/she has made a report, etc.

(3) The Internal Audit Department will investigate the actual condition of business operations and property management in accordance with the Internal Audit Regulations, and confirm that the execution of duties by the Group's Directors and employees conforms to laws and regulations, the Articles of Incorporation, and internal regulations, etc., and is conducted efficiently.

(4) With regard to the exclusion of antisocial forces, the Basic Policy on Antisocial Forces will be set forth, and the Group will take a resolute stance against antisocial forces and ban any and all relations with them.

2. System to retain and manage information relating to the execution of duties of Directors

(1) The Group's Directors will record documents and other information relating to the execution of their duties in writing or electromagnetic media in accordance with the provisions of laws and regulations and internal regulations, and will appropriately retain and manage such documents and other information, and prepare for requests for inspection by Corporate Auditors, etc.

(2) Formulate regulations for information security management, and establish and maintain appropriate information security levels.

(3) Formulate regulations for information system management, and safely manage and maintain information systems.

3. Rules and other systems for managing the risk of loss

(1) Risk management will be conducted effectively and comprehensively under the Group's consistent policies in accordance with the Risk Management Regulations.

(2) Important risk handling policies and other matters that are important from the viewpoint of risk management will be fully deliberated by the Control Committee, and particularly important matters will be reported to the Board of Directors.

4. System to ensure the efficient execution of duties by Directors

(1) The Board of Directors holds the Ordinary Board of Directors Meeting once a month and the Extraordinary Board of Directors Meetings as necessary to make decisions flexibly, and ensures a system to facilitate the appropriate execution of duties.

(2) Each department will ensure promptness and efficiency by delegating authority and clarifying responsibilities in accordance with internal regulations such as the Regulations for Division of Duties and the Official Authority Standards.

5. System to ensure appropriateness of operations within the Group

(1) The Company's subsidiary is positioned as a division of the Company, and the chain of command, authority and reporting obligations, including each organization within the subsidiary, will be established to manage the entire Group in a comprehensive and controlling manner.

(2) Corporate Auditors and Internal Audit Supervisors audit and provide guidance on the execution of duties by the Group's Directors and employees.

6. System for employees who are to assist with the duties of Corporate Auditors

(1) When Corporate Auditors request that an employee be assigned to assist with their duties, an employee will be assigned to assist the Corporate Auditors in performing their duties as necessary after consultation with the Corporate Auditors. Moreover, the authority to direct the relevant employee during the period in which he/she is to assist with the duties of the Corporate Auditors shall be delegated to the Corporate Auditors, and the relevant employee shall not be subject to the instructions and orders of the Directors. The approval of the Corporate Auditors shall be required for personnel evaluations, transfers, disciplinary actions, etc.

7. Systems for Directors and employees to report to Corporate Auditors and other systems for reporting to Corporate Auditors

(1) The Group's Directors and employees will report on the Group's business and internal controls, the status of business execution, etc. at the request of Corporate Auditors, and the Internal Audit Department reports on the results of internal audits.

(2) The Group's Directors and employees will promptly report to Corporate Auditors any serious violations of laws and regulations and the Articles of Incorporation, and misconduct, or any facts that are deemed likely to cause significant damage to the Group.

(3) This system ensures that a person who has made a report to Corporate Auditors is not treated disadvantageously on the grounds of making such report.

8. Matters related to policies for the processing of expenses or obligations arising from the execution of duties by Corporate Auditors

(1) When a Corporate Auditor makes a request for advance payment or reimbursement, etc. of expenses incurred in the execution of his/her duties, such expenses or obligations will be promptly processed unless they are deemed unnecessary for the execution of the duties of the relevant Corporate Auditor.

9. Other systems to ensure the effective execution of audits by Corporate Auditors

(1) In addition to attending the Board of Directors meetings, Corporate Auditors may attend important meetings within the Group and express their views.

(2) Corporate Auditors will regularly exchange opinions with the President, and exchange opinions with other Directors and Internal Audit Supervisors as appropriate.

10. System to ensure the reliability of financial reporting

(1) In order to ensure the reliability of the Group's financial reporting, the Company shall set forth the Basic Policy on Financial Reporting, develop and operate an internal control system for financial reporting, continually evaluate its proper functions, and take necessary corrective measures.

2. Basic views on the exclusion of antisocial forces and status of the development thereof

The Company stipulates the exclusion of antisocial forces in the Basic Policy on Antisocial Forces. To date, the Company has had no relationship with antisocial forces, including business relationships.

As for the antisocial forces exclusion system at the Company, we have established the Antisocial Forces Regulations under the control of the Administration Division, and have been complying with and operating the same in accordance with the Antisocial Forces Manual.

Specifically, it is required to confirm that officers and employees have no relationship with antisocial forces prior to their hiring, and to investigate or confirm the same for shareholders before they become new acquirers prior to the allotment or transfer of shares.

Moreover, the Company collects information on new business partners using an external investigation organization, etc. and conducts prior checks, and periodically investigates ongoing business partners. Master Agreements concluded with business partners include an antisocial forces exclusion clause stating to the effect that if the business partner is found to constitute an antisocial force, the contract may be canceled.

In order to strengthen the relationship with the local police station and the National Center for Removal of Criminal Organizations, the Company has appointed a person in charge of the prevention of unreasonable demands and has him/her participate in external seminars, etc., collect information and conduct internal training, thereby ensuring that all officers and employees are fully aware of this.

V. Other

1. Take-over defense measures (yes/no)

| | |
|-------------------------------------|------|
| Take-over defense measures (yes/no) | None |
|-------------------------------------|------|

Supplementary explanation of applicable items

2. Other matters related to corporate governance systems, etc. **Updated**

1. Basic policy on timely disclosure

The Company values transparency and fairness in management and provides information in a timely, accurate, and fair manner in accordance with the Financial Instruments and Exchange Act and the rules stipulated by the Tokyo Stock Exchange.

2. Disclosure standards for corporate information

The Company will disclose necessary corporate information in accordance with the Financial Instruments and Exchange Act and the Rules for Timely Disclosure of Company Information by Issuers of Listed Securities stipulated by the Tokyo Stock Exchange.

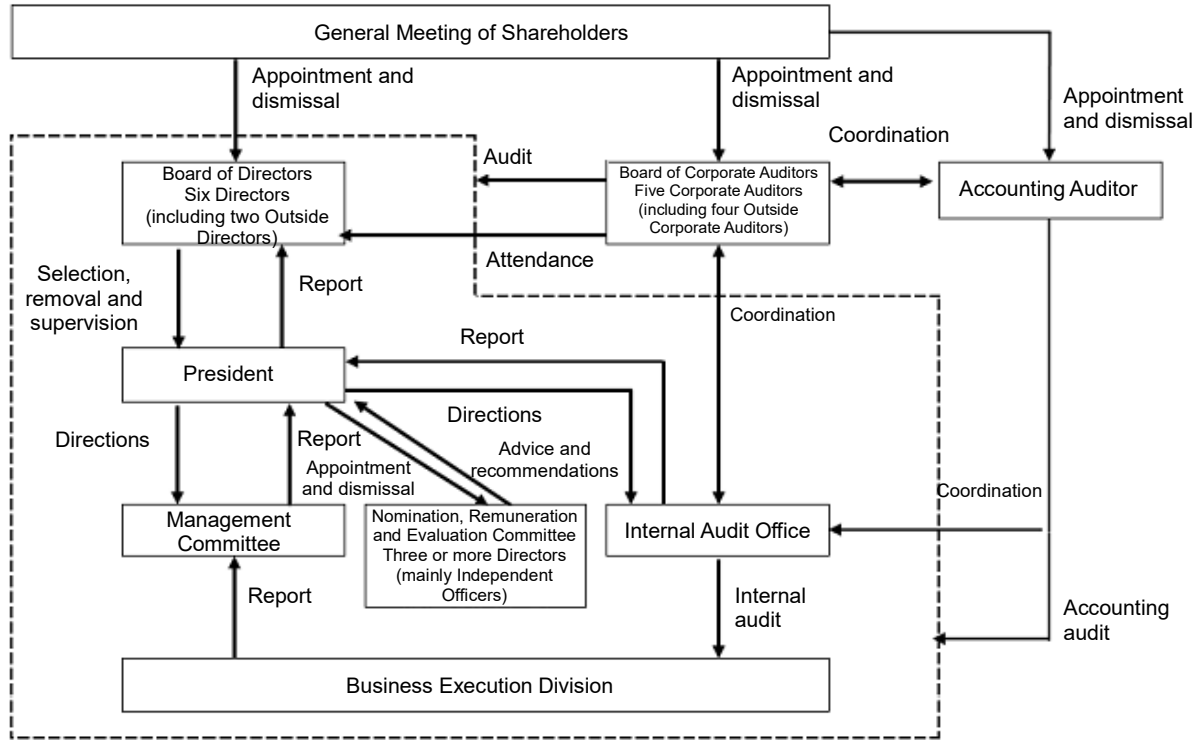
3. Internal system for timely disclosure of corporate information

The Company designates the Executive Officer and General Manager of the Corporate Planning Division as the Information Disclosure Manager and the Corporate Planning Division as the department in charge of information disclosure for information management. Under the system, important matters and information on the settlement of accounts are deliberated by the Board of Directors without any omission. In addition, the Company has established a system that enables the Information Disclosure Manager to quickly and comprehensively grasp the fact of the occurrence of material events through direct reports from division heads, and reports from the Director in charge and division heads at meetings of the Board of Directors and the Management Committee held once a month. If necessary, the Information Disclosure Manager will determine the necessity of disclosure pursuant to the Timely Disclosure Rules, with advice from external experts such as an audit corporation and a corporate lawyer.

The Information Disclosure Manager and the department in charge of information disclosure are in charge of preparing disclosure documents. After preparation, the full text is checked by multiple persons in charge of proofreading disclosure materials appointed in advance by the Information Manager to prevent erroneous entries and other mistakes. After necessary checks by external experts, the text is finally confirmed and approved for disclosure by each Director and Corporate Auditor at a meeting of the Board of Directors, and is disclosed to the public.

4. Insider trading prevention system

Having established the Rules for Preventing Insider Trading and regulations on the management of internal information and treasury stock trading by its officers and employees, the Company strives to prevent insider trading by its officers and employees by thoroughly disseminating the content of laws and regulations and internal regulations at educational and training sessions, etc. By holding regular internal training sessions on the regulation on insider trading, including not only treasury stocks, but also the shares of business partners, etc. from which internal information can be obtained in connection with duties, the Company will strive to prevent insider trading by thoroughly disseminating the content of laws and regulations and internal regulations.



[Reference Material: Outline of Timely Disclosure System (Diagram)]

