English Translation
The following is an unofficial English translation of the original Japanese text of the Corporate Governance Report of HENNGE K.K. which has been submitted to the Tokyo Stock Exchange. HENNGE K.K. provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Corporate Governance Report

Last Update: July 1, 2025
HENNGE K.K.
Kazuhiro Ogura
Representative Director, Chief Executive Officer
Contact: +81-3-6415-3660
Securities Code: 4475
https://hennge.com/global/

The corporate governance of HENNGE K.K. (the "Company") is described below.

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

1. Basic Views Update

The Company and its subsidiaries (the "Group") believe that the establishment of corporate governance is essential to ensure the transparency and fairness of corporate management and encourage continuous growth. Specifically, the Group believes that under the governance structure described below, the occurrence of misconduct can be prevented by applying effective internal check functions, and through the maintenance, improvement and continuation thereof. In addition, through the fulfillment of individual roles and responsibilities of Directors, Audit and Supervisory Committee Members, and employees, the Group will gain the trust of shareholders and other stakeholders, and enhance its social credibility, thereby promoting continuous growth.

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

[Supplementary Principle 2.4.1] Views on Ensuring the Diversity in the Promotion, etc. of Women, Foreign Nationals, and Mid-Career Hires

The Company sees employees as extremely important to its efforts to sustainably enhance its corporate value over the medium to long term. It believes the diversity of its employees is the driving force behind taking on new challenges, change, and ongoing growth. The Company therefore strives to hire diverse human resources and to foster workplace environments in which they can achieve their full potential.
In appointing personnel to management positions, the Company does not make distinctions based on gender, nationality, career history, or the like. Instead, the Company has created a personnel evaluation system in which personnel with ability and aptitude are provided equal opportunities. While the Company has not defined numerical targets for the composition ratios or numbers of women, foreign nationals, mid-career hires, etc., in management positions, it does visualize and keep track of related indicators. In the future, the Company plans to disclose various concrete measures and to continue appointing personnel with ability and aptitude to management positions.

[Supplementary Principle 4.1.2] Efforts to Achieve the Medium-Term Management Plan and Analysis of Failure to achieve the plan

Led by its mission of "Liberation of Technology," the Company aims to maximize lifetime value (LTV). To achieve this, it is focusing on maximizing the annual recurring revenue (ARR) (maintaining stable annual growth of 20% or more) of its primary service, HENNGE One. The IT industry, to which the Company belongs, is one in which technological innovations and advances are causing dramatic and sudden changes in

the business environment. Consequently, clinging to a fixed medium-term management plan would, conversely, pose the risk of delaying the Company's ability to respond to environmental changes and prevent it from making agile business decisions.
Therefore, although the Company deliberates and decides on its management plan for the next three years (on a rolling basis) when setting its budget each year and discloses its business results forecast for the current fiscal year based on the plan, it does not announce or disclose a business plan in the form of a medium-term management plan. The Board of Directors analyzes the factors behind the achievement status of its business forecasts based on the plan, and the challenges the Company faces. The Company explains these factors and challenges through its dialogues with investors, such as its financial results briefings for institutional investors.

[Supplementary Principle 4.1.3] Succession Plans
The Company is managed by multiple Representative Directors and Directors, who are also founding members, and are operating its business. All of these Representative Directors and Directors are involved in the guidance and development of managerial executives and employees. While the Company takes ability, experience, qualities, and other factors into consideration when appointing a chief executive officer (CEO), because it has established the system described above, succession is not a pressing issue for the Company. It therefore does not, at present, have any concrete plans regarding succession for the position of chief executive officer, etc. In the future, as necessary, the Company plans to deliberate on the formulation of a succession plan and the methods to use in supervising it.

[Principle 5.2] Establishing and Disclosing Business Strategies and Business Plans
Led by its mission of "Liberation of Technology," the Company aims to maximize lifetime value (LTV). To do this, it is focusing on maximizing the annual recurring revenue (ARR) of its primary service, HENNGE One. Furthermore, with respect to its business portfolio, the Company has a single portfolio consisting of the BtoB cloud security and authentication management solution provision business. Its core service, HENNGE One, has the potential to attract further clients as demand for cloud services continues to rise. In addition, due to the nature of this business segment, contract termination rates are low and a large amount of revenue is recurring revenue, therefore the Company forecasts further growth in this business sector.
As indicated above, maximizing ARR for HENNGE One is a key issue, and the Company has set targets of sustained growth with the ARR of 20% or above and the ARR of ¥20 billion or more in the fiscal year ending September 30, 2029. To achieve these targets, it formulates management plans for the next three years (on a rolling basis). In the process of formulating these management plans, the Company reviews and revises its service development plans based on its cost of capital, its capital investment plans, and its human resource hiring and investment plans for achieving sustained growth. The Company strives to present and explain overviews of its business plans in an easy-to-understand manner in its financial results briefing materials. With respect to its policy on shareholder returns, the Company has adopted a basic policy of implementing the dividend policy to maximize shareholder returns prioritizing the balance between securing internal reserves for use in growth investment and shareholder returns. The IT industry, to which the Company belongs, is one in which technological innovations and advances are causing dramatic and sudden changes in the business environment. Because of this, the Company does not disclose a medium-term management plan that includes the expansion of its business scope or reviews of and revisions to its business portfolio and the allocation of its business assets. Going forward, when it considers expanding its business scope, etc., it will appropriately assess capital costs, review its business asset allocation and business portfolio, and explain the direction of these efforts in a clear and easy-to-understand way at financial results briefings, etc.

[Disclosure Based on Principles of the Corporate Governance Code] **Update**
[Principle 1.4] Cross-Shareholdings
The Company does not hold shares of other listed companies as cross-shareholdings.
If the Company holds cross-shareholdings in the future, it will explain in this report its policy regarding cross-shareholdings, the contents of its cross-shareholdings deliberations, and its standards for exercising voting rights regarding cross-shareholdings.

[Principle 1.7] Related Party Transactions
The Company has defined Directors' transactions with competitors and transactions between Directors and the Company as issues to be decided on by the Board of Directors in accordance with the Board of Directors Rules. Approval from the Board of Directors is required in advance for each transaction, and the results of transactions must be reported to the Board of Directors.

With respect to transactions with related parties, the Company has formulated the Rules on Transactions with Related Parties, and performs periodic monitoring. Furthermore, when a corresponding transaction takes place, the Company discloses the status of the transaction in its securities report and its non-consolidated financial statements.

[Supplementary Principle 2.4.1] Views on Ensuring the Diversity in the Promotion, etc., of Women, Foreign Nationals, and Mid-Career Hires
As indicated in [Reasons for Non-compliance with the Principles of the Corporate Governance Code].

[Principle 2.6] Roles of Corporate Pension Funds as Asset Owners
The Company does not have a corporate pension fund.

[Principle 3.1 Full Disclosure]
(i) Company objectives (e.g., business principles), business strategies, and business plans
(1) Business policies
The Group's management philosophy is "Liberation of Technology," supplying a wide range of customers with its own technologies and cutting-edge technologies to change the world. IT advances at a dizzying speed. It has changed our world, and it will continue to change our world in the future. However, sometimes technologies appear in a format that is inaccessible to people. For people to enjoy the benefits of IT, someone needs to bridge the gap between ideals and reality.
The Group helps bridge this technology gap, always providing new value to customers and contributing to the world's development.
(2) Business strategies, etc.
The Group provides cloud services, one of the best business models for achieving the "Liberation of Technology." Unlike on-consignment software development services, in which software is customized for individual customers, with cloud services, the Company can provide service to an even greater number of customers.
IT is evolving at a dizzying rate, and new technologies are being developed every day. However, the number of new technologies that are actually being used is low. In this business environment, the Group deals with this constant tide of new technologies, sometimes successfully and sometimes not, to provide customers with optimal cloud services. To do so, it continues to take on the challenges of new technologies through unflagging efforts to develop new functions and services that take advantage of the latest technologies.

The Company's vision, its business policies, and its business strategies are indicated on its website and in its financial results briefing materials, securities reports, and other materials.

(ii) Basic views and guidelines on corporate governance based on each of the principles of the Code
The Company's guidelines on corporate governance are indicated in the "Basic Views" section of this report.

(iii) Board policies and procedures in determining the remuneration of the Management Executives
The policy on remuneration for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter) is to set appropriate remuneration levels based on the roles and duties of Directors in a transparent, fair, and objective manner, taking into consideration business results for the corresponding fiscal year and the remuneration standards of other companies. Remuneration comprises basic remuneration, which is fixed monetary remuneration, and restricted stock remuneration, which is non-monetary remuneration.
Going forward, if the Company determines that performance-linked remuneration would function as an incentive to motivate each Executive Director to continuously improve business performance in the medium to long term and continuously enhance corporate value, the Company will adopt a remuneration system that combines this type of remuneration. For details regarding the remuneration system for Directors, please see "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Incentives] and [Director Remuneration]" in this report.
The details and amount of individual remuneration for each Director are determined as follows, within the maximum amount resolved at the General Meeting of Shareholders.
(1) Remuneration for each Director

In order to reflect objective and fair opinions, the Nomination and Remuneration Committee, the majority of whose members are independent outside directors, is delegated by the Board of Directors to determine individual remuneration for the Company's Directors.
The Committee shall then decide on the draft submitted by the Representative Director, Chief Executive Officer, after deliberating based on the "Policy on Determining the Content of Individual Directors' Remuneration."

(2) Remuneration for each Director who is an Audit and Supervisory Committee Member
Remuneration for Directors who are Audit and Supervisory Committee Members shall be determined through consultation among Directors who are Audit and Supervisory Committee Members.

(iv) Board policies and procedures in the appointment of the Management Executives and the nomination of Directors candidates
The nomination and selection criteria as well as decision process for Management ExecutivesManagement Executives (all Directors, including Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter) are as follows:

<Criteria for nomination and selection>
Management ExecutivesManagement Executives of the Company shall be nominated or selected from among persons who have the aptitude to contribute to the sustainable enhancement of the Company's corporate value over the medium-long-term, given that they will be members of the Board of Directors, an important management body.
Management ExecutivesManagement Executives of the Company shall be nominated or selected from among persons who have the aptitude to ensure transparency and fairness in management and to promote the maintenance and improvement of the internal control system.
In addition to the qualifications in a) and b) above, Management ExecutivesManagement Executives of the Company shall be nominated or selectelected from outstanding individuals both within and outside Japan, and from within and outside the Group, who have diverse experience, high levels of insight, and a high degree of expertise, regardless of their gender, age, or other personal attributes.
In addition, the Company shall nominate or select persons who meet the individual criteria (qualities, skills, and experience) stipulated in the Rules for Nomination and Remuneration Committee.

<Decision process>
The Board of Directors shall consult with the Committee based on the above "Criteria for nomination and selection," and the Committee shall deliberate the matter in a fair, transparent, and objective manner, and report back to the Board of Directors. Based on the Committee's report, the Board of Directors shall decide whether to submit a proposal for the election of a member of Management Executives to the General Meeting of Shareholders. In addition to the aforementioned procedures, matters regarding the election of Directors who are Audit and Supervisory Committee Members shall require the Committee's consent before submitting a report to the Board of Directors.

(Criteria and procedures in the dismissal of Management Executives)
If a member of Management ExecutivesSenior Management commits a serious violation of laws and regulations or the Articles of Incorporation when executing their duties, becomes objectively incapable of executing their duties due to physical or mental disability or other reasons, is found to have a relationship with antisocial forces that should be socially criticized, commits an act contrary to public order and morals, or corresponds to any other reasons for dismissal pursuant to internal rules, the Board of Directors shall consult with the Nomination and Remuneration Committee, and the Committee shall deliberate the matter in a fair, transparent, and objective manner, and report back to the Board of Directors. Based on the Committee's report, the Board of Directors shall decide whether it is necessary to submit a proposal for the dismissal of the Management Executives to the General Meeting of Shareholders.

(v) Explanations with respect to the individual appointments and nominations based on (iv)
The reasons for the appointment or dismissal of Directors are publicly disclosed in convocation notices of the General Meeting of Shareholders, etc.

[Supplementary Principle 3.1.3] Sustainability Initiatives, etc.

1. Initiatives on sustainability

The Company has formulated a basic policy on sustainability as indicated below.

The Group conducts its business in line with its management philosophy of "Liberation of Technology." The Company believes that widely providing the benefits of technology will make it possible for more people to engage creatively in society irrespective of their location, age, gender, race, or ethnicity. It pursues the widespread Liberation of Technology by providing value to customers, starting with transforming the Company itself. Furthermore, using a long-term outlook defined in units of centuries, it is promoting these social transformation activities in the form of "SUSTAINABLE HENNGE." We have positioned these activities as our sustainability activities and are carrying them out with the aims of creating a global environment and society that support the sustainability of humanity.

The Company discloses its sustainability initiatives on its website.

The Company's website: https://hennge.com/global/ir/esg/

2. Investment in human capital

To achieve the "Liberation of Technology," we must continuously meet needs, create high value-added services, and supply them to numerous companies. To do so, we believe that it is vital to hire and train exceptional human resources.

Furthermore, to continue to grow in the IT industry, an industry of dramatic change, we must constantly transform and evolve. We believe that it is important that we create a corporate culture of diversity, not only regional, age, and gender diversity, but also racial and ethnic diversity. This is because we are confident that diversity will bring objective perspectives to our corporate culture and strategies, enabling us to cultivate the Company's essential strengths while enabling us to move forward at an even faster pace.

Furthermore, we believe that diversity gives companies the power to reach larger labor markets and customer markets, providing greater opportunities and greater personnel acquisition capabilities. In the future, we want to provide exceptional personnel around the world with career opportunities while using the power of digital transformation to overcome obstacles as a leading inclusive organization. Led by these convictions, the Group promotes diversity and inclusion.

The Company's personnel plans are disclosed in its financial results briefing material.

3. Intellectual property strategies and investment in intellectual property

<Relationship to business strategies (consistency)>

We have positioned the maximization of LTV as one of the means we will use to realize our management philosophy of "Liberation of Technology." We believe that appropriately utilizing and protecting the technologies we develop, employing these technologies in an appropriate manner in our products, and relaying and supplying these products and technologies to the world on a continual basis are important requisites to striving to maximize LTV.

We also believe that, along with the technologies we develop, it is extremely important to appropriately utilize and protect our intangible assets, such as our Company brand, product brands, designs, data, and expertise, which we create (as value) in the our efforts to maximize LTV.

<Relationship to business challenges (consistency)>

We recognize the violation of intellectual property rights as one of the risks faced by our business. This risk of intellectual property rights violation includes both the risk of the Company's intellectual property rights being violated by other parties and the Company violating the intellectual property rights of others. The Company must, of course, minimize these risks, and we place great importance on creating value related to intellectual property through the development of technologies based on the fair competition and on appropriately providing the value to society.

Given basic views on intellectual property, we have defined the following intellectual property strategy policy.

(1) By appropriately protecting and effectively utilizing its intellectual property, the Company will maintain and improve its competitive position within the market and will support its sustainable growth.
(2) The Company will honor the intellectual property rights of others, creating and operating systems and structures that prevent the violation of those rights in order to reduce related risks, and providing value to society on an ongoing basis through technology development based on fair competition.

(3) The Company will dynamically link its technology development, technological innovation, and the protection and utilization of intellectual property to foster a culture of innovation and collaboration throughout the entire organization.

Based on the above policy, the Company is implementing systematic measures for the effective utilization, protection, and management of intellectual property, led by the Intellectual Property Strategic Promotion Committee and legal divisions. Furthermore, in its initiatives for stimulating technology development, etc., the Company holds internal events called "Patent Festival" to establish and foster a culture of innovation throughout the organization. It also actively invests in intellectual property, such as by patenting technical ideas and inventions selected through Patent Festival screening.

[Supplementary Principle 4.1.1] Scope of Delegation to Management
The Company's Board of Directors makes decisions regarding matters defined by law and the Articles of Incorporation. Matters deemed important by the Board of Directors are decided on by members of management based on the importance standards defined in the Decision-Making Authority.

[Principle 4.9] Independence Standards
The Company has formulated the "Independence Criteria for Outside Directors" based on the criteria for independent directors stipulated by the Tokyo Stock Exchange.
These criteria are disclosed on the Company website.

The Company's website:
https://hennge.com/global/wp-content/uploads/ir/pdf/Independence_Criteria_for_Outside_Officers-en.pdf

[Supplementary Principle 4.10.1] Basic Views on the Independence of the Nomination and Remuneration Committee
For details regarding the Company's basic views on the independence of the Nomination and Remuneration Committee, please see "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Voluntary Committee]" in this report.

[Supplementary Principle 4.11.2] Concurrent Holding of Positions by Directors
Important concurrent positions held by Directors are disclosed in convocation notices of the General Meeting of Shareholders, securities reports, etc.

[Supplementary Principle 4.11.3] Analysis and Evaluation of the Effectiveness of the Board of Directors
To continuously improve the function of the Board of Directors and enhance sustainable corporate value, the Company conducted an evaluation of the effectiveness of the Board of Directors.

The evaluation method, evaluation items, summary of evaluation results, and future initiatives are as follows:

<Evaluation Method>
1. A questionnaire survey was conducted for all Directors (6) and the Audit and Supervisory Board Members (3)(Currently the director who is a Member of the Audit and Supervisory Committee). (Anonymity was ensured by having respondents submit their answers directly to an external organization.)
2. An exchange of opinions was held among all Directors and the Audit and Supervisory Board Members regarding the aggregation and analysis results of the responses, and the Board of Directors shared their understanding.
3. An external organization was appointed to ensure independence and objectivity in the preparation of the questionnaire, the aggregation of responses, the analysis of the aggregated results, and the evaluation.

<Evaluation Items>
1. Roles and functions of the Board of Directors
2. Composition and size of the Board of Directors
3. Management of the Board of Directors

4. Cooperation with the audit institution
5. Relationship with Outside Directors
6. Relationship with shareholders and investors

<Summary of Evaluation Results for the fiscal year ending September 30, 2024>
As a result of the evaluation, the Company confirmed that its Board of Directors functions effectively through: a balanced composition of Directors and the Audit and Supervisory Board Members with diverse backgrounds; the exercise of supervisory and advisory functions by Outside Directors; and open and constructive discussions facilitated by the appropriate meeting management by the Chairperson of the Board of Directors.

<Future Initiatives>
Based on the results of the evaluation of the effectiveness of the Board of Directors, the Company will strive to implement initiatives necessary to further enhance the effectiveness of the Board of Directors. Furthermore, the Company will continue to conduct periodic analyses and evaluations of the effectiveness of the Board of Directors to further improve corporate governance.

[Supplementary Principle 4.14.2] Policy on Training for Directors
As a general rule, Directors, at their own discretion, acquire the knowledge and skills they require in order to perform the roles and satisfy the responsibilities expected of them in an appropriate manner. However, the Company also provides training opportunities and arranges training based on requests from individual Directors.
The Company provides support for paying expenses related to training and to the acquisition of knowledge or skills. When new Directors are appointed, they are informed of the roles expected of them and of the Company's business situation, finances, organization, business challenges, risks, and the like.

[Principle 5.1] Basic Policy on Dialogue with Shareholders and Investors
Irregular briefings are conducted several times each year for individual investors. At these briefings, explanations are provided of the Company's business, business model, growth strategies, etc. For analysts and institutional investors, briefings are held to explain the status of business management, business performance, management policies, performance forecasts, etc.
The Company considers shareholders and investors to be important stakeholders, and has defined the following basic policy on dialogue with shareholders and investors.
1. The Company engages in constructive dialogue with shareholders to contribute to the Company's sustained growth and the enhancement of the corporate value over the medium to long term.
2. The Company discloses information in accordance with relevant laws, regulations, the rules of stock exchanges, etc. In addition, it also voluntarily discloses other information including non-financial information that it deems necessary to understand the Group.
3. The Director in charge of the Company's IR and financial divisions (hereinafter referred to as the "Director in Charge") serves as the general manager responsible for dialogue with shareholders and investors, and the Executive Officer and CFO in charge the divisions (hereinafter referred to as the "Executive Officer in Charge") leads coordination, deliberation, and appropriate handling between related divisions.
4. As a general rule, briefings for investors are conducted once per quarter. At these briefings, explanations are provided by the Representative Director, Chief Executive Officer, the Director in Charge, or the Executive Officer in Charge. When there are requests for individual consultations, Directors, including Outside Directors when possible, the Director in Charge, or the Executive Officer in Charge, etc., consult with the requesting parties based on the contents of the request.
5. The contents and results of dialogues are reported to the Board of Directors. When deemed to contribute to the enhancement of the Company's corporate value over the medium to long term, these reports are reflected in business strategies and leveraged to sustainably improve the corporate value.
6. Dialogues are compliant with insider trading laws, regulations, and rules, and insider information is managed appropriately.
7. The Company strives to maintain an understanding of the composition of its shareholders in order to promote more constructive dialogue.

2. Capital Structure

Foreign Shareholding Ratio	More than 20% and Less than 30%

[Status of Major Shareholders]

Name/Company Name	Number of Shares Owned	Percentage (%)
Kazuhiro Ogura	7,769,500	24.17
Kazuaki Miyamoto	3,595,100	11.18
Yoshiki Nagatome	3,225,800	10.03
BNYM AS AGT/CLTS NON TREATY JASDEC	2,617,987	8.14
Custody Bank of Japan, Ltd. (Trust Account)	2,165,100	6.73
SBI Securities Co., Ltd.	714,920	2.22
The Master Trust Bank of Japan, Ltd. (Trust Account)	698,700	2.17
BBH FOR GRANDEUR PEAK GLOBAL OPPORTUNITIES FUND	505,302	1.57
VCN Group Inc.	500,000	1.56
BBH FOR GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND	406,300	1.26

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation

The following information is the supplementary explanation for “Status of Major Shareholders” shown above.

- This information is based on the shareholder registry as of March 31, 2025.
- The Company holds 350,496 shares of treasury stock and the percentage above is calculated by subtracting the number of treasury stock from the total number of shares issued.

3. Corporate Attributes

Listed Stock Market and Market Section	Growth Market of the Tokyo Stock Exchange
Fiscal Year-End	September
Type of Business	Information and communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	From 100 to less than 500

Net Sales (Consolidated) for the Previous Fiscal Year	Less than ¥10 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

—

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

—

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 the Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14
Term of Office of Directors Stipulated in Articles of Incorporation	1 years
Chairperson of the Board of Directors	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Outside Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mio Takaoka	From another company											○
Michiko Kato	From another company											
Akenobu Hayakawa	From another company											
Kunihiro Onai	From another company											

* Categories for "Relationship with the Company"
* "○" indicates that the director currently falls or has recently fallen under the category;
"△" indicates that the director fell under the category in the past
* "●" indicates that a close relative of the director currently falls or has recently fallen under the category;

"▲" indicates that a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Executive or non-executive director of a parent company of the Company
c. Executive of an affiliate (subsidiary of the Company's parent 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, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit and supervisory board member
g. Major shareholder of the Company (if the major shareholder is a legal entity, an executive of the legal entity)
h. Executive (the director himself/herself only) of a client or supplier of the Company (which does not correspond to any of d., e., or f.)
i. Executive (the director himself/herself only) of an entity, where outside directors/outside members of the audit and supervisory board are mutually appointed with the Company
j. Executive (the director himself/herself only) of an entity that receives a donation from the Company
k. Others

Outside Directors' Relationship with the Company (2)

Name	Member of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mio Takaoka			Ms. Takaoka is in charge of the fund established by DNX Ventures, a venture capital company, as a Partner of DNX Ventures, which the Company has invested in, but has no personal, capital, business, or other interest in the Company other than this.	One of the Company's growth strategies is to consistently seek and create new products by combining new product development activities, investment activities, M&As, and other activities. The Company believes that her comments and suggestions from an objective standpoint based on her wealth of experience are beneficial for the Company to accelerate the realization of its growth strategies and enhance the supervisory function over its management. Therefore, the Company has determined that she is qualified to serve as an Outside Director of the Company, and has elected her as an Outside Director. Ms. Takaoka has experience and insight on administrative divisions in general in addition to experience and insight on general aspects of investment. Therefore, the Company expects that her opinions, suggestions, and judgments regarding business development and internal controls in general from a broader perspective with a sense of balance will contribute to the enhancement of the Company's corporate value over the medium- to long-term.
Michiko Kato		○	—	One of the Company's growth strategies is to consistently seek and create new products by combining new product development

				activities, investment activities, M&As, and other activities. The Company believes that her valuable opinions and suggestions from an independent and objective standpoint based on her wealth of experience will accelerate the Company's growth strategies and enhance the supervisory function over its management. Therefore, the Company has elected her as an Outside Director. Ms. Kato has experience and insight on corporate finance as a Director and CFO in addition to experience and insight on general aspects of investment. Therefore, the Company expects that her opinions, suggestions, and judgments especially regarding business development that leverages the Company's financial strength will contribute to the enhancement of the Company's corporate value over the medium- to long-term. The Company also recognizes that her independence has been assured, given that there are no personal, capital, or business relationships or other special interests between Ms. Kato and the Company. Accordingly, due to the absence of any risk of conflicts of interest with general shareholders, the Company has designated her as an Independent Director.
Akenobu Hayakawa	○	○	—	Mr. Hayakawa has a high level of insight, in addition to professional knowledge and extensive experience with regard to corporate legal affairs as an attorney. The Company has determined that he can be expected to continue to provide useful advice and recommendations to the Company from an independent and objective standpoint based on such knowledge and experience to further reinforce the Company's audit functions, and therefore the Company has elected him as an Outside Director. The Company also recognizes that his independence has been assured, given that there are no personal, capital, or business relationships or other special interests between Mr. Hayakawa and the Company. Accordingly, due to the absence of any risk of conflicts of interest with general shareholders, the Company has designated him as an Independent Director.
Kunihiro Onai	○	○	—	Mr. Onai has a high level of insight, in addition to professional knowledge and extensive experience in the fields of

				corporate accounting and tax accounting as a certified tax accountant. The Company has determined that he can be expected to continue to provide useful advice and recommendations to the Company from an independent and objective standpoint based on such knowledge and experience to further reinforce the Company's audit functions, and therefore the Company has elected him as an Outside Director. The Company also recognizes that his independence has been assured, given that there are no personal, capital, or business relationships or other special interests between Mr. Onai and the Company. Accordingly, due to the absence of any risk of conflicts of interest with general shareholders, the Company has designated him as an Independent Director.

[Audit and Supervisory Committee]

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chair-person
Audit and Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed

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

The Company has not appointed the director or staff to support the Audit and Supervisory Committee upon the request from the committee. However, the Company has assigned two staffs who engage in the support for the committee.
To ensure the independence of the said directors and the staffs, the Company consult with the Audit and Supervisory Committee in advance regarding the appointment and transfer of said directors and staffs.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department

As a general rule, Audit and Supervisory Committee, the Accounting Auditor, and the Internal Audit Division hold a three-party auditing meeting each quarter to exchange and share information necessary for audits.

[Voluntary Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chair-person
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation **Update**

To improve the transparency and objectivity of the remuneration decision process and the nomination process for Directors, the Company has established a Nomination and Remuneration Committee (hereinafter the "Committee"), over half of whose members are independent outside directors. The committee is chaired by Akenobu Hayakawa, an independent outside director, and consists of independent outside directors Kunihiro Onai, Michiko Kato, full-time member of the Audit and Supervisory Committee Fumiaki Goto, and Director, Executive Vice President Haruo Amano. Accordingly, it maintains a high level of independence and objectivity. The Committee meets at least once a year, receives consultations from the Board of Directors on policies and procedures regarding the nomination, election, and dismissal of Management Executives (all Directors, including Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter) and candidates for Management Executives, and deliberates these matters in a fair, transparent, and objective manner, and reports back to the Board of Directors. In addition to the aforementioned procedures, matters regarding the election of Directors who are Audit and Supervisory Committee Members are submitted to the Board of Directors upon obtaining the Committee's consent.
The Committee discusses the remuneration structure and payment standards, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members), and is delegated by the Board of Directors to determine individual remuneration for each Director, within the maximum amount of total remuneration determined by resolution of the General Meeting of Shareholders. With regard to the process for determining the specific details of the amount or number, etc., of remuneration for individual Directors, the Representative Director, Chief Executive Officer shall prepare a draft and present it to the Committee. The Committee shall then decide on the draft after deliberating in a fair, transparent, and objective manner based on the "Policy on Determining the Content of Individual Directors' Remuneration" and reports back to the Board of Directors.

Furthermore, remuneration for Directors who are Audit and Supervisory Committee Members shall be determined through consultation among Directors who are Audit and Supervisory Committee Members within the maximum amount of remuneration determined by resolution of the General Meeting of Shareholders.

[Matters Concerning Independent Directors]

Number of Independent Directors	3

Other Matters Concerning Independent Directors **Update**

On the basis of the criteria which Tokyo Stock Exchange has settled on, the Company has established the "Independence Criteria for Outside Officers" and has posted it on the website of the Company.
You can see the criteria of the Company at the URL following;
https://hennge.com/global/wp-content/uploads/ir/pdf/Independence_Criteria_for_Outside_Officers-en.pdf

[Incentives]

Incentive Policies for Directors	Others

Supplementary Explanation

The Company has adopted a restricted stock remuneration plan in order to provide an incentive to motivate Directors and Audit and Supervisory Committee Members to sustainably enhance the corporate value of the Company, while encouraging the further sharing of value with the shareholders.

Recipients of Stock Options	Employees of the Company and its subsidiaries

Supplementary Explanation

The Company has adopted a stock option plan to motivate its employees and subsidiaries to enhance the corporate value of the Company sustainably while encouraging the further sharing of value with the shareholders.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure

Supplementary Explanation

As there are no officers receiving remuneration of an aggregate amount exceeding ¥100 million, the total amount of Directors' remuneration is disclosed, rather than individual amounts.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods **Update**

At the 28th Annual General Meeting of Shareholders held on December 24, 2024, it was approved that the total amount of remuneration for Directors(except for the Audit and Supervisory Committee Members) of the Company shall be set within 300 million yen per annum (of which, the amount for Outside Directors is set within 30 million yen per annum, excluding the employee salary portion paid to Directors concurrently serving as employees),and it was approved that the total amount of remuneration for the Directors who are the Members of the Audit and Supervisory Committee shall be set within 80 million. At the meeting, it was also approved that total amount of stock-based compensation for Directors(except for the Members of the Audit and Supervisory Committee) shall be set within 90 million yen per annum(of which, the amount for Outside Directors is set within 7.5 million) separate from the amount of remuneration for Directors above, and it was approved that total number of the Company's common shares issued or disposed shall be set within 32,000 shares (of which, the number of Outside Directors is set within 4,000 shares). Concerning the stock-based compensation for the Members of the Audit and Supervisory Committee, it was approved the total amount of it shall be set within 8 million yen per annum separate from the amount of remuneration stated above, and it was also approved that the total number of the Company's common shares issued or disposed shall be set within 4,000 shares per annum..

The Company has established a policy on determining individual Directors' remuneration, etc., as follows.

1. Basic Policy

1) Remuneration system
The remuneration system of the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members, the same shall apply hereinafter) comprises basic remuneration, which is fixed monetary remuneration, and restricted stock remuneration, which is non-monetary remuneration. Going forward, if the Company sizes up that performance-linked remuneration would function as an incentive to motivate each Executive Director to continuously improve business performance in the medium- to long-term and continuously enhance corporate value, the Company adopts a remuneration system that combines this type of remuneration.

2) Remuneration levels
In terms of the remuneration levels of the Company's Executive Directors, the Company aims for levels capable of securing and maintaining talented human resources who will lead the medium- to long-term

growth of the Company or the Group. In terms of the remuneration levels of the Company's Outside Directors, in order to ensure the appropriateness of business operations of the Group, the Company aims for levels capable of securing and maintaining talented human resources who have the expertise in finance, accounting, legal affairs, etc. and can reflect proper opinions in management from the perspective of shareholders, and who have the expertise necessary to realize the Group's medium- to long-term growth strategies and can lead the medium- to the long-term growth of the Group.

2. Policy on determining calculation methods and timing of payment or conditions of basic remuneration, which is fixed monetary remuneration

The Company determines the basic remuneration of the individual Directors, by comprehensively taking into account the comparison with peer companies and other companies of similar size as well as the Company's business performance and financial conditions, and based on the individual's responsibilities and contribution to the business performance, and accordingly, pays a fixed amount each month.

3. Policy on determining details and amount or the number, and calculation methods of restricted stock remuneration, and the timing of vesting or conditions of such remuneration, which is non-monetary remuneration.

The Company provides Directors with restricted stock remuneration within the maximum amount of remuneration separately approved from basic remuneration at the General Meeting of Shareholders, at a certain time each year (principally, promptly after the Annual General Meeting of Shareholders), with the purpose of appropriately providing them with incentives to improve business performance in the medium to long-term. The amount of restricted stock remuneration to be provided is determined by comprehensively taking into account the individual Director's position, responsibilities, and business performance, etc. within the range of not being excessive compared with the basic remuneration.

4. Policy on determining the proportion of the amount of basic remuneration, which is fixed monetary remuneration, and amount of restricted stock remuneration, which is non-monetary remuneration to the amount of individual Directors' remuneration

The Company determines the proportion of remuneration by comprehensively taking into account the individual's responsibilities and contribution to the business performance to ensure the appropriate proportion, with the aim of setting the proportion of each type of remuneration for each Executive Director at 70% for basic remuneration and 30% for stock-based remuneration, and the proportion of each type of remuneration for each Outside Director at 85% for basic remuneration and 15% for stock-based remuneration.

5. Matters relating to the determination of individual Directors' remuneration amount

In order to reflect objective and fair opinions, the Nomination and Remuneration Committee (hereinafter the "Committee"), the majority of whose members are independent outside directors, is delegated by the Board of Directors to determine individual remuneration for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members), within the maximum amount of total remuneration determined by resolution of the General Meeting of Shareholders.

With regard to the process for determining the specific details of the amount or number, etc., of remuneration for individual Directors, the Representative Director, Chief Executive Officer shall prepare a draft and present it to the Committee. The Committee shall then decide on the draft after deliberating in a fair, transparent, and objective manner based on this policy.

Furthermore, remuneration for Directors who are Audit and Supervisory Committee Members shall be determined through consultation among Directors who are Audit and Supervisory Committee Members within the maximum amount of remuneration determined by resolution of the General Meeting of Shareholders.

[Supporting System for Outside Directors and/or Outside Members of the Audit and Supervisory Board]

Support for Outside Directors is generally provided by the Business Administration Division. As a general rule, the agenda to be discussed by the Board of Directors is notified to Outside Directors three business days

prior to the meeting. In addition, the agenda documents are shared through electronic means, with pre-explanations provided, as necessary.

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

1) Directors and the Board of Directors

The Company's Board of Directors comprises nine Directors as follows.

- Six Directors(except for the Members of the Audit and Supervisory Committee. Of which, an Outside Director, an Independent Outside Director)
- Three Members of the Audit and Supervisory Committee (of which, a full-time Member and two Independent Outside Directors)

The Outside Directors are elected from among talented human resources possessing experience that will contribute to the management of the Group, in an effort to promote a system capable of management decision-making from a wider perspective, and management oversight by a third party.

In order to ensure efficient and speedy decision-making, the Board of Directors holds periodic meetings once each month, as well as extraordinary meetings as necessary, in accordance with the Company's Articles of Incorporation and relevant laws and regulations, functioning as management's decision-making and supervisory organization.

Members of the Board of Directors include the Representative Director, Chief Executive Officer, Kazuhiro Ogura, who serves as the chairman of the Board, Directors Kazuaki Miyamoto, Yoshiki Nagatome, Haruo Amano, Outside Directors Mio Takaoka, and Michiko Kato as well as Members of the Audit and Supervisory Committee Fumiaki Goto(full-time), Akenobu Hayakawa (Outside Director) and Kunihiro Onai(Outside Director).

2) Audit and Supervisory Committee

The Company's Audit and Supervisory Committee comprises three Directors, including one full-time Director who is a Member of the Audit and Supervisory Committee and two part-time Independent Outside Directors who are Members of the Audit and Supervisory Committee.The Members of the Audit and Supervisory Committee attends important internal meetings in addition to the Board of Directors meetings and audits the performance of duties of Directors. The Audit and Supervisory Committee fulfills its respective audit functions by auditing in accordance with the annual audit plan. In addition, the Audit and Supervisory Committee cooperate with the Outside Directors who are not the Members of the Audit and Supervisory Committee), the Accounting Auditor and the Internal Audit Division (hereinafter referred to as "Internal Audit Division"), share information necessary for the auditing of the Group, and enhance the effectiveness of the audits.

The Audit and Supervisory Committee include Fumiaki Goto (Full-time), Akenobu Hayakawa (Part-time), and Kunihiro Onai (Part-time).

3) Internal Audit Division

The internal audit of the Company has been conducted by the four personnel belonging to the Internal Audit Division, according to the annual internal audit plan for the purpose of confirmation of the Group's status of compliance with laws and regulations, and validating the appropriateness and the efficiency of the Group's business activities.

In an effort to ensure the effectiveness of its internal audits, the Internal Audit Division has established a flow where it reports the internal audit results in writing to the Representative Director, Chief Executive Officer.

Furthermore, the Company ensures the effectiveness of the internal audits by following up with the audited divisions to give instructions for improvement based on the audit results, provide specific advice and recommendations for improvement, and confirm the status of improvement activities. In addition, the Outside Directors and the Audit and Supervisory Committee can request the Internal Audit Division to report on the internal audit, and the Internal Audit Division has held meetings to share the status of the internal audits and exchange the information with the Audit and Supervisory Committee and the Accounting Auditor.

4) Nomination & Remuneration Committee

To enhance the fairness, transparency, and objectivity of procedures related to the nomination and remuneration of Directors, and to further strengthen corporate governance, the Company has established a

Nomination and Remuneration Committee as an advisory body to the Board of Directors.

The Nomination and Remuneration Committee deliberates on the appointment and dismissal of Directors in response to inquiries by the Board of Directors, and reports the results of these deliberations back to the Board of Directors. The Committee also deliberates and makes decisions on drafts submitted by the Representative Director, Chief Executive Officer regarding Director remuneration, etc., in an objective and fair manner.

The Chairperson of the Committee is Akenobu Hayakawa, an Independent Outside Director who also serves as the Audit and Supervisory Committee Member. The other members are Kunihiro Onai, an Independent Outside Director and the Audit and Supervisory Committee Member; Fumiaki Goto, a Director and the Audit and Supervisory Committee Member; Michiko Kato, an Independent Outside Director who is not the Audit and Supervisory Committee Member; and Haruo Amano, an Executive Director.

5) The Executive Officer System and the Board of Executive Officers

The Company has adopted an executive officer system to ensure flexible decision-making as well as the efficiency of business execution.

Executive officers are elected by the Board of Directors and execute their respective duties based on the division of duties determined by resolution of the Board of Directors. The Company has also established the Board of Executive Officers as a meeting body, where executive officers discuss important matters regarding management, report on the execution of duties by executive officers, and exchange information among officers.

The Board of Executive Officers comprises the Representative Director, Chief Executive Officer, Kazuhiro Ogura, who serves as the chairman of the Board, Directors Kazuaki Miyamoto H, as well as Executive Officers Go Nakakomi, Tomorou Miyake, Toshihiro Takasu, Kenichi Minoura, Sechi Tomura, Ryo Kobayashi and Takeru Imaizumi.

6) Overview of the Limitation of Liability of Officers and the Agreements to Limit Liability

To ensure that officers can perform the roles expected of them during the execution of their duties, the Company, pursuant to Article 426, Paragraph 1 of the Companies Act, has provided in its Articles of Incorporation that it may limit the liabilities of Directors (including former Directors) and the Audit and Supervisory Committee Members (including former the Audit and Supervisory Committee Members) for damages due to negligence, within the amount stipulated in laws and regulations, by resolution of the Board of Directors.

In addition, the Company, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, has entered into agreements with two Outside Directors who are not the Audit and Supervisory Committee Members and three Members of the Audit and Supervisory Committee(including two of whom are Outside Directors to limit the liabilities for damages stipulated in Article 423, Paragraph 1 of the same act. The limit of liabilities for damages based on these agreements is the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the said Outside Directors have performed their duties in good faith, without gross negligence.

3. Reasons for Adoption of the Current Corporate Governance System Update

At the General Meeting of Shareholders held on December 24, 2024, the Company resolved to revise its Articles of Incorporation to transition from a company with the Audit and Supervisory Board to a company with the Audit and Supervisory Committee. This transition aims to strengthen the supervisory function of the Board of Directors by including the Audit and Supervisory Committee Members, who are responsible for overseeing the execution of duties by Directors, as Members of the Board of Directors. By enhancing the monitoring system, the Company aims to further strengthen its corporate governance.

The Company has set up the organizations such as General Meeting of Shareholders, Board of Directors and the Audit and Supervisory Committee as the organization based on the Companies Act and has established its corporate governance system.

The Board of Directors holds active deliberations, and by appointing four outside directors, the Company has incorporated diverse perspectives into its management and enhanced the monitoring function of its directors. The Audit and Supervisory Committee comprises a full-time member, who has long served and has had comprehensive knowledge of the Company as an outside auditor and outside director of the Company and two

Independent Outside Directors as the specialist in the field of the laws, and the accounting & tax. Thus, the Company has ensured effective and independent audit and enhanced the audit function.
Furthermore, the Company has established an Internal Audit Division in charge of internal audits and the Division has cooperated with the Audit and Supervisory Committee and Accounting Auditors. Concerning the Company's business execution, the Company has introduced an Executive Officer System to enhance and improve the efficiency of flexible decision-making and business execution systems, and Executive Officers are responsible for business execution in their respective divisions and subsidiaries.
In addition, to enhance the fairness, transparency, and objectivity of procedures related to the nomination and remuneration of Directors, and to further strengthen corporate governance at the Company, the Company has established a Nomination and Remuneration Committee as an advisory body under the Board of Directors.
In light of the above, the Company has determined that the effectiveness of corporate governance is assured, and, accordingly, has adopted the current governance structure.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures for Vitalization of the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The Company endeavors to dispatch the Notice of Convocation at the earliest possible date and the Company posts promptly the information to be stated in the Notice of Convocation through the website operated by the Tokyo Stock Exchange and the Company's website, as soon as the convocation is resolved at the Board of Directors, and prior to mailing of the Notice of Convocation.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	Given that the Company's fiscal year-end is at the end of September, it holds its General Meeting of Shareholders each year in December, unlike other listed companies which hold their General Meeting of Shareholders in June. Going forward, the Company will endeavor to avoid holding its General Meeting of Shareholders on peak days, so that more shareholders will be able to attend.
Allowing Electronic Exercise of Voting Rights	The Company allows the exercise of voting rights by electronic means in order to enhance the convenience of shareholders in exercising their voting rights and to improve the exercise rate.
Efforts to encourage participation in the electronic voting platform and other efforts to improve the environment for the exercise of voting rights for institutional investors	Although the Company does not currently take part in an electronic voting platform, going forward it will consider the possibility of participation, in light of its shareholder composition and the expenses entailed by participation in such a platform.
Providing Notice of Convocation in English	The English version of the Notice of Convocation is posted on the Company's website. https://hennge.com/global/ir/stock/meeting/

2. IR Activities

	Supplementary Explanation	Explanation by the Representative

Preparation and Publication of Disclosure Policy	The Disclosure Policy is posted on the Company's website. https://hennge.com/global/ir/investor/dp.html	-
Regular Investor Briefings for Individual Investors	The Company has irregularly held and is to hold presentation meetings for individual investors several times a year, to explain its services, business model and growth strategies, etc.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds presentation meetings for analysts and institutional investors, to explain the status of business management, business performance, management policies, performance forecasts, etc. For your information, the Company held its presentation meetings for analysts and institutional investors regarding the each quarterly financial results for the fiscal year ending September 30, 2025 as of the submission date of this report as follows; i. 1st quarter of the fiscal year ending September 30, 2025 Date: February 4, 2025 Means of Execution: Held online, video distribution on demand, and script posting on the Company's website ii. 2nd quarter of the fiscal year ending September 30, 2025 Date: May 7, 2025 Means of Execution: Held online, video distribution on demand, and script posting on the Company's website	Yes
Regular Investor Briefings for Overseas Investors	The Company posts video and script with financial results briefing materials in English on its website. And the Company holds individual meetings (including conference calls) for overseas institutional investors to explain the status of business management, business performance, management policies, performance forecasts, etc.	Yes
Posting of IR Materials on Website	The Company posts documents, including its quarterly financial results, securities reports (in Japanese), quarterly reports (in Japanese), materials for timely disclosure (in Japanese), and various presentation materials on its website. https://hennge.com/global/ir/	-
Establishment of Department and/or Manager in Charge of IR	The Business Planning & Analysis Division is in charge of IR.	-

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company, in accordance with its awareness of the importance of announcing timely and appropriate company information to stakeholders,

	including customers, shareholders, and investors, engages in accurate disclosures by means of its website and other media.
Implementation of Environmental Conservation Activities, CSR Activities, etc.	The Company is promoting the use of paperless documents, including internal rules, approval documents, contract documents, etc. The Company is pushing forward with initiatives to conserve resources in its business activities. In addition, by purchasing the "Green Electricity Certificate," the Company has converted the equivalent of 100% of its annual electricity consumption for the lighting of the head office (approximately 250,000 kWh; *Annual electricity consumption from October 2023 to September 2024) to green electricity, and has been engaged in initiatives to spread renewable energy, prevent global warming, and reduce its environmental burden.
Development of Policies on Information Provision to Stakeholders	In order to disclose timely and appropriate information to stakeholders, including customers, shareholders, and investors, the Company has established the "Disclosure Policy" as its basic policy on disclosures. The Company discloses information to its stakeholders based on this policy.

IV. Matters Related to the Internal Control System

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

The Company recognizes the establishment of an appropriate internal control system as one of the crucial responsibilities of the Board of Directors. Accordingly, the Company has established a basic policy on the development of systems to ensure the appropriateness of business operations ("Basic Policy on the Establishment of the Internal Control System"), as follows.

1. System to ensure that business execution by Directors and employees complies with laws and regulations, and the Articles of Incorporation

(1) The Board of Directors shall comprise Directors including Outside Directors, determine important matters in accordance with laws and regulations, the Articles of Incorporation, and the "Board of Directors Rules," and supervise the business execution of Directors.

(2) Directors shall supervise their designated business operations based on the respective roles determined by the Board of Directors, and in accordance with laws and regulations, the Articles of Incorporation, resolutions of the Board of Directors, and internal rules.

(3) The executive officer system shall be adopted to strengthen the decision-making function of the Board of Directors and to improve the efficiency of business execution. Executive officers shall execute their designated duties, as delegated by the Board of Directors and the Representative Director, based on the decisions of the Board of Directors.

(4) The "Basic Policy on Compliance" and the "Compliance Rules" (hereinafter, collectively referred to as the "Compliance Rules, etc.") shall be established, and compliance-oriented management shall be practiced in order to ensure that all Directors and employees will always be aware of their corporate social responsibility, and act in compliance with social norms as well as written laws, regulations and rules.

(5) A Director in charge of compliance shall be elected in accordance with the "Compliance Rules, etc.," and a Compliance Committee chaired by the Director in charge of compliance shall be established. By periodically convening the Compliance Committee and cooperating with the Whistleblowing Hotline, violations of laws and regulations by Directors and employees, as well as the possibility of occurrence of such violations shall be monitored, investigated, supervised, and managed.

(6) In the event of a compliance violation, a system led by the Compliance Committee for reporting to the Representative Director, Chief Executive Officer, the Board of Directors, and the Audit and Supervisory Committee, and a system for consulting and reporting to the corporate attorney, as necessary, shall be established.

2. System to retain and manage information concerning business execution by Directors

Important management documents, confidential information, and personal information shall be appropriately recorded, retained, and managed in accordance with laws and regulations, the provisions of the "Rules for

Information Management," the "Rules for Management Concerning Confidential Information and Trade Secrets," the "Rules for Handling of Personal Information"t the "Information Security Management Rules," and other rules.

3. Rules and other systems for managing the risk of loss
The "Risk Management Rules" and the "Crisis Management Rules" shall be established in order to prevent the materialization of risks. In addition, a system shall be established to take prompt and appropriate measures in the event that risks materialize.

4. Systems to ensure efficient business execution by Directors
(1) To ensure efficient business execution by Directors, matters relating to the operation of the Board of Directors shall be provided in the "Board of Directors Rules." In addition, the Board of Directors meetings shall be held once each month, with extraordinary meetings held as necessary.
(2) Directors shall utilize IT and make efforts to promptly and accurately grasp management information.

5. Systems to ensure the appropriateness of business operations of the corporate group, comprising the Company and its subsidiaries
(1) Regarding matters relating to the business execution by subsidiaries' Directors, etc., the appropriateness of business operations shall be ensured by periodically receiving reports on the subsidiaries' management status at the Company's Board of Directors meetings.
(2) Regarding the risk items provided in the "Risk Management Rules," the subsidiaries' Board of Directors shall conduct assessments, as necessary, to prevent the materialization of risks. In addition, a system shall be established to take prompt and appropriate measures in the event that risks materialize.
(3) The Company's Audit and Supervisory Committee Members designated by the Audit and Supervisory Committee shall give due consideration to whether the subsidiaries' internal control systems have been properly developed, and exercise their statutory rights, as necessary, to investigate the subsidiaries and take other actions.
(4) The personnel in charge of internal audits shall perform periodic and ad hoc internal audits of subsidiaries, and promote the development of internal controls, while providing instructions regarding improvement measures, as well as support and advice on implementation.

6. Matters related to directors and employees who support the Audit and Supervisory Committee in cases where the Audit and Supervisory Committee request directors and employees to support them in their duties; matters relating to the independence of such directors and employees from Directors(except for the Directors who are the Members of the Audit and Supervisory Committee); and systems to ensure the effectiveness of instructions given to such directors employees
(1) If the Audit & Supervisory Committee requests supporting directors, staff and employees to support their duties shall be determined following an exchange of opinions between Directors and the Audit and Supervisory Committee and provides the required human resources.
(2) If directors and employees to support the Audit & Supervisory Committee are provided, such directors and employees shall not be subject to the commands and orders of Directors(except for the Directors who are the Member of the Audit and Supervisory Committee) or other superiors regarding requests by the Audit and Supervisory Committee.
(3) Personnel transfers and disciplinary actions concerning directors and employees who support the duties of the Audit & Supervisory Committee shall require the prior consent of the Audit and Supervisory Committee.

7. Systems for Directors and employees to report to the Audit and Supervisory Committee
(1) The Company's Directors and employees, and its subsidiaries' Directors and employees shall promptly report on the status of business execution when requested by the Audit & Supervisory Committee.
(2) The Company's Directors and its subsidiaries' Directors shall immediately report to the Audit & Supervisory Committee when facts that could potentially cause significant damage to the Company or its subsidiaries are discovered.
(3) The Company shall establish a system whereby the Company's employees and its subsidiaries' employees can report to the Audit & Supervisory Committee through the Whistleblowing Hotline or other channels, when facts that could potentially cause significant damage to the Company or its subsidiaries are discovered.

(4) The Company shall establish a system to ensure that persons who have reported to the Audit & Supervisory Committee, as described above, shall not be treated unfairly.
(5) The Director in charge of compliance shall appropriately report the facts that were reported through the Whistleblowing Hotline to the Audit & Supervisory Committee, without delay.

8. Systems to ensure effective audits by the Audit and Supervisory Committee, and other matters
(1) The Audit and Supervisory Committee may attend and express opinions at the Board of Directors meetings and other important meetings in order to grasp important decision-making processes and the status of business execution. The Audit and Supervisory Committee may also inspect documents requesting important approvals and other important documents relating to business execution, and request explanations, as necessary, from Directors and employees.
(2) If the Audit and Supervisory Committee makes requests to the Company for payment of expenses, including advances arising from the execution of their duties(limited to the requests related to the execution of the duties of the Audit and Supervisory Committee), in accordance with Article 399-2 (4) of the Companies Act, the Company shall promptly process such expenses or liabilities.

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

The Company has established the "Basic Policy on Anti-social Forces (ASF) and Rules on Countermeasures" and the "Manual on the Investigation of Anti-social Forces (ASF)." In addition, the Company is also a member of the Shibuya Area Council for Countering Special Violence, in order to gather and share relevant information.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted

Supplementary Explanation

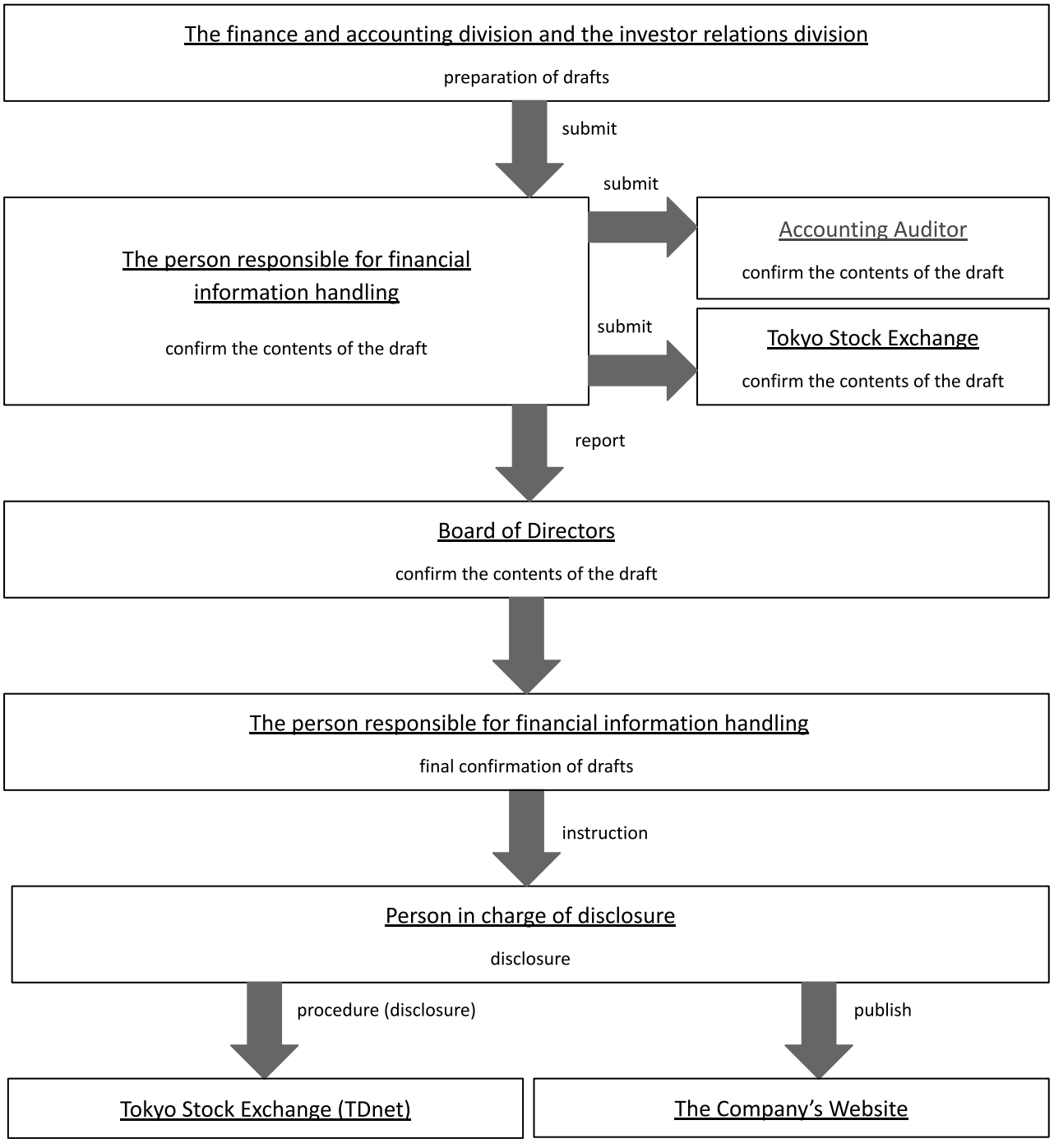
—

2. Other Matters Concerning the Corporate Governance System

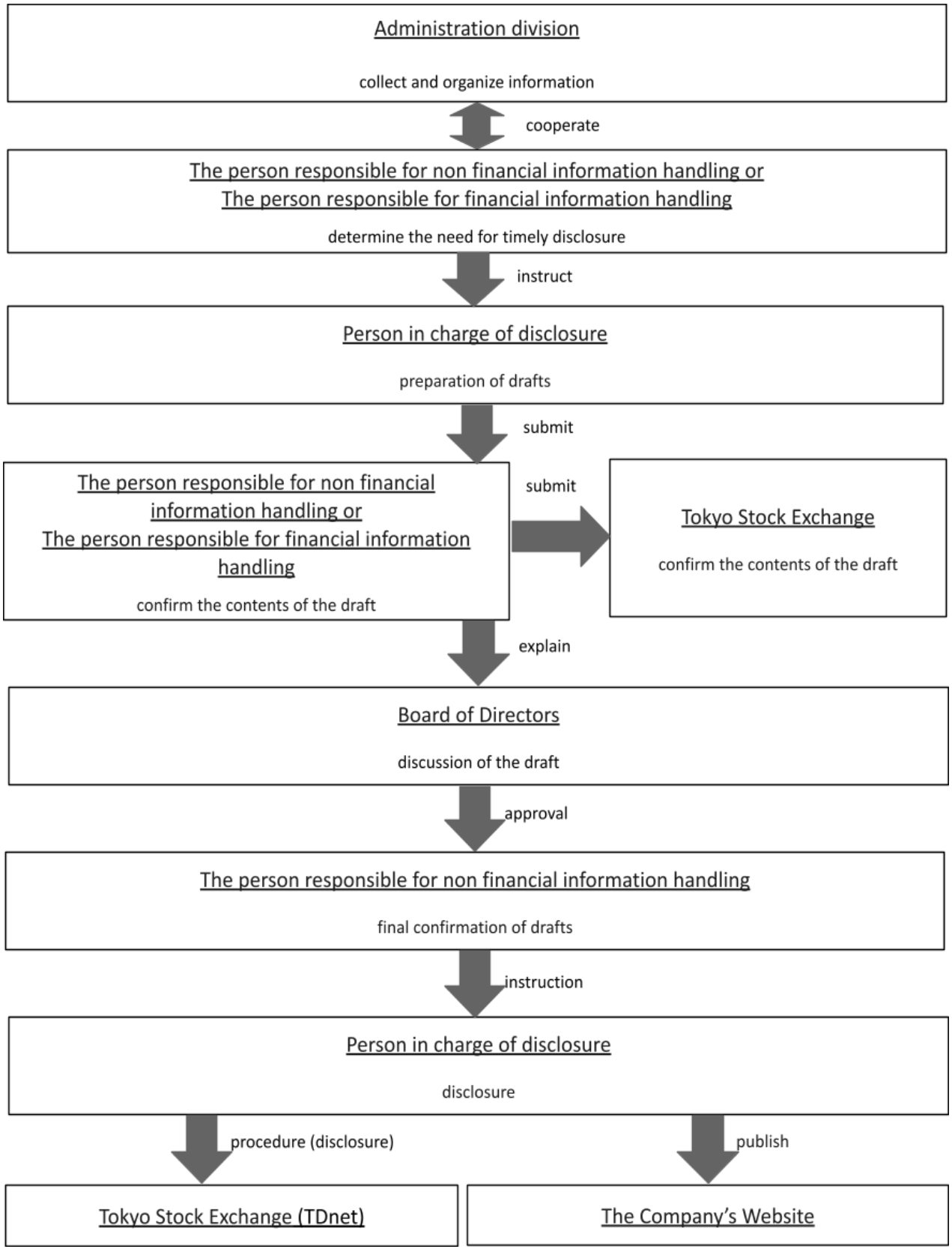
The Flow of the Company's Procedures for Timely Disclosures

※Please see the following pages for details.

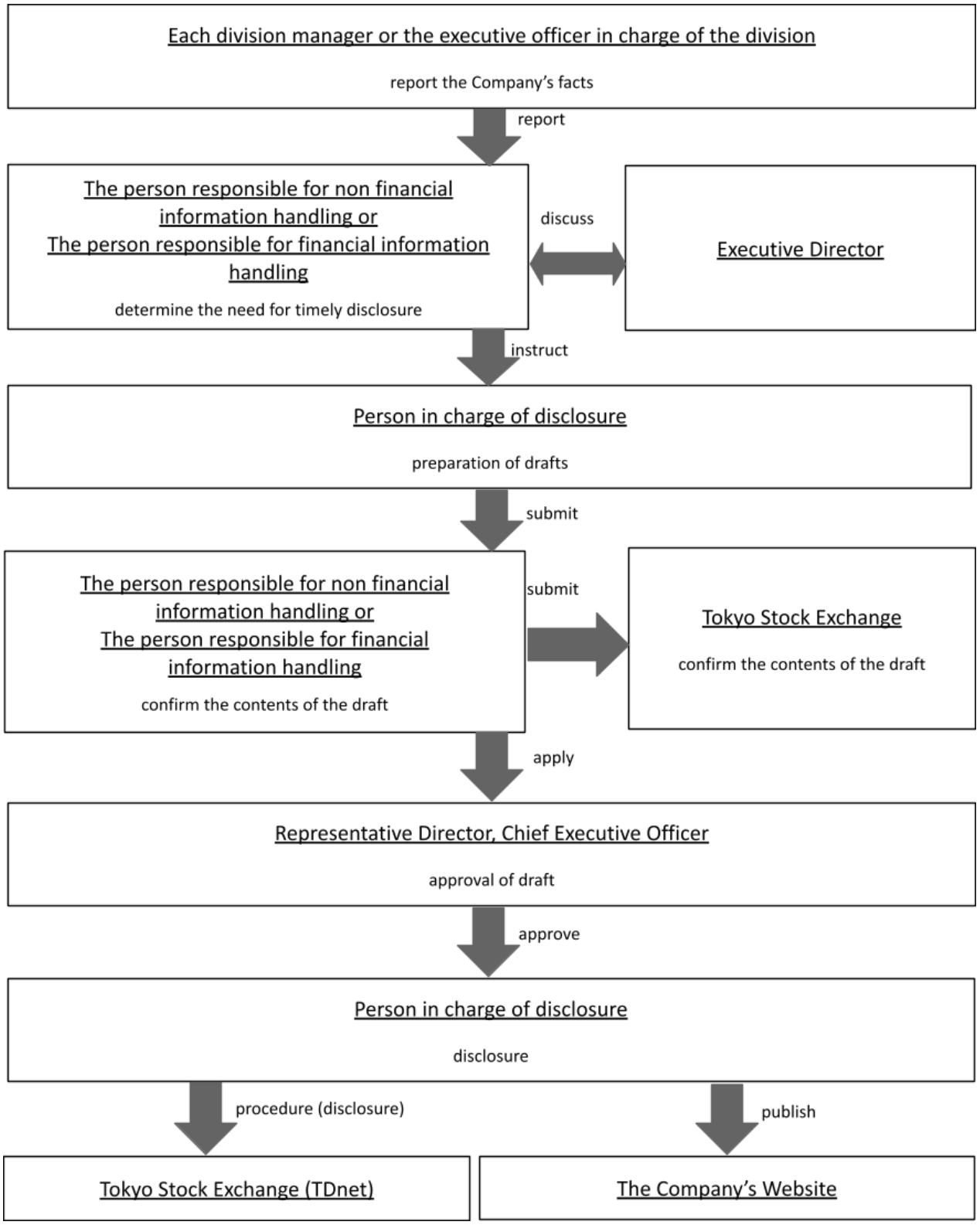
■Disclosure Flow of Earnings Information



■Disclosure Flow of Decisions



■Disclosure Flow of Facts Occurred



Schematic Diagram of Corporate Governance of the Company Update

