[Translation]

Corporate Governance Report

CORPORATE GOVERNANCE Northsand, Inc.

November 25, 2026
Northsand, Inc.
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The corporate governance of Northsand, Inc. (the "Company") is described below.

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

1. Basic Views

The Company operates as a comprehensive consulting firm mainly providing IT consulting and business consulting services. Under its vision to "Design the world" and its mission to "Bring 'cool' to companies," the Company aims to "Create new value yet to exist in the world," by flexibly responding to diverse client needs regardless of sector. The Company recognizes that the establishment of sound corporate governance is essential to continuously expand revenue, enhance corporate value and maximize the interests of stakeholders including shareholders, business partners, and employees.
Based on this fundamental philosophy, the Company is committed to developing effective internal control systems, establishing appropriate risk management systems, strengthening compliance systems, and reinforcing auditing structures to properly oversee these processes. Through ongoing enhancement of corporate governance, the Company strives to further increase its corporate value.

【Reasons for Non-compliance With the Principles of the Corporate Governance Code】

【Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings】
The Company recognizes that prompt disclosure of information is extremely important from the perspective of vitalizing the General Meeting of Shareholders and establishing an environment for the appropriate exercise of shareholder rights. However, due to constraints such as the schedule for finalizing its financial closing and audit processes, the Company currently does not file its Annual Securities Report prior to the General Meeting of Shareholders.
Going forward, the Company will develop an environment for earlier disclosure by digitalizing and streamlining its accounting and financial closing processes and strengthening coordination with its audit firm, and will continue to consider and take steps toward disclosing its Annual Securities Report prior to the General Meeting of Shareholders at the earliest possible stage. In addition, to improve the environment for the exercise of voting rights, the Company plans to participate in the Electronic Voting Platform for institutional investors starting from the Annual General Meeting of Shareholders scheduled to be held in April 2027.

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

【Principle 1.1 Constructive Dialogue with Shareholders】
The Company has designated Corporate Communications (IR) in the Corporate Division, with the Executive Director, CFO as the officer in charge, as the department responsible for promoting constructive dialogue with shareholders and investors. Specifically, based on its Disclosure Policy, the Company strives to provide information with an emphasis on transparency, fairness, and continuity. For individual investors, the Company holds regular briefings at which the Representative Director, CEO explains the Company's overview, financial results, and growth strategies, and for analysts and institutional investors, it holds financial results briefings and individual meetings on a quarterly basis. The Company also regularly conducts IR visits to overseas investors, at which mainly the Representative Director, CEO and the Executive Director, CFO provide explanations directly. These IR materials are posted on the Company's website to provide information widely, and opinions and requests obtained through dialogue with shareholders and investors are shared with relevant departments so that they can be reflected in management.

【Principle 1.4 Cross-Shareholdings】
(1) The Company currently holds no cross-shareholdings and, as a general policy, does not intend to hold any in the future. If, as an exception, it becomes necessary to hold such shares from the perspective of strengthening business relationships or for other reasons, the Board of Directors will carefully deliberate on and examine the matter in light of the rationality of the purpose of the holding, its contribution to medium- to long-term growth, and whether its benefits and risks are commensurate with the cost of capital, and will appropriately disclose the details.
(2) Although the Company currently holds no cross-shareholdings, if it comes to hold any in the future, it will formulate and disclose specific standards for the exercise of voting rights to ensure appropriate responses, and

will act in accordance with such standards.
(3) The Company recognizes that there are no companies holding the Company's shares as cross-shareholdings (cross-shareholders). Even if cross-shareholders arise in the future and indicate an intention to sell or otherwise dispose of their shares, the Company will not engage in any conduct that would hinder such sale, such as by suggesting a reduction in business transactions.
(4) Even when conducting transactions with cross-shareholders, the Company will do so only after fully examining their economic rationality, and will not engage in any transactions that would harm the common interests of the Company and its shareholders.

【Principle 2.2 Ensuring Diversity】
(1) The Company places the value of caring for "people" at the core of its management philosophy, and recognizes the importance of respecting individuality regardless of gender, nationality, career background, or other attributes, and leveraging it as organizational strength. Viewing diverse perspectives and values as a source of sustainable growth, the Company will promote the appointment of core human resources and the development of a supportive environment.
(2) With regard to the promotion of women, the Company aims to maintain a ratio of female employees of 25% or more and to achieve a ratio of female managers of 15% or more over the five-year period from February 1, 2026 to January 31, 2031. With regard to the promotion of mid-career hires and foreign nationals, the Company conducts fair evaluations and appointments based on experience and ability. In light of the fact that mid-career hires already play an active role to a certain extent, as well as the scale of its business, the Company has not set uniform numerical targets at present, but will continue to promote balanced appointments.
(3) With regard to the promotion of women, the Company maintains a certain ratio of women among all employees while actively appointing and developing women for management positions, and is steadily achieving results toward its targets. With regard to the promotion of mid-career hires, the recruitment and promotion of personnel with diverse backgrounds has progressed in line with the Company's business growth, and mid-career hires currently account for a certain percentage of managers and lead the organization as core human resources. With regard to the promotion of foreign nationals, the Company recruits and promotes personnel based on their abilities and aptitude regardless of nationality, and incorporates diverse perspectives into its organizational management.
(4) With regard to human resource development and the internal work environment, in addition to providing rank-based training and career support, the Company continues to operate shorter working hours and work-from-home programs and has established a consultation service for fertility treatment and family planning, thereby promoting flexible work styles and support for balancing work and family life.

【Principle 2.4 Roles of Corporate Pension Funds as Asset Owners】
The Company does not have a corporate pension plan; instead, it has adopted a defined contribution pension plan.
【Principle 3.1 Full Disclosure】
(1) The Company discloses its management philosophy, management strategy, and medium-term management plan on its website, financial results presentation materials, and business reports.
(2) The Company discloses its basic views on corporate governance on its website, Corporate Governance Report, business reports, and in other documents.
(3) When determining the amount, level, and system of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members), the Company deliberates on these matters at the Nomination and Compensation Committee, a voluntary advisory body that includes independent outside officers, in order to enhance transparency and fairness. The final decision is made by the Representative Director, CEO, as authorized by the Board of Directors, within the limit of compensation approved by the General Meeting of Shareholders and with due respect for the Committee's recommendations. Compensation for Directors who are Audit and Supervisory Committee Members is determined through consultation among such Directors within the limit of compensation approved by the General Meeting of Shareholders. The policies regarding compensation for these Directors and for Directors who are Audit and Supervisory Committee Members are disclosed in the Corporate Governance Report, Annual Securities Report, and the notice of convocation of the General Meeting of Shareholders.
(4) In nominating candidates for Director, the Company comprehensively considers the experience, abilities, and qualities necessary for their roles and responsibilities in light of its management policy and strategy, and the Board of Directors makes the decision following deliberation and recommendation by the voluntary Nomination and Compensation Committee. In the event of a violation of laws and regulations, a significant lack of fitness for the duties, or other grounds, the dismissal of a Director is also appropriately decided by the Board of Directors following rigorous deliberation and recommendation by the Committee.
(5) The Company discloses the reasons for the nomination of candidates for Director and Outside Director in the notice of convocation of the General Meeting of Shareholders. In the event that grounds for the dismissal

of a Director arise, the Company's policy is to appropriately explain and disclose the reasons through timely disclosure or other means.

【Principle 4.3 Roles and Responsibilities of the Board III: Effective Oversight of the Management and Directors (i)】
(1) The Company has established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors. The Committee is chaired by the Representative Director, CEO and consists of three members, including two Independent Outside Directors. The Committee deliberates on important matters such as the basic policy on the appointment, reappointment, and dismissal of Directors and succession planning, and submits its recommendations to the Board of Directors.
(2) The Company has established a "Disclosure Policy" and "Timely Disclosure Regulations," and has developed a system to disclose important information regarding its operations, management, business performance, and other matters in a prompt, accurate, and fair manner. In addition, important disclosure matters are resolved or reported at meetings of the Board of Directors to ensure the timeliness and accuracy of information disclosure.
(3) As a general policy, the Company does not conduct transactions with its controlling shareholder or relatives of the controlling shareholder within the second degree of kinship. However, if such a transaction must unavoidably be considered, the Company will give due consideration so as not to harm the interests of minority shareholders in accordance with its "Related Party Transaction Management Regulations." Specifically, the Board of Directors will carefully deliberate on the necessity (business rationality) of the transaction and the appropriateness of its terms, and will make an appropriate decision.

【Principle 4.7 Use of Optional Approaches】
The Company is a company with an Audit and Supervisory Committee, and has established the voluntary Nomination and Compensation Committee to strengthen the independence, objectivity, and transparency of the deliberation process regarding the nomination and compensation of Directors.
The Nomination and Compensation Committee consists of three members, two of whom are Independent Outside Directors. As a result, Independent Outside Directors constitute a majority of the Committee, ensuring their involvement and advice from an independent and objective standpoint in deliberations on the nomination and compensation of Directors. The Committee deliberates on the basic policy on the appointment, reappointment, and dismissal of Directors, matters related to succession planning, the basic policy for determining and the details of individual compensation of eligible Directors, and other matters referred by the Board of Directors, and submits its recommendations to the Board of Directors.

【Principle 4.13 Preconditions for Board and Audit and Supervisory Committee Effectiveness】
The Company's Board of Directors consists of eight Directors: five Inside Directors and three Independent Outside Directors. The Company recognizes that, in order for the Board of Directors to effectively fulfill its roles and responsibilities, it is important to ensure the necessary expertise and diversity of the Board as a whole, taking into account the knowledge, experience, and abilities of each Director. Accordingly, in addition to Directors with knowledge of the Company's management and business operations, the Company has appointed Independent Outside Directors with extensive outside experience and expertise (including in finance, accounting, and legal affairs), achieving a well-balanced composition in terms of knowledge, experience, and expertise. The combination of skills and expertise of the Directors is disclosed in the notice of convocation of the General Meeting of Shareholders.
The Company conducts an annual self-evaluation questionnaire on the effectiveness of the Board of Directors for Directors and Audit and Supervisory Committee Members, and analyzes and evaluates the effectiveness of the Board as a whole. Based on the issues identified through this analysis and evaluation, as well as opinions and suggestions from each Director and Audit and Supervisory Committee Member, the Company strives to improve the functions of the Board of Directors. The results of the analysis and evaluation are disclosed on the Company's website.

【Principle 4.15 Director and Audit and Supervisory Committee Member Training】
The Company believes that, in order for Directors to appropriately fulfill their roles and responsibilities, it is important to ensure opportunities for them to acquire necessary knowledge and continuously update it.
Based on this view, the Company regularly provides training opportunities for Directors to acquire necessary knowledge regarding the Company's business strategy, governance, risk management, and other matters. The Company will also continue to provide training and information as needed, taking into account changes in the business environment and the status of discussions at the Board of Directors.

[Translation]

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

【Status of Major Shareholders】

Name	Number of Shares Held (Shares)	Shareholding Ratio (%)
Goonies Co., Ltd.	30,000,000	43.48
Tomohiro Maeda	4,200,000	6.09
Tomoaki Kono	2,400,000	3.48
Fan Co., Ltd.	2,400,000	3.48
Leaf Co., Ltd.	2,400,000	3.48
Nove Co., Ltd.	2,400,000	3.48
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,373,500	3.44
Custody Bank of Japan, Ltd. (Trust Account)	1,964,800	2.85
GOVERNMENT OF NORWAY (Standing Proxy: Citibank, N.A., Tokyo Branch)	1,850,000	2.68
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1,802,505	2.61

Name of Controlling Shareholder (Excluding Parent Companies)	—
	—

Name of Parent Company	—
Stock Exchange on which the Parent Company is Listed	—

Supplementary Explanation

(1) The status of major shareholders is as of the end of July 2026.
(2) Goonies Co., Ltd., Fan Co., Ltd., Leaf Co., Ltd., and Nove Co., Ltd. are asset management companies of Tomohiro Maeda, Kohei Sasaki, Hiroki Kato, and Ryota Komatsu, respectively, who are directors and officers of the Company.
(3) A Change Report was filed on November 25, 2026, according to which Tomohiro Maeda disposed of all of his shares. In addition, Goonies Co., Ltd. disposed of a portion of its shares, and as a result, its shareholding is now 27,600,000 shares.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	January
Business Sector	Services
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	Fewer than 10

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

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[Translation]

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

The Company does not recognize any special matters that may have a material impact on corporate governance at present.

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

1. Organizational Composition and Operation

Form of Organization	Company with an Audit and Supervisory Committee

【Directors】

Maximum Number of Directors under the Articles of Incorporation	12
Term of Office of Directors under the Articles of Incorporation	1 year
Chairperson of the Board of Directors	Representative Director, CEO
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Outside Directors Designated as Independent Officers	3

Relationship with the Company (1)

Misa Kusumoto	Former employee of another company
Jin Watanabe	Attorney-at-law
Shunta Tanaka	Certified Public Accountant

Name	Attributes	Relationship with the Company(*1)									
		a	b	c	d	e	f	g	h	i	j	k
Misa Kusumoto	Former employee of another company											
Jin Watanabe	Attorney-at-law											
Shunta Tanaka	Certified Public Accountant											

*1 Categories for "Relationship with the Company

a. Executive of a listed company or its subsidiary
b. Executive of the parent company of a listed company or non-executive director thereof
c. Executive of a fellow subsidiary of a listed company
d. Person who has a major business relationship with the listed company or an executive thereof
e. Major business partner of the listed company or an executive thereof
f. Consultant, accounting professional, or legal professional receiving significant remuneration other than officer compensation from the listed company
g. Major shareholder of the listed company (or an executive thereof if the shareholder is a corporation)
h. Executive of a business partner of the listed company (not falling under d, e, or f) (the Director himself/herself only)
i. Executive of a company with mutual appointment of outside officers (the Director himself/herself only)
j. Executive of an organization to which the listed company makes donations (the Director himself/herself only)
k. Other

[Translation]

Relationship with the Company (2)

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Misa Kusumoto	○	—	Ms. Misa Kusumoto has been appointed as an Outside Director based on her extensive experience and expertise in corporate management, including management strategy, branding, and public relations. She has been providing useful advice on the Company's management from an independent and objective standpoint, and the Company considers her well suited to serve as a member of its Board of Directors. She has also been designated as an Independent Officer, as she does not fall under any of the conditions stipulated by the Tokyo Stock Exchange and is considered unlikely to have any conflict of interest with ordinary shareholders.
Jin Watanabe	○	—	Mr. Jin Watanabe has been appointed as an Outside Director in recognition of his extensive experience and professional expertise as an attorney. Based on his perspective as a legal expert, he has been appropriately performing the function of auditing business execution from an objective and neutral standpoint, and the Company considers him well suited to serve as a member of its Board of Directors. He has also been designated as an Independent Officer, as he does not fall under any of the conditions stipulated by the Tokyo Stock Exchange and is considered unlikely to have any conflict of interest with ordinary shareholders.
Shunta Tanaka	○	—	Mr. Shunta Tanaka has been appointed as an Outside Director in recognition of his extensive experience and professional expertise as a certified public accountant and tax accountant. Based on his perspective as an accounting and tax expert, he has been appropriately performing the function of auditing business execution from an objective and neutral standpoint, and the Company considers him well suited to serve as a member of its Board of Directors. He has also been designated as an Independent Officer, as he does not fall under any of the conditions stipulated by the Tokyo Stock Exchange and is considered unlikely to have any conflict of interest with ordinary shareholders.

[Translation]

【Audit and Supervisory Committee】

Composition of the Committee and Attributes of the Chairperson

	Total Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	1	2	Inside Director

Establishment of Directors and Employees to Assist the Audit and Supervisory Committee	Established

Matters Concerning Independence of Such Directors and Employees from Executive Directors

The Company has established staff to assist the Audit and Supervisory Committee (Audit and Supervisory Committee staff). Such staff members are not subject to the direction or orders of Directors (excluding Directors who are Audit and Supervisory Committee Members) in the execution of their duties and perform their duties under the instructions of the Audit and Supervisory Committee. In addition, personnel changes and performance evaluations of such staff are conducted with due respect for the opinions of the Audit and Supervisory Committee.

Coordination among the Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit and Supervisory Committee, the Internal Audit Department, and the Accounting Auditor enhance the quality of their respective audit functions through the following coordination:

・Mutual explanation and reporting of audit plans
・Sharing of information on issues, problems, and their improvement status through regular meetings
・Mutual attendance at each other's audit activities

(Coordination between the Audit and Supervisory Committee and Internal Audit Department)

They hold meetings as necessary on a regular basis and closely exchange information and coordinate their audit activities.

(Coordination between the Audit and Supervisory Committee and the Accounting Auditor)

They hold regular meetings to exchange information and enhance the effectiveness of audits.

(Coordination between the Internal Audit Department and the Accounting Auditor)

They hold meetings as necessary to mutually confirm the status of internal controls, including the implementation of J-SOX.

[Translation]

【Voluntary Committee】

Establishment of Voluntary Committee Equivalent to a Nomination / Compensation Committee	Established

Establishment of Voluntary Committee(s), Member Composition, and Attributes of Chairperson

Voluntary Committee Equivalent to a Nomination Committee

Committee's Name			Nomination and Compensation Committee			
Total Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
3	0	1	2	0	0	Inside Director

Voluntary Committee Equivalent to a Compensation Committee

Committee's Name			Nomination and Compensation Committee			
Total Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
3	0	1	2	0	0	Inside Director

Supplementary Explanation

The Company has established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. Upon request from the Board, the Committee deliberates on the following matters and submits recommendations to the Board.

・Basic policy on the appointment, reappointment, and dismissal of Directors
・Matters related to succession planning
・Basic policy for determining individual compensation of eligible Directors
・Details of individual compensation of eligible Directors
・Other matters referred by the Board of Directors

【Independent Officers 】

Number of Independent Officers	3

Other Matters Related to Independent Officers

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【Incentives】

Implementation Status of Measures Related to Incentives Granted to Directors	Implementation of stock option plan

Supplementary Explanation for Applicable Items

The Company has introduced a stock option plan to enhance motivation to contribute to its sustainable growth and the enhancement of corporate value.

Persons Eligible for Stock Options	Inside Directors and employees

Supplementary Explanation for Applicable Items

The Company has established a "Stock Acquisition Rights Trust (issued at fair value)" with Frontia Trust Co., Ltd. as trustee, with the aim of providing incentives to Inside Directors and employees for the medium- to long-term enhancement of corporate value.

[Translation]

【Director Compensation】

Status of Disclosure of Individual Director's Compensation	Partially disclosed on an individual basis

Supplementary Explanation for Applicable Items

Disclosure is limited to those whose total compensation is 100 million yen or more. Compensation for Directors is disclosed on an aggregate basis.

Policy on Determining Compensation Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

Compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined by the Representative Director, CEO, based on delegation by a resolution of the Board of Directors and taking into account the recommendations of the voluntary Nomination and Compensation Committee, within the total amount approved by the General Meeting of Shareholders.
Compensation primarily consists of fixed remuneration, with consideration given to the following factors:
・Compensation commensurate with the Director's position and responsibilities
・Compensation that takes business performance into account, calculated based on a certain percentage of operating profit for the most recent fiscal year, adjusted according to the degree of achievement against the initial budget

Compensation for Directors who are Audit and Supervisory Committee Members is determined through consultation among such Directors, within the total amount approved by the General Meeting of Shareholders.

【Support System for Outside Directors】

Outside Directors are supported by staff of the Corporate Division. Meeting materials are distributed as early as possible to allow sufficient review time, and advance briefings are provided as necessary.

[Translation]

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

a. Board of Directors
The Board of Directors consists of eight Directors, including three Outside Directors, and meets once a month. All important matters are submitted to the Board for resolution. The Board also reviews business performance, related measures, and responses to medium-term management issues. When prompt decision-making is required, extraordinary meetings of the Board are convened to enable thorough deliberation and timely management decisions.

b. Audit and Supervisory Committee
The Audit and Supervisory Committee consists of three members who are Directors (including two Outside Directors), with a full-time Audit and Supervisory Committee Member serving as chairperson. The Committee meets once a month in principle and may convene extraordinary meetings as necessary.
The Audit and Supervisory Committee Members audit the status of Directors' execution of duties by reviewing important approval documents in accordance with the audit plan. The Committee strives to enhance its effectiveness through the exchange of opinions with the internal auditors and the Accounting Auditor.

c. Executive Committee
In addition to the Board of Directors, the Company holds an Executive Committee as a forum to deliberate on important matters related to business execution and specific management issues. The Committee consists of Executive Directors and Executive Officers (Senior Managing Executive Officer or above) and is held once a week in principle.
As of the date of submission of this report, the Committee comprises six members: Tomohiro Maeda (Representative Director, CEO), Kohei Sasaki, Tomoaki Kono, Yoshitaka Ogue (Executive Directors), Hiroki Hata and Jun Niiyama (Senior Managing Executive Officers).
The Committee facilitates information sharing, deliberates on important matters related to business execution, and makes decisions on matters delegated by the Board of Directors. A full-time Audit and Supervisory Committee Member attends each meeting and provides opinions as appropriate, thereby ensuring proper oversight of management.

d. Accounting Auditor
The Company has appointed HLB ES Next LLC as its Accounting Auditor. There are no special interests between the audit firm or its engagement partners and the Company.
In conducting audits, the Company provides necessary management information and ensures an environment in which audits can be performed fairly and independently. The Company also works to enhance audit effectiveness through coordination with the Audit and Supervisory Committee and internal auditors.

e. Risk and Compliance Committee
The Risk and Compliance Committee is established as a committee reporting directly to the Board of Directors. It is chaired by the Representative Director, CEO, with the officer responsible for the Corporate Division serving as Vice Chairperson. The Committee consists of Executive Directors and Executive Officers at the rank of Senior Managing Executive Officer or above. As of the date of submission of this report, the Committee comprises six members: Tomohiro Maeda (Chairperson; Representative Director, CEO), Yoshitaka Ogue (Vice Chairperson; Executive Director), Kohei Sasaki and Tomoaki Kono (Executive Directors), and Hiroki Hata and Jun Niiyama (Senior Managing Executive Officers). In accordance with the Risk Management Regulations, the Committee deliberates on the Company's risk management policies, framework, operations, and other matters related to risk management. In accordance with the Compliance Regulations, the Committee also deliberates on the Company's compliance initiatives and oversees the promotion of compliance throughout the Company.

f. Sustainability Committee
The Sustainability Committee is chaired by the Representative Director, CEO and consists of the officers responsible for the Human Resources Division, the Consulting Division, and the Corporate Division.
As of the date of submission of this report, the Committee comprises four members: Tomohiro Maeda (Chairperson; Representative Director, CEO), and Kohei Sasaki, Tomoaki Kono, and Yoshitaka Ogue (Executive Directors). The Corporate Division serves as the Committee's secretariat. The Sustainability Committee functions as an advisory body to the Board of Directors. In accordance with the Sustainability Committee Regulations, it deliberates on and reviews matters relating to the Company's basic sustainability policy, material issues, targets, and key performance indicators (KPIs), and reports and makes recommendations to the Board of Directors.

g. Internal Audit
Internal audits are conducted across all departments, in principle. The Internal Audit Office consists of one General Manager and six staff members, and conducts financial and operational audits based on an internal audit plan approved by the Representative Director, CEO. Additional audits may be conducted as instructed by the Representative Director, CEO.
Audit results are reported to the Representative Director, CEO and the Board of Directors, and effectiveness is ensured through improvement recommendations to audited departments and follow-up on corrective actions.

h. Nomination and Compensation Committee
The Company has established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors. As of the date of submission, the Committee comprises three members: Tomohiro Maeda (Chairperson; Representative Director, CEO), and Misa Kusumoto and Jin Watanabe (Outside Directors).
The Committee deliberates on matters including basic policies for the appointment, reappointment, and dismissal of Directors, succession planning, policies and details regarding individual compensation of eligible Directors, and other matters referred by the Board of Directors, and submits recommendations to the Board.

i. Limitation of Liability Agreements
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with its Outside Directors and the Accounting Auditor to limit their liability under Article 423, Paragraph 1 of the Companies Act. The minimum liability under such agreements is the amount stipulated by laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted a corporate governance structure with an Audit and Supervisory Committee. This structure allows the Board of Directors, composed primarily of Directors with deep knowledge of the Company's business, to make decisions on fundamental management policies and important business execution matters, while Audit and Supervisory Committee Members—who have voting rights as Board members—conduct audits and supervision of Directors' execution of duties from an independent standpoint. The Company believes this structure is effective in ensuring both management efficiency and soundness. Currently, the Board consists of eight Directors (including three Outside Directors), all of whom possess extensive knowledge of the Company's business as well as expertise in finance and accounting, risk management, and compliance. The Company believes that the Board is well-balanced in its composition.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	In order to secure sufficient time for shareholders to review the agenda, the Company dispatches the convocation notice of the General Meeting of Shareholders earlier than the statutory deadline. In addition, the notice is posted on the Company's website prior to the date of dispatch.
Scheduling of General Meeting of Shareholders Avoiding the Peak Day	As the Company's fiscal year ends in January, its General Meeting of Shareholders does not fall on the peak day.
Electronic or Magnetic Exercise of Voting Rights	The Company enables the exercise of voting rights via the Internet.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	To enable smooth exercise of voting rights by institutional and overseas investors, the Company plans to adopt the Electronic Voting Platform starting from the Annual General Meeting of Shareholders to be held in April 2027.
Providing Convocation Notice in English (Translated Fully or Partially)	Taking into account the composition of institutional and overseas shareholders and for the convenience of shareholders, the Company provides an English summary of the convocation notice on its website.

[Translation]

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policies	The Company strives to provide information to shareholders and investors based on the principles of transparency, fairness, and continuity. The disclosure policy is published on the Company's website.	—
Regular Investor Briefings Held for Individual Investors	The Company holds investor briefings for individual investors, at which the Representative Director, CEO primarily explains the Company's overview, financial results, and progress of growth strategies.	Held
Regular Investor Briefings Held for Analysts and Institutional Investors	The Company holds quarterly financial results briefings for analysts and institutional investors, at which the Representative Director, CEO primarily explains the Company's overview, financial results, and progress of growth strategies.	Held
Regular Investor Briefings Held for Overseas Investors	The Company conducts IR visits for overseas investors, at which the Representative Director, CEO primarily explains the Company's overview, financial results, and progress of growth strategies.	Held
Online Disclosure of IR Information	The Company publishes IR materials on its website.	—
Establishment of Department and/or Manager in Charge of IR	Corporate Communications (IR) in the Corporate Division has been designated as the department responsible for IR.	—

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Company has established the "Timely Disclosure Regulations" and has developed a system to disclose important information regarding operations, business performance, and other matters in a timely, accurate, and fair manner. Through this, the Company seeks to ensure fair price formation and smooth trading of its shares, prevent insider trading, and build relationships of trust with all stakeholders, including shareholders and investors.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company places valuing "people" at the core of its management philosophy and considers engagement with local communities and environmental considerations as important responsibilities beyond its business activities. As part of these efforts, the Company conducts regular clean-up activities in areas surrounding its major offices, contributing to environmental beautification. The Company also actively participates in local events and values opportunities to engage with community members. Going forward, the Company will continue to foster a corporate culture that values connections with people through such community-based initiatives.
Formulation of Policies, etc. on Information Provision to Stakeholders	In addition to regularly holding financial results briefings after quarterly and annual results announcements, the Company conducts briefings for individual investors and IR meetings with domestic and overseas institutional investors. Furthermore, the Company has established an IR page on its website to promptly disseminate information. Through these efforts, the Company aims to proactively disclose information to all stakeholders, including shareholders and investors.

[Translation]

IV. Matters Concerning Internal Control System

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

The Company's basic policy regarding its internal control system is as follows. Based on this policy, the Company evaluates the development and operational status of its internal control system, reviews it as necessary, and strives to establish and operate an effective internal control system.

1. Systems Related to Management Control

(1) Systems for Business Execution

① The Board of Directors meets once a month in principle, and determines matters prescribed by laws and regulations and the Articles of Incorporation, as well as other important management matters. The Board also supervises the execution of duties by Directors by receiving reports on their performance of duties. In addition, Outside Directors provide supervision from an independent and external perspective. The Audit and Supervisory Committee audits the execution of duties by Directors through hearings and other means.

② In order to deliberate on important matters related to business execution from multiple perspectives, the Company has established an Executive Committee composed of Executive Directors and Executive Officers. The Committee meets once a week in principle to deliberate on matters to be submitted to the Board of Directors and other important matters, as well as to receive reports on the status of business execution.

(2) Systems for the Storage and Management of Information Related to the Execution of Duties by Directors, etc.

In accordance with the document management regulations, information related to the execution of duties by Directors (excluding Directors who are Audit and Supervisory Committee Members), Executive Officers, and other employees (hereinafter "Directors, etc.") is recorded in documents or electromagnetic media and appropriately stored and managed based on the characteristics of such media.

(3) Systems for Internal Audit

To ensure the appropriateness and efficiency of the execution of duties by Directors, etc., the Company has established an Internal Audit Office under the direct supervision of the Representative Director, CEO as an organization independent from business execution lines. The Internal Audit Office regularly audits the status of business execution in each department, reports the results to the Representative Director, CEO and the Board of Directors, and makes recommendations for improvement as necessary.

2. Systems Related to Risk Management

① The Company has established a Risk and Compliance Committee to comprehensively manage risks that may have a significant impact on management. The results of deliberations by the Committee are submitted to the Board of Directors as necessary.

② The Company has established internal regulations governing information sharing and responses in the event of disasters or other incidents that may have a significant impact on the Company's assets or business activities. The Company also conducts regular drills to prepare for such events.

③ To ensure proper financial reporting in compliance with applicable laws and regulations, the Company has developed organizational structures and internal rules, and operates them appropriately.

3. Systems Related to Compliance

① The Company has established a Risk and Compliance Committee to promote management based on compliance with laws and regulations. The results of the Committee's deliberations are reported to the Board of Directors.

② The Company has established and disseminated a Charter of Corporate Behavior that sets forth basic matters regarding compliance with laws, rules, and social norms.

③ To prevent, detect, and address compliance violations at an early stage, the Company has established internal and external whistleblowing channels separate from the regular reporting lines. The Company also ensures the protection of whistleblowers in accordance with internal regulations.

④ To eliminate relationships with anti-social forces, the Company has designated responsible departments, established internal rules, set up consultation channels, and works in cooperation with external organizations.

4. Systems Related to Audits

(1) Systems for Assistants to Audit and Supervisory Committee and Their Independence From Directors (excluding Directors who are Audit and Supervisory Committee Members)

① The Company assigns employees to assist the duties of the Audit and Supervisory Committee.

② Such assistants are not subject to the direction or orders of Directors (excluding Directors who are Audit and Supervisory Committee Members) in performing their duties.

③ Personnel changes and evaluations of such assistants are conducted with due respect to the opinions of the Audit and Supervisory Committee.

(2) Systems for Reporting to the Audit and Supervisory Committee and Ensuring Effective Audits

① Directors, etc. report matters submitted to the Board of Directors and the Executive Committee to the Audit and Supervisory Committee upon request.

② Audit and Supervisory Committee Members may attend meetings of the Executive Committee and express their opinions.

③ Directors, etc. shall promptly report to the Audit and Supervisory Committee any facts that may cause significant damage to the Company.

④ Important approval documents are made available to the Audit and Supervisory Committee after approval, and other documents related to business execution are also provided upon request.

⑤ The Representative Director, CEO holds regular meetings to exchange opinions with the Audit and Supervisory Committee.

⑥ The Internal Audit Office coordinates with the Audit and Supervisory Committee in formulating and implementing audit plans and reports the results to the Committee.

(3) Systems to Ensure That Whistleblowers Are Not Subject to Disadvantageous Treatment

The Company stipulates that no dismissal or any other disadvantageous treatment shall be imposed on any person who reports to the Audit and Supervisory Committee on the grounds of such reporting.

(4) Matters Related to Audit Expenses

When the Audit and Supervisory Committee requests payment of expenses deemed necessary for the execution of its duties, the Company shall promptly pay such expenses.

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

The Company has established the “Regulations for Responding to Anti-Social Forces” with the aim of firmly rejecting and eliminating any relationships with anti-social forces.
The Corporate Division has been designated as the department responsible for handling matters related to anti-social forces, with the Head of the Corporate Division serving as the person in charge. The Company collects and manages information related to anti-social forces through this framework.
In addition, the Company has developed a manual that stipulates investigation methods to eliminate relationships with anti-social forces, as well as procedures for responding in the event of contact from such forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning Corporate Governance System

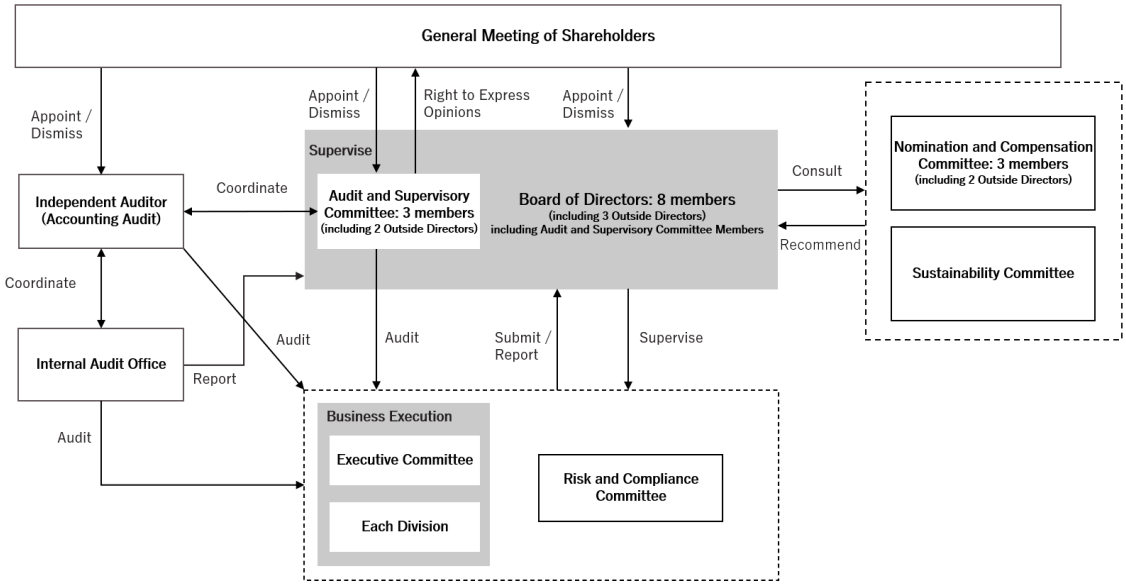
A schematic diagram outlining the Company’s corporate governance system and the procedures for timely disclosure is attached as reference material.

[Translation]

Corporate Governance Report

CORPORATE GOVERNANCE Northsand, Inc.

【Corporate Governance Structure (Schematic Diagram)】



【Overview of Timely Disclosure System (Schematic Diagram)】

