

Last Update: April 1, 2026**Digital Garage, Inc.**Kaoru Hayashi, Representative Director,
President Executive Officer and Group CEO

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<https://www.garage.co.jp/en/>

The corporate governance of Digital Garage, 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 is committed to enhancing and strengthening corporate governance to realize transparent, fair, swift, and decisive decision-making in order to earn the trust of various stakeholders including shareholders and to achieve sustainable growth and medium- to long-term corporate value enhancement, based on the following "Principle" and "Credo (Code of Conduct)".

< Principle >

Think for yourself and question authority.

< Credo (Code of Conduct) >

- TENACITY Have a strong will
- OPENNESS Question common sense and norms
- INTEGRITY Be honest and morally upright
- AGILITY Be agile
- COURAGE Be brave

Starting from the "Principle" and "Credo (Code of Conduct)", the Company has established its purpose of "designing 'new contexts' for a sustainable society with technology", and has created numerous first-in-Japan internet businesses through business incubation utilizing two revenue foundations: marketing technology that anticipates future market trends and highly reliable financial technology.

With the First Penguin Spirit, the Company's mission is to continuously create sustainable "business contexts" by integrating Technology × ESG × Incubation from a global perspective.

The basic philosophy and policies regarding corporate governance of the Company Group are published on the Company's website as the "Corporate Governance Basic Policy".

(<https://www.garage.co.jp/en/company/corporate-governance/>)

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

The Company implements each principle of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1-4 Cross-shareholdings]

As a company that creates "contexts" that benefit society, the Company may hold shares as strategic cross-shareholdings for the purpose of engaging in collaboration with various companies based on long-term and stable strategic partnership relationships.

In verifying strategic cross-shareholdings, the Company uses economic rationality as its judgment criteria, evaluating whether returns through relationship strengthening, collaboration, and synergy creation from shareholding exceed the Company's cost of capital and contribute to medium- to long-term corporate value enhancement, and consults the Board of Directors on holding policies including potential stock sales at least once annually.

Furthermore, in exercising voting rights for strategic cross-shareholdings, the Company exercises them appropriately after comprehensively considering whether they contribute to the medium- to long-term enhancement of corporate value for both the issuing company and the Company Group.

Regarding shareholdings as of the end of March 2025, the Company has comprehensively judged from the perspectives of medium- to long-term economic rationality and maintaining and strengthening relationships with investees, and determined that it is appropriate to hold all shares.

[Principle 1-7 Related Party Transactions]

The Company Group appropriately monitors related party transactions through approval and reporting of such transactions at the Board of Directors to ensure that such transactions do not harm the common interests of the Company and shareholders.

[Supplementary Principle 2-4(1) Ensuring Diversity in Core Human Resources]

(1) Human Resource Development Policy

Since its founding, the Company Group has maintained the "First Penguin Spirit" as its value and has consistently maintained an attitude of boldly challenging areas involving risks. The Company Group is committed to providing services that contribute to society without being bound by conventional wisdom or preconceptions. Furthermore, the Company Group faces changes in the business environment and is required to adapt to ongoing technological innovations.

Given this situation, the Company Group has identified "the implementation of human capital management initiatives that help to unlock a brighter future through the education and support for talent growth" as one of the materiality (key issues) in the human resources field. With the aim of developing human resources who will courageously challenge the evolving social environment while leveraging each individual's strengths, the Company Group is promoting various initiatives including diversification of career paths through multi-track personnel systems, internal recruitment systems that encourage willingness to take on challenges, and various training programs such as evaluator training and management enhancement training for managers. The Company Group believes these initiatives not only help employees build autonomous careers and enrich their lives, but also contribute to the growth of the Company Group.

Through developing human resources to pioneer the future, the Company Group aims to accelerate the business growth of the Company Group and contribute to a sustainable society through its business.

(2) Human Resource Diversity

Since its establishment, the Company Group has promoted the appointment of human resources emphasizing capabilities and achievements regardless of gender, nationality, work history, etc., resulting in the active participation of human resources with diverse backgrounds and expertise. As a result, collaboration among

human resources with different values and backgrounds within the same company/business is becoming normalized.

Given this situation, the Company Group has identified "creating and organizing a system in which an inclusive and diverse workforce can grow and thrive together" as one of the materiality in the human resources field. This is because the Company Group believes that employees with diverse backgrounds can maximize their individual capabilities and perform highly specialized tasks unique to the Company Group, thereby achieving sustainable growth and value delivery to society.

The Company Group believes that respecting the diversity of each employee and creating environments and systems that enable them to work positively and meaningfully leads to responding to society's diverse needs and challenges. As one specific initiative, the Company Group is promoting human resource initiatives by focusing on awareness reform to deepen mutual understanding, including hosting seminars on unconscious bias for managers and employees.

(3) Internal Environment Development

Based on the concept that strengthening both axes of materiality in the human resources field - "creating and organizing a system in which an inclusive and diverse workforce can grow and thrive together" and "the implementation of human capital management initiatives that help to unlock a brighter future through the education and support for talent growth" - leads to "creating an environment in which all employees can thrive and play an active role", the Company Group respects the diversity of each employee and creates environments where employees can choose work styles that match their respective life stages. Specifically, the Company Group provides environments where employees can choose work styles that match their individual lives and lifestyles through remote work and flextime systems, supports working parents through babysitter programs and short-time work systems that exceed legal requirements until children enter junior high school, and promotes paternal leave.

Furthermore, to strengthen the relationship between employees and the company, the Company Group has established a "Human Resource Management Policy" that outlines what the company promises to employees and what the company expects from employees. This policy states that the Company Group promises employees "fostering psychological safety", and the Company Group strives to build an environment where employees can express opinions and ideas with confidence.

[Principle 2-6 Functions as Asset Owner of Corporate Pension]

The Company Group does not have a corporate pension fund system. For stable asset formation of employees, the Company Group has introduced a corporate-type defined contribution pension system.

[Principle 3-1 Enhancement of Information Disclosure]

(1) Management Philosophy, Management Strategy, and Management Plan

The Company Group has established Purpose, Mission, and Value, which are published on the Company's website (<https://www.garage.co.jp/en/>). The Company Group has also formulated a five-year medium-term management plan starting from the fiscal year ended March 2024, publishing an overview of its strategy on the Company's website and other platforms, and communicating progress through earnings presentation materials and securities reports.

(2) Basic Philosophy and Basic Policy on Corporate Governance

Please refer to "I. 1. Basic Views" in this report.

(3) Policy and Procedures for Determining Director Compensation

Please refer to "II. 1. Organizational Composition and Operation [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods " in this report.

(4) Policy and Procedures for Determining Director Nomination and Dismissal Candidates

Director nomination candidates (excluding Audit and Supervisory Committee members and outside directors) are selected based on whether they possess outstanding character and insight, and have the knowledge and experience to execute the Company's management accurately, fairly and efficiently, while outside director candidates are evaluated on whether they possess outstanding character and insight, can provide advice on overall management based on their expertise, and can appropriately reflect the opinions of stakeholders including minority shareholders to the Board of Directors from an independent standpoint, with the President and Executive Officer initiating proposals to the Nomination and Compensation Advisory Committee, and the Board of Directors making final decisions based on candidate proposals reflecting the committee's recommendations. Audit committee member director candidates are selected based on whether they possess outstanding character and insight and have the knowledge and experience to perform audits of directors' execution of duties accurately, fairly and efficiently, with the President and Executive Officer initiating proposals to the Nomination and Compensation Advisory Committee, and the Board of Directors making final decisions with the consent of the Audit Committee based on candidate proposals reflecting the committee's recommendations.

In cases where there are serious violations of laws and regulations or articles of incorporation, significant lack of qualifications, or other grounds for dismissal based on director regulations in the execution of directors' duties, the Board of Directors will decide on the necessity of submitting proposals for director dismissal to the shareholders' meeting.

(5) Explanation of Individual Selection, Dismissal, and Nomination When Selecting and Dismissing Senior Management and Nominating Director Candidates

Individual reasons for the selection and dismissal of director candidates are disclosed in shareholders' meeting convocation notices.

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

The Company Group positions sustainability management as the very embodiment of the Company's purpose: "designing 'new contexts' for a sustainable society with technology", and has established this purpose as its sustainability policy.

Based on this purpose, the Company Group aims to create new services that contribute to solving social issues by connecting different phenomena such as "real and cyber", "local and international", "marketing and technology", and "present and future" through its unique context. Through co-creation with diverse stakeholders including alliance partners and startup companies, the Company Group will promote research and development of innovative technologies and their social implementation, contributing to sustainable enhancement of corporate value and the realization of a better society.

To promote sustainability management throughout the Company Group, strong commitment from top management and proactive collaboration across all departments is essential. Based on this recognition, the Company Group has established a "Sustainability Committee" with the President Executive Officer as the chief executive, promoting sustainability management from a Company Group-wide perspective.

The committee identifies materiality based on the Company's purpose and aims to create valuable benefits for both society and the Company Group through these initiatives. By setting and managing KPIs for each materiality, the Company Group will ensure the effectiveness of sustainability management and aim to solve social issues and enhance

corporate value through business activities.

The Company Group's sustainability policy, governance, risk management, strategy, indicators and targets are disclosed on the Company's website (<https://www.garage.co.jp/en/sustainability/>).

[Investment in Human Capital]

To realize the Company's purpose, the Company Group has established a "Human Resource Management Policy" based on the recognition that it is important to promote collaboration among employees with different backgrounds and strengthen the relationship between employees and the company. This policy states that the Company Group promises employees "investment in potential", providing rank-based training, practical training according to individual abilities, and growth opportunities through work. Details are disclosed on the Company's website (<https://www.garage.co.jp/en/sustainability/social/>).

[Response to Climate Change (Disclosure Based on TCFD Framework)]

The Company Group recognizes that climate change, which has significant impacts on the earth, humanity, and corporate activities, presents both risks and new business opportunities. Against this background, the Company Group endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in May 2022 and is making disclosures based on the TCFD framework. Please refer to the Company's website for details. (<https://www.garage.co.jp/en/sustainability/environment/>)

[Supplementary Principle 4-1(1) Scope of Delegation to Management]

The Board of Directors decides on matters stipulated in laws and regulations and the articles of incorporation, as well as matters stipulated in the Board of Directors regulations. Other business execution decisions are delegated to management meetings and full-time directors and corporate officers, with the content defined in internal regulations such as management meeting regulations and approval regulations.

[Principle 4-8 Effective Utilization of Independent Outside Directors] Updated

The Company has appointed five independent outside directors who appropriately provide supervision and advice on overall management based on their expertise from an independent standpoint.

[Principle 4-9 Independence Criteria and Qualifications of Independent Outside Directors]

The Company's independent outside directors are selected from individuals who have no conflicts of interest with the Company and do not have conflicts of interest with general shareholders, with reference to the external requirements of the Companies Act and independence criteria established by the Tokyo Stock Exchange and others, while keeping in mind that they are expected to play roles such as objective and appropriate supervision or auditing based on their expertise.

[Supplementary Principle 4-10(1) Composition of Voluntary Nomination and Compensation Committee]

Please refer to II. 1. Organizational Composition and Operation [Voluntary Established Committee(s)] S Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson " in this report.

[Supplementary Principle 4-11(1) Views on Balance of Knowledge, Experience and Capabilities, Diversity, and Size of the Board of Directors as a Whole]

The number of directors (excluding directors who are Audit and Supervisory Committee Members) is limited to 10, and the number of directors who are Audit and Supervisory Committee Members is limited to 5. To effectively fulfill the roles and responsibilities of the Board of Directors, the Company strives to ensure that the Board is composed of

diverse human resources by appointing women and individuals from companies and organizations with international business development as directors, based on the recognition that diverse perspectives from women and foreigners contribute to business promotion and management supervision, in addition to maintaining a well-balanced overall knowledge, experience, and capabilities. A skills matrix summarizing the specialized knowledge and experience of each director is described in V. Others of this report.

[Supplementary Principle 4-11(2) Concurrent Positions of Directors as Officers of Other Listed Companies]

The concurrent positions of directors as executives of other listed companies are disclosed in shareholders' meeting convocation notices and securities reports. Some of the Company's directors serve concurrently as outside directors and outside auditors of listed companies other than the Company, but the Company judges that this is kept within a reasonable range.

[Supplementary Principle 4-11(3) Analysis, Evaluation, and Disclosure of Board of Directors' Overall Effectiveness]

The Company's Board of Directors regularly conducts analysis and evaluation of its effectiveness using third-party organizations, based on self-evaluations by each director, from perspectives including the composition, operation, roles, responsibilities, and deliberation content of the Board of Directors, as well as the roles and responsibilities of the Nomination and Remuneration Advisory Committee and response to the Corporate Governance Code.

For the fiscal year ended March 2025, based on evaluation through relative comparison using external information from third-party organizations, the Company confirmed that the effectiveness of the Company's Board of Directors is sufficiently ensured.

This year in particular, there was positive evaluation of the Company's operational framework that enables rapid and flexible response during emergencies by reviewing security-related structures and separately appointing an Information Security Officer and CISO to clearly delineate supervisory and executive functions in the security domain, in response to security risks such as cyber incidents that continue to increase socially due to the growing complexity of various IT systems and sophistication of cybercrime.

Going forward, the Company will advance discussions on medium- to long-term enhancement of corporate value through deepening sustainability management, in addition to succession plans and human resource development.

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

Directors strive to acquire necessary knowledge and improve themselves to appropriately fulfill their expected roles and responsibilities. For this purpose, the Company provides directors with training opportunities useful for acquiring necessary knowledge at the Company's expense as appropriate. The Company implements the following training as initiatives to enhance the effectiveness of the Board of Directors.

(1) Onboarding Program for Newly Appointed Outside Directors

For newly appointed directors, the Company promptly provides onboarding programs regarding the Company Group's business content, management strategy, financial situation, organizational structure, etc., and opportunities for individual meetings with key departments.

(2) Continuous Information Provision and Exchange of Views

For all directors, the Company regularly provides the latest information on industry trends and regulatory changes, and holds quarterly meetings on the strategic direction of the entire Company Group. Additionally, the Company holds annual offsite meetings to discuss the strategic direction of the Company Group's business, sharing information and conducting intensive exchanges of opinions.

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

To achieve sustainable and medium- to long-term enhancement of corporate value, the Company actively engages in constructive dialogue with shareholders and investors while striving to establish systems that promote such dialogue.

The Representative Director, Vice President Executive Officer and Group COO, as the person responsible for dialogue with shareholders and investors, oversees the IR department and conducts individual meetings, small meetings, overseas roadshows, etc. Furthermore, centered on the Representative Director, President Executive Officer and Group CEO, relevant departments including business divisions and finance departments share information and exchange opinions based on their respective professional perspectives as appropriate, striving to enhance disclosure information that serves as the foundation for constructive dialogue. The status of dialogue with capital market participants including shareholders, investors, and securities analysts is reported monthly to the Board of Directors, and opinions received in dialogue are shared with inside and outside directors as appropriate and reflected in improvements to management strategy and IR activities.

In dialogue with shareholders and investors, the Company pays sufficient attention to the fairness of information disclosure in accordance with the Company's disclosure policy and appropriately manages insider information.

(IR activity results for the fiscal year ended March 2025: Over 300 individual meetings, 12 small meetings)

[Measures to Realize Management Conscious of Cost of Capital and Stock Price] [English disclosure available]

The Company Group is committed to enhancing corporate value through sustainable business expansion, and under cash flow-driven management, implements cash flow allocation that emphasizes capital efficiency in growth investments while being conscious of optimizing the balance among maintaining financial soundness and shareholder returns.

In the Company Group's medium-term management plan starting from the fiscal year ended March 2024, the Company Group positions the payment business, which has high capital returns, as the business foundation of the Company Group, continues growth investments, and works on business development in new areas intended to link with the payment business, thereby striving for further growth acceleration and improvement of capital returns.

Furthermore, the Company Group has established progressive dividends funded by recurring cash flows generated from business as its dividend policy, aiming to maximize corporate value through stable shareholder returns and business growth.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Resona Holdings, Inc.	5,713,000	12.42
Kaoru Hayashi	4,883,100	10.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,274,800	9.29
HAYASHI CAPITAL Co., Ltd.	2,933,700	6.38
JCB Co., Ltd.	2,364,500	5.14
Dentsu Group Inc.	2,348,000	5.10
GOLDMAN SACHS INTERNATIONAL	1,417,917	3.08
Custody Bank of Japan, Ltd. (Trust Account)	1,235,300	2.69
CGML PB CLIENT ACCOUNT/COLLATERAL	1,219,133	2.65
OASIS JAPAN STRATEGIC FUND LTD.	1,140,698	2.48

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	_____
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Name of Parent Company, if applicable	None
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Supplementary Explanation

Although the large shareholding report made available for public inspection on August 6, 2024, states that Nomura Securities Co., Ltd. and the following two joint holders held the following shares as of July 31, 2024, the Company has not included them in the above major shareholder status as the Company cannot confirm the actual number of shares owned as of March 31, 2025. The content of the large shareholding report is as follows:

- Nomura Securities Co., Ltd. Number of shares held: 235,218 (0.49%)
- Nomura International PLC Number of shares held: Δ 3,788 (Δ 0.01%)
- Nomura Asset Management Co., Ltd. Number of shares held: 1,055,400 (2.22%)

Although the large shareholding report made available for public inspection on March 13, 2025, states that Oasis Management Company Limited held the following shares as of March 6, 2025, the Company has not included them in the above major shareholder status as the Company cannot confirm the actual number of shares owned as of March 31, 2025. The content of the large shareholding report is as follows:

- Oasis Management Company Limited Number of shares held: 8,371,900 (17.57%)

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the 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 as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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

Not applicable.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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Directors Updated

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	13
Election of Outside Directors	Elected
Number of Outside Directors	6
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mitsushi Nishida	From another company											
Masako Ikeda	Lawyer											
Nanako Ishido	From another company											
Junji Inoue	From another company											
Koji Makino	CPA											
Shuma Uchino	From another company											

* Categories for "Relationship with the Company".

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

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

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Mitsushi Nishida			—	<p>Mitsushi Nishida has extensive experience working on development projects related to payment at a major listed company that develops systems for financial services, payments and other services and also has years of experience in business development and management.</p> <p>The Company therefore has determined he is expected to provide appropriate strategic guidance and management oversight for pursuing the FinTech business of the Company.</p>
Masako Ikeda		○	—	<p>Although Masako Ikeda has not been involved in corporate management in the past, she has specialist knowledge and a wealth of experience in law as an attorney. The Company has determined she can be expected to contribute to the appropriate oversight and the ensuring of sound business management from both general management and legal perspectives for the Company, in a business environment where the move to DX and digitalization are progressing in each industry and where related legislation is being formulated in parallel to this.</p> <p>She is designated as an Independent Director, considering that she has no conflicts of interest with the Company and maintains a high degree of independence, and is unlikely to cause a conflict of interest with general shareholders.</p>
Nanako Ishido		○	—	<p>Deeming that Nanako Ishido possesses deep expertise and experience in the IT and digital fields as an academic expert, and that she will be able to provide appropriate strategic guidance and oversight of management in the business domains of the Company Group, where rapid technological advances are driving significant transformations in business models, the Company nominated her as a candidate for Outside Director who is not an Audit and Supervisory Committee Member.</p>
Junji Inoue	○	○	—	<p>Junji Inoue has a wealth of overseas business experience, experience as CEO and CTO of a global IT company, experience at an IT company in Silicon Valley, and development experience at a Japanese payment systems company. He also has provided us with valuable opinions and suggestions from a global perspective as Outside Auditor and Outside Director who is an Audit and Supervisory Committee Member of the Company. Deeming that he can continue to provide oversight and advice concerning the business execution of Directors from his specialist perspective, the Company has determined he can be expected to contribute to appropriate oversight of business operation of the Company and ensure its sound business management.</p> <p>He is designated as an Independent Director, considering that he has no conflicts of interest with the Company and maintains a high degree of independence, and is unlikely to</p>

				cause a conflict of interest with general shareholders.
Koji Makino	○	○	—	<p>Although Koji Makino has not been involved in corporate management other than having served as an outside officer, he has a wealth of experience and expertise as a certified public accountant and consultant, as well as experience as an Outside Director of a listed company. In addition, as Outside Auditor and Outside Director who is an Audit and Supervisory Committee Member of the Company, he provided us with valuable opinions and suggestions concerning business management of the Company from an accounting perspective.</p> <p>Deeming that he can continue to provide oversight and advice concerning the business execution of Directors from his specialist perspective, the Company has determined he can be expected to contribute to appropriate oversight of business operation of the Company and ensure its sound business management.</p> <p>He is designated as an Independent Director, considering that he has no conflicts of interest with the Company and maintains a high degree of independence, and is unlikely to cause a conflict of interest with general shareholders.</p>
Shuma Uchino	○	○	—	<p>Shuma Uchino has extensive experience in corporate management and financial accounting through his career history that includes serving as CFO at a major listed company. Deeming that he can use that insight to provide oversight and advice concerning the business execution of Directors from his specialist perspectives pertaining particularly to management and administration, the Company has determined he can be expected to continue to contribute to appropriate oversight of business operation of the Company and ensure its sound business management.</p> <p>He is designated as an Independent Director, considering that he has no conflicts of interest with the Company and maintains a high degree of independence, and is unlikely to cause a conflict of interest with general shareholders.</p>

Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	4	1	1	3	Inside Director

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

Not Appointed

Reasons for Adopting Current System

While the Company does not have dedicated staff to assist audit and supervisory committee members in their duties, the Company believes the current framework functions effectively as internal directors who serve as audit and supervisory committee members collaborate with the internal audit department to conduct audit and supervisory activities.

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

Based on the Companies Act and the Audit and Supervisory Committee Rules, the Audit and Supervisory Committee audits the execution of duties by directors and the effectiveness of internal control systems, and contributes to the advancement of governance by overseeing the "three-way audit" with independent auditors and the internal audit department.

Specifically, regular meetings are held quarterly between audit and supervisory committee members and independent auditors to exchange opinions regarding the presence or absence of audit issues and future challenges. Additionally, the Company maintains a framework for holding meetings on an ad hoc basis as necessary.

The Company has established an internal audit department and developed a framework to audit the Company and each Group company. Internal audit results are regularly reported to the audit and supervisory committee, maintaining close coordination. Furthermore, the internal audit department and independent auditors strive to enhance audit effectiveness and efficiency through information sharing and opinion exchanges.

Voluntary Established Committee(s)

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

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

Supplementary Explanation

To strengthen the independence and objectivity of the Board of Directors' functions regarding director nomination and compensation, and to further enhance corporate governance, the Company has established a Nomination and Remuneration Advisory Committee as a voluntary advisory committee of the Board of Directors, consisting of three or more director members with a majority being independent outside directors. The committee consists of three members: Representative Director Kaoru Hayashi, Independent Outside Director Junji Inoue, and Independent Outside Director Hiroshi Makino. Based on consultation from the President Executive Officer, the committee deliberates on the appointment of directors and compensation for directors (excluding audit and supervisory committee members) and provides recommendations.

The chairperson is selected from among committee members who are independent outside directors through committee resolution.

Matters Concerning Independent Director Updated

Number of Independent Directors	5
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Other Matters Concerning Independent Directors

The Company designates all outside directors who meet the qualifications for independent directors as independent directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Stock Options Scheme, etc.

Supplementary Explanation for Applicable Items

Regarding incentives for the Company's directors (excluding directors who are audit and supervisory committee members and outside directors), at the 21st Annual General Meeting of Shareholders held on September 29, 2016, approval was obtained to allocate stock options as equity-based compensation within an annual limit of 250 million yen and a maximum of 100,000 stock options, in order to enhance the linkage between director compensation and the Company's stock price, share with shareholders not only the benefits of stock price increases but also the risks of declines, and increase motivation to contribute to medium- to long-term performance improvement and corporate value enhancement.

Additionally, approval has been obtained to grant restricted stock compensation within an annual limit of 100 million yen for substantially one business year and a maximum of 40,000 shares annually, with the purpose of providing incentives for sustainable improvement of the Company's corporate value and further promoting value sharing between target directors and shareholders.

Persons Eligible for Stock Options

The Company's Inside Directors, The Company's Employees, Subsidiaries' Directors, Subsidiaries' Executive Officers and Subsidiaries' Employees

Supplementary Explanation for Applicable Items

The rationale for targeting the Company's directors (excluding directors who are audit and supervisory committee members and outside directors) as recipients is to enhance the linkage between director compensation and the Company's stock price, share with shareholders not only the benefits of stock price increases but also the risks of declines, and thereby further increase directors' motivation to contribute to medium- to long-term performance improvement and corporate value enhancement.

Additionally, the rationale for targeting the Company's corporate officers and employees as well as directors and employees of the Company's subsidiaries as recipients is to link the Company's performance with the benefits received by the Company's corporate officers and employees as well as directors and employees of the Company's subsidiaries, thereby further increasing motivation to contribute to the Company Group's medium- to long-term performance improvement and corporate value enhancement.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

Executive Compensation Details (Fiscal Year Ended March 2025)

Total Executive Compensation: ¥804 million

- Of this amount, compensation for directors (excluding audit and supervisory committee members and outside directors): ¥692 million (number of applicable executives: 6)

- Of this amount, compensation for directors (audit and supervisory committee members, excluding outside directors): ¥39 million (number of applicable executives: 1)
- Of this amount, compensation for outside executives: ¥73 million (number of applicable executives: 9)

As of the end of the fiscal year ended March 2025, there are 5 directors (excluding audit and supervisory committee members and outside directors), 1 director (audit and supervisory committee member, excluding outside directors), and 7 outside executives.

Furthermore, individuals whose total consolidated compensation exceeds ¥100 million are individually disclosed in the 30th Securities Report.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

At the 21st Annual General Meeting of Shareholders held on September 29, 2016, approval was obtained for the following compensation framework: annual compensation for directors (excluding audit and supervisory committee members) not to exceed ¥500 million (of which outside directors not to exceed ¥50 million, excluding employee salaries), and separately from such annual compensation, monetary compensation claims paid for stock options allocated as equity-based compensation to directors (excluding directors who are audit and supervisory committee members and outside directors) not to exceed ¥250 million annually, and monetary compensation claims paid for restricted stock grants not to exceed ¥100 million annually for substantially one business year.

The compensation amount for directors (audit and supervisory committee members) was approved not to exceed ¥100 million annually at the 21st Annual General Meeting of Shareholders held on September 29, 2016.

The Company has resolved at the Board of Directors meeting the policy regarding the determination of individual compensation for directors (excluding directors who are audit and supervisory committee members). In making such Board resolution, the policy was formulated based on the Company's past practical operations regarding director compensation and resolved by the Board of Directors. Furthermore, the compensation amount and content for directors who are audit and supervisory committee members are determined through consultation among audit and supervisory committee members within the total amount resolved at the shareholders' meeting.

The outline of the policy content regarding the determination of individual director compensation is as follows:

i. Important matters regarding the determination of individual director compensation content

The basic policy for individual director compensation is to enhance the linkage between compensation and the Company's stock price, share with shareholders not only the benefits of stock price increases but also the risks of declines, and set a higher ratio of equity compensation to increase motivation to contribute to short-term and medium- to long-term performance improvement and corporate value enhancement.

ii. Matters regarding the determination of individual director compensation

A) Base compensation (compensation excluding performance-linked compensation and non-monetary compensation)

The policy for determining the Company's compensation excluding performance-linked compensation and non-monetary compensation (hereinafter "base compensation") is as follows:

- a. The total amount of base compensation is resolved at the shareholders' meeting and determined within that range.

b. Directors' base compensation is monetary compensation, and the amount is determined within the range established by defining director position grades and the compensation amount and structure for each grade.

B) Performance-linked compensation

The Company does not grant performance-linked compensation.

C) Non-monetary compensation

The policy for determining the Company's non-monetary compensation (hereinafter "equity compensation") is as follows:

a. Equity compensation consists of monetary claims equivalent to the payment amount for equity-based stock options (stock options) with an exercise price of ¥1 per share (hereinafter "SO") and monetary claims equivalent to the payment amount for restricted stock (hereinafter "RS"). Directors acquire stock options or restricted stock by offsetting such monetary claims against the payment amount for stock options or restricted stock. The total amounts of SO and RS respectively are resolved at the shareholders' meeting, and the Board of Directors determines the director position grades and compensation amount and structure for each grade within that range.

b. Individual SO compensation amounts are calculated by multiplying the fair value per stock option, calculated based on various conditions including the stock price and exercise price on the allocation date, by the total number of stock options to be allocated.

c. Individual RS compensation amounts are calculated by multiplying the number of RS shares to be allocated by the payment amount per share determined by the Board of Directors within a range that is not particularly favorable to directors who subscribe to RS, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the Board resolution date for RS grants (or the closing price on the most recent trading day if no transactions occurred on that date).

d. RS is subject to transfer restrictions for a period determined by the Board of Directors ranging from one to five years, and directors shall not transfer, establish security interests, or otherwise dispose of RS during such transfer restriction period.

iii. Policy regarding the determination of the ratio of base compensation, performance-linked compensation, and non-monetary compensation

A) Directors other than outside directors

The ratio of base compensation to equity compensation is approximately base compensation 6, equity compensation 4 (of which SO 3, RS 1).

B) Outside directors

Base compensation only.

iv. Policy regarding the timing or conditions for granting compensation

A) Base compensation

Individual amounts are resolved in the executive compensation agenda at the Board of Directors meeting immediately following approval of director appointment proposals at the Annual General Meeting of Shareholders, with the total amount divided into 12 equal parts and paid monthly from the month following assumption or re-appointment.

B) Equity compensation

Individual grant amounts and quantities are resolved in the executive compensation agenda at the Board of Directors meeting immediately following approval of director appointment proposals at the Annual General Meeting of Shareholders.

v. Delegation of Individual Compensation Determination to Third Parties (Including Re-delegation to Representative Directors)

A) Name or Position/Responsibility of Delegatee: President Executive Officer

B) Scope of Delegated Authority: Individual director compensation shall be determined by the President Executive Officer when the Board of Directors resolves to delegate such determination, following deliberation by the Nomination and Remuneration Advisory Committee based on proposals drafted by the President Executive Officer within the aggregate amount approved by the General Meeting of Shareholders.

C) Measures to Ensure Proper Exercise of Authority by Delegatee

a. The President Executive Officer shall draft proposals within the aggregate amount approved by the General Meeting of Shareholders and consult with the Nomination and Remuneration Advisory Committee to obtain their recommendations.

b. The Nomination and Remuneration Advisory Committee shall comprise three or more members, with a majority being independent outside directors. The chairperson shall be selected from among the independent outside director members by resolution of the Nomination and Remuneration Advisory Committee.

vi. Method for Determining Individual Director Compensation

Determinations are made following recommendations from the Nomination and Remuneration Advisory Committee, based on proposals drafted by the President Executive Officer within the aggregate amount approved by the General Meeting of Shareholders, taking into consideration current period performance and utilizing external objective benchmarking data.

Support System for Outside Directors

<Training and Support Framework for Directors>

The Company implements the following training and support initiatives to enhance the effectiveness of the Board of Directors:

(1) Onboarding Program for Newly Appointed Outside Directors

For newly appointed directors, the Company promptly implements onboarding programs covering the Company Group's business operations, management strategy, financial position, organizational structure, and other key areas, as well as provides opportunities for individual meetings with major departments.

(2) Continuous Information Provision and Exchange of Views

For all directors, the Company regularly provides the latest information on industry trends and regulatory changes, and conducts quarterly plenary meetings regarding the strategic direction of the entire Group. Additionally, the Company holds annual off-site meetings to discuss the strategic direction of the Company Group's business operations, facilitating information sharing and intensive exchange of views.

(3) Facilitation of Information Access

Materials related to Board meeting agendas are distributed in advance as a general rule, and preliminary briefing sessions are conducted for particularly important matters, thereby establishing an environment that enables directors to engage in deliberations with sufficient information and time.

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

The Company has adopted the organizational structure of a company with an audit and supervisory committee under the Companies Act, whereby the Board of Directors makes critical management decisions and supervises the execution of directors' duties, while the Audit and Supervisory Committee conducts audits of directors' performance of their duties. Additionally, to facilitate expeditious decision-making in business execution, management meetings consisting of full-time directors and corporate officers are held on a regular basis. The overview of the Company's framework for management decision-making, execution, and supervision is as follows:

- Board of Directors Updated

The Company's Board of Directors comprises 9 directors (excluding audit and supervisory committee members, including 2 independent outside directors) and 4 directors who are audit and supervisory committee members (including 3 independent outside directors). In addition to monthly regular Board meetings, extraordinary Board meetings are convened as needed to make critical management decisions and supervise directors' execution of duties. Outside directors leverage their extensive management experience and broad expertise to perform oversight functions from an objective and independent standpoint.

- Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of 4 directors (including 3 independent outside directors). In addition to committee meetings held in principle at least once a month after regular Board meetings as a general rule, committee members attend important meetings including Board meetings to express opinions, striving to enhance the effectiveness of corporate governance.

- Management Meeting

The Company conducts weekly management meetings consisting of the President Executive Officer and directors and corporate officers designated by the President Executive Officer. Through these meetings, the Company aims to enhance corporate value by confirming daily business execution and accelerating decision-making processes.

- Independent Auditor

The Company has entered into an audit agreement with Ernst & Young ShinNihon LLC and receives audits in accordance with the Financial Instruments and Exchange Act and the Companies Act, with appropriate audits

conducted as deemed necessary. The names of certified public accountants who performed audit services for the Company are as follows:

Names of Certified Public Accountants Who Performed Services

Designated Limited Liability Partner, Executive Partner: Junichiro Tsuruta

Designated Limited Liability Partner, Executive Partner: Yusuke Uchikawa

- **Nomination and Remuneration Advisory Committee**

To strengthen the independence and objectivity of the Board's functions regarding director nomination and compensation and further enhance corporate governance, a Nomination and Remuneration Advisory Committee has been established as a voluntary advisory committee to the Board, consisting of three or more director members with a majority being independent outside directors. The committee comprises three members: Representative Director Kaoru Hayashi, Independent Outside Director Junji Inoue, and Independent Outside Director Koji Makino. Based on consultations from the President Executive Officer, the committee deliberates on director appointments and compensation for directors (excluding audit and supervisory committee members) and provides recommendations.

- **Overview of Limited Liability Agreements**

The Company and non-executive directors have entered into agreements limiting liability for damages under Article 423, Paragraph 1 of the Companies Act, based on the provisions of Article 427, Paragraph 1 of the same Act. The limitation amount for liability for damages under such agreements is the minimum liability limitation amount prescribed by law. Such limitation of liability is recognized only when the relevant non-executive director performed their duties in good faith and without gross negligence.

- **Overview of Directors' and Officers' Liability Insurance**

The Company has entered into directors' and officers' liability insurance contracts with insurance companies as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The overview of such contract contents is as follows:

i. Scope of Insured Parties

Directors, auditors, corporate officers, and other officers of the Company and its consolidated subsidiaries

ii. Overview of Insurance Contract Contents

The insurance contract provides coverage for legal damages and litigation expenses that insured parties may be required to bear. However, as measures to ensure that the propriety of insured parties' performance of duties is not compromised, the coverage excludes damage claims arising from illegally obtaining private benefits or advantages, damage claims arising from criminal acts by insured parties, and damage claims arising from acts that insured parties knowingly performed in violation of laws and regulations. All insurance premiums are borne entirely by the Company, with no substantial premium burden on insured parties.

3. Reasons for Adoption of Current Corporate Governance System

The Company positions the strengthening of its corporate governance framework as one of the key management priorities.

The Company has adopted the structure of a company with an audit and supervisory committee, and to enhance the effectiveness of management oversight by the Board of Directors, it maintains a ratio of outside directors on the

Board of at least one-third, thereby achieving further strengthening of corporate governance. Furthermore, the Company has reviewed its corporate officer system to clearly separate management decision-making and supervisory functions from business execution functions, and promotes the delegation of business execution authorities to achieve expedited and more efficient business operations.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The convocation notice for the 30th Annual General Meeting of Shareholders was dispatched 21 days prior to the date of the shareholders' meeting. It is also posted on the Tokyo Stock Exchange and the Company's website 23 days prior to the meeting date.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	While the Company has traditionally held the meeting several days before the concentrated date, the 30th Annual General Meeting of Shareholders was held on June 26, 2025, the day before the concentrated date. The Company maintains a policy of holding shareholders' meetings while avoiding the concentrated date as much as possible going forward.
Electronic Exercise of Voting Rights	A system for shareholders to exercise their voting rights by electromagnetic means has been introduced for their greater convenience.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has been participating in the electronic voting platform, considering the improvement of the environment for institutional investors in Japan and abroad in exercising their voting rights.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	An English version of the convocation notice is produced and disclosed on the websites of the Tokyo Stock Exchange, the Company, and other sites.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has defined Disclosure Policy and disclosed it on the website at https://ir.garage.co.jp/en/disclosurepolicy/ .	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefings in the second and fourth quarters, with its contents including financial reports presented by the Representative Director and presentations related to future Business Strategies for analysts and institutional investors. Investor Relations meetings for domestic and overseas institutional investors are held four times a year after the announcement of each quarterly financial results.	Held

Regular Investor Briefings held for Overseas Investors	The Company has explained the Business Strategy, performance and other matters, attending conferences for overseas investors.	Held
Online Disclosure of IR Information	<p>Timely disclosure materials are posted on the Company's website immediately after disclosure, and a library of previously disclosed materials is available on the Investor Relations page of the website.</p> <p>In addition, the Company holds financial results briefings for analysts and institutional investors in the second and fourth quarter and discloses the materials of presentations to the Timely Disclosure Service and on the website.</p>	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company's Corporate Division contains a department in charge of Investor Relations with 3 staff members in charge of Investor Relations, and Director in charge of the Division is the Director in charge of Investor Relations.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>The Company endeavors to promptly provide all of its stakeholders, including shareholders and investors with information on the basis of transparency, fairness and continuity.</p> <p>The Company's basic policy is to disclose information in accordance with the timely disclosure rules stipulated by Tokyo Stock Exchange and the Financial Instruments and Exchange Law.</p> <p>The Company discloses information as proactively as possible in a timely manner which is deemed to be beneficial to its shareholders' and investors' understanding of the Company, even the information is not required by the above rules on timely disclosure.</p> <p>Further, the Company has launched its corporate website in English and produced English versions of the convocation notice of the General Meeting of Shareholders, financial results briefing materials, and important press releases to enhance the disclosure of information in English.</p>

IV. Matters Concerning the Internal Control System

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

Regarding the Company's internal control system, the Board of Directors has resolved and established the basic policy for constructing the internal control system. The Company's basic approach to the internal control system is as follows.

A) Basic Policy for Business Execution

The Company establishes the following "Principles" and "Credo (Code of Conduct)" as the basic policy for all officers (directors, auditors, or equivalent positions) and employees (full-time employees, advisors, contract employees, temporary staff, and all others engaged in the Company's business) within the Company Group when executing their duties.

< Principle >

Think for yourself and question authority.

< Credo (Code of Conduct) >

- TENACITY Have a strong will
- OPENNESS Question common sense and norms
- INTEGRITY Be honest and morally upright
- AGILITY Be agile
- COURAGE Be brave

Under these <Principles> and <Credo (Code of Conduct)>, the Company has established frameworks for proper business execution to ensure that each and every executive and employee within the Company Group complies with applicable laws and regulations and exercises appropriate judgment and conduct with high ethical standards.

B) Basic Policy for Internal Controls

In accordance with the Companies Act, the Ordinance for Enforcement of the Companies Act, and the Financial Instruments and Exchange Act, the Company shall establish frameworks to ensure the appropriateness of the Company's business operations (hereinafter referred to as "internal controls") as follows.

1. Frameworks to ensure that the execution of duties by the Company's directors and employees (hereinafter referred to as "executives and employees") and the directors, etc. of the Company's subsidiaries (meaning "directors, etc." as defined in Article 110-4, Paragraph 2, Item 5 (a) of the Ordinance for Enforcement of the Companies Act; the same shall apply hereinafter) and employees complies with applicable laws, regulations and the Articles of Incorporation

The Company's executives and employees and the directors, etc. and employees of the Company's subsidiaries are required to act with integrity based on the ethical standards and values required of corporate citizens as members of society. Based on this recognition, the Company establishes a "Compliance Program" as specific behavioral standards applicable to the Company's executives and employees and the directors, etc. and employees of the Company's subsidiaries, with the code of conduct of achieving fair and appropriate management and harmony with civil society through strict observance of social norms, ethics, and laws and regulations, and conducts business operations accordingly.

Furthermore, as a business holding company, to ensure thorough implementation, the Company classifies its various departments and subsidiaries by business segments and other categories (hereinafter referred

to as "business segments"), with the head of Corporate Division comprehensively overseeing compliance initiatives across each business division and subsidiary, while Corporate Division personnel collaborate with each business division and subsidiary to provide education and awareness programs for the Company's executives and employees and the directors, etc. and employees of subsidiaries.

The Company's Board of Directors oversees each business division and business company within the Company Group by business segment, and Corporate Division audits or monitors the compliance status of each business division and each company in the Company Group by business segment. The Company's directors and Corporate Division regularly report on these activities to the Company's Board of Directors and Audit and Supervisory Committee.

The Company establishes systems that enable employees of each company in the Company Group to directly report to the Risk Management Committee Secretariat or external law firms regarding legally mandated matters, matters that significantly impact the Company and each company in the Company Group, and compliance status, as well as questionable acts regarding legal compliance within the Company Group, ensuring that reports are kept confidential and protected, that reporters are protected from adverse treatment, and that the Company's Risk Management Committee promptly reports information received from reporters to the President Executive Officer and directors who are Audit and Supervisory Committee members.

The Company severs relationships with antisocial forces that threaten the order and safety of civil society and rejects unreasonable demands from antisocial forces.

2. Frameworks for retention and management of information regarding the execution of duties by the Company's directors

The Company's directors shall properly record, retain, and manage information regarding the execution of duties by the Company's directors in documents or electromagnetic media (hereinafter referred to as "documents, etc.") in accordance with internal regulations such as document management regulations. The management supervisor shall maintain accessibility for the Company's directors, etc. (including directors who are Audit and Supervisory Committee members) to review these documents, etc. as necessary, in accordance with document management regulations.

3. Regulations and other frameworks regarding management of loss risks for the Company and its subsidiaries

The Company establishes rules and guidelines at Corporate Headquarters to address risks related to compliance, information security, and disasters concerning the Company's executives and employees and the directors, etc. and employees of subsidiaries. Corporate Headquarters also creates and distributes manuals, conducts training to ensure these rules and guidelines function efficiently at the Company and its subsidiaries, and monitors risk situations and their operation. For newly emerging risks, the Company's Board of Directors shall promptly designate a director or corporate officer to serve as the responsible person for response.

4. Frameworks to ensure that the execution of duties by the Company's directors and the directors, etc. of subsidiaries is conducted efficiently

The Company's Board of Directors establishes objectives shared by all executives and employees of the Company Group, and the director or corporate officer in charge of each business segment collaborates with the heads of each business division and directors of subsidiaries in the business segment to set specific targets, with each business division and subsidiary determining efficient methods for achieving these targets. The Company's Board of Directors regularly reviews progress and provides guidance to the heads

of each business division and directors of subsidiaries in each business segment through the director or corporate officer in charge of each business segment, and promotes improvements as necessary, thereby establishing a system that realizes operational efficiency for the Company Group.

5. Frameworks to ensure appropriateness of operations in the corporate group consisting of the Company and its subsidiaries

The Company classifies its various business divisions and subsidiaries by business segment and appoints directors or corporate officers to be in charge of each business segment. Directors or corporate officers in charge of business segments ensure and monitor the appropriateness of operational efficiency, legal compliance frameworks, and risk management frameworks for each business division and each subsidiary at the Company's Board of Directors meetings or management meetings. Corporate Division promotes these initiatives comprehensively and regularly reviews progress and manages them. Regarding the management of each company in the Company Group, while respecting their autonomy, the Company shall receive regular reports on business activities.

6. Matters concerning directors and employees who should assist the duties of the Audit and Supervisory Committee, matters concerning the independence of such employees from directors (excluding directors who are Audit and Supervisory Committee members), and matters concerning ensuring the effectiveness of instructions to such employees

The Company's Audit and Supervisory Committee may instruct employees of the Internal Audit Office to perform necessary duties, and employees who receive such instructions from the Audit and Supervisory Committee shall not concurrently serve as employees of other departments and shall follow exclusively the command and supervision of the Audit and Supervisory Committee regarding such instructions, without receiving command and supervision from the Company's directors (excluding directors who are Audit and Supervisory Committee members). When necessary, Audit and Supervisory Committee staff shall be appointed to assist the duties of the Company's Audit and Supervisory Committee, and regarding their personnel matters, the Company's directors (excluding directors who are Audit and Supervisory Committee members) and the Company's Audit and Supervisory Committee shall exchange opinions.

7. Frameworks for the Company's directors (excluding directors who are Audit and Supervisory Committee members), accounting advisors and employees, and directors, accounting advisors, auditors, corporate officers, employees who execute business, persons who should perform duties under Article 598, Paragraph 1 of the Companies Act and other persons equivalent to these, and employees of subsidiaries, or persons who received reports from these persons (hereinafter referred to as "executives, employees, etc.") to report to the Company's Audit and Supervisory Committee and other frameworks concerning reports to the Audit and Supervisory Committee, and frameworks to ensure that persons who made such reports are not subjected to unfavorable treatment for making such reports

(1) The Company shall establish frameworks enabling the Company's directors (excluding directors who are Audit and Supervisory Committee members), accounting advisors and employees, and executives, employees, etc. of subsidiaries to report to the Audit and Supervisory Committee as promptly as possible regarding legally mandated matters, matters that significantly impact the Company and the Company Group, and compliance status. The reporting methods (reporters, report recipients, reporting timing, etc.) shall be determined through consultation between the Company's directors (excluding directors who are Audit and Supervisory Committee members) and the Company's Audit and Supervisory Committee.

(2) The Company shall ensure frameworks whereby reporters do not receive unfavorable treatment in connection with the reports mentioned in the preceding paragraph, and thoroughly communicate such frameworks to all executives and employees within the Company Group.

8. Other frameworks to ensure that audits by the Company's Audit and Supervisory Committee are conducted effectively

The Company's Audit and Supervisory Committee and the Company's directors (excluding directors who are Audit and Supervisory Committee members) shall establish regular opinion exchange meetings to ensure that audits by the Company's Audit and Supervisory Committee are conducted effectively.

9. Frameworks to ensure reliability of financial reporting

The Company establishes and promotes the construction and operation of internal control systems to ensure the reliability of financial reporting for the Company and the Company Group.

10. Matters concerning policies for handling expenses or obligations arising from the execution of duties by the Company's Audit and Supervisory Committee, including procedures for advance payment or reimbursement of such expenses

(1) When the Company's Audit and Supervisory Committee makes a request to the Company for advance payment of expenses, etc. based on Article 399-2, Paragraph 4 of the Companies Act in connection with the execution of its duties, the Company shall promptly process such expenses or obligations, except when it is determined through deliberation by the relevant department that the expenses or obligations related to the request are not necessary for the execution of duties by the Audit and Supervisory Committee.

(2) When the Company's Audit and Supervisory Committee requests to retain independent external experts (lawyers, certified public accountants, etc.) as advisors for the Audit and Supervisory Committee, the Company shall bear such expenses, except when it is determined that such expenses are not necessary for the execution of duties by the Company's Audit and Supervisory Committee.

Under such frameworks, the Company endeavors to ensure the legality and efficiency of corporate operations and manage risks, while continuously reviewing in response to changes in socioeconomic conditions and other environmental factors, striving to establish more appropriate internal control systems.

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

Based on the "Compliance Program," the Company Group maintains a basic policy of having no relationships whatsoever with antisocial forces and firmly rejecting unreasonable demands from antisocial forces.

The Corporate Division serves as the department responsible for coordinating responses to antisocial forces, and the Company strives to build close cooperative relationships with external expert organizations such as police and lawyers in preparation for unreasonable demands from antisocial forces.

The Company has appointed a supervisor for preventing unreasonable demands and collects information on antisocial forces and participates in seminars.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

Basic Policy Regarding Control of the Company

A) Basic Policy Regarding Control of the Company

As a listed company, the Company believes that its shareholders are determined through free trading in the market, and even when large-scale purchases of the Company's shares are conducted by large purchasers, the Company believes that whether to accept such purchases and sell the Company's shares is ultimately determined by the judgment of shareholders who hold the Company's shares. Management involvement by large purchasers does not necessarily impair corporate value, and the Company does not deny such involvement if it leads to improvement in the Company's corporate value and the common interests of shareholders. However, among large-scale purchase activities conducted unilaterally without sufficient consultation or agreement processes with target companies, there are not few cases considered inappropriate, such as those that do not provide sufficient information disclosure to shareholders regarding their purposes or post-acquisition management policies, or those that do not provide sufficient time for the target company's board of directors to examine the content of large-scale purchase activities and provide alternative proposals.

Regarding the ideal form of persons who control the determination of the Company's financial and business policies, the Company believes that such persons must understand the Company's purpose (raison d'être), contribute to society by building smooth relationships with various stakeholders, maximize the Company's corporate value, and ensure the common interests of shareholders. Therefore, the Company believes that persons who conduct large-scale purchase activities that carelessly impair the Company's corporate value and cause disadvantages to shareholders are not appropriate as persons who control the determination of the Company's financial and business policies.

B) Initiatives Contributing to Realization of Basic Policy Regarding Control of the Company

The Company implements the following measures to aim for the Company's corporate value and the common interests of shareholders by expanding business and improving profitability for the Company Group as a whole and actively creating businesses that will become pillars of future Group revenue, and to have many investors hold the Company's shares on a long-term continuous basis.

a. Basic Management Policy of the Company

The Company Group's purpose (raison d'être) is designing 'new contexts' for a sustainable society with technology. Being a "Context Company" that organically connects enterprises, people, and information is the fundamental concept for conducting business operations. By effectively utilizing solution expertise based on achievements since the dawn of the internet industry and the latest network technologies, the Company has made it the business purpose to organically connect various complex information and develop "new contexts" that enhance the existential value of enterprises, people, and information. It is the basic policy of the Company's management to always focus several steps ahead of the times, calmly and accurately select the targets of context, and build services that can contribute to a comfortable society where people, the environment, and the digital information can coexist.

b. Initiatives for Medium to Long-term Corporate Value Enhancement

The Company has established as its Mission & Values "to continue creating sustainable 'Business Contexts' by integrating Technology × ESG × Incubation from a global perspective with First Penguin Spirit," and believes that creating new contexts at the intersection of real space (physical space) and cyberspace (virtual space), centered on cutting-edge internet technology, marketing technology that anticipates market trends, and highly reliable finance technology, will lead to securing and enhancing the Company's corporate value and common interests of shareholders.

c. Initiatives to Prevent Inappropriate Parties from Controlling the Determination of the Company's Financial and Business Policies

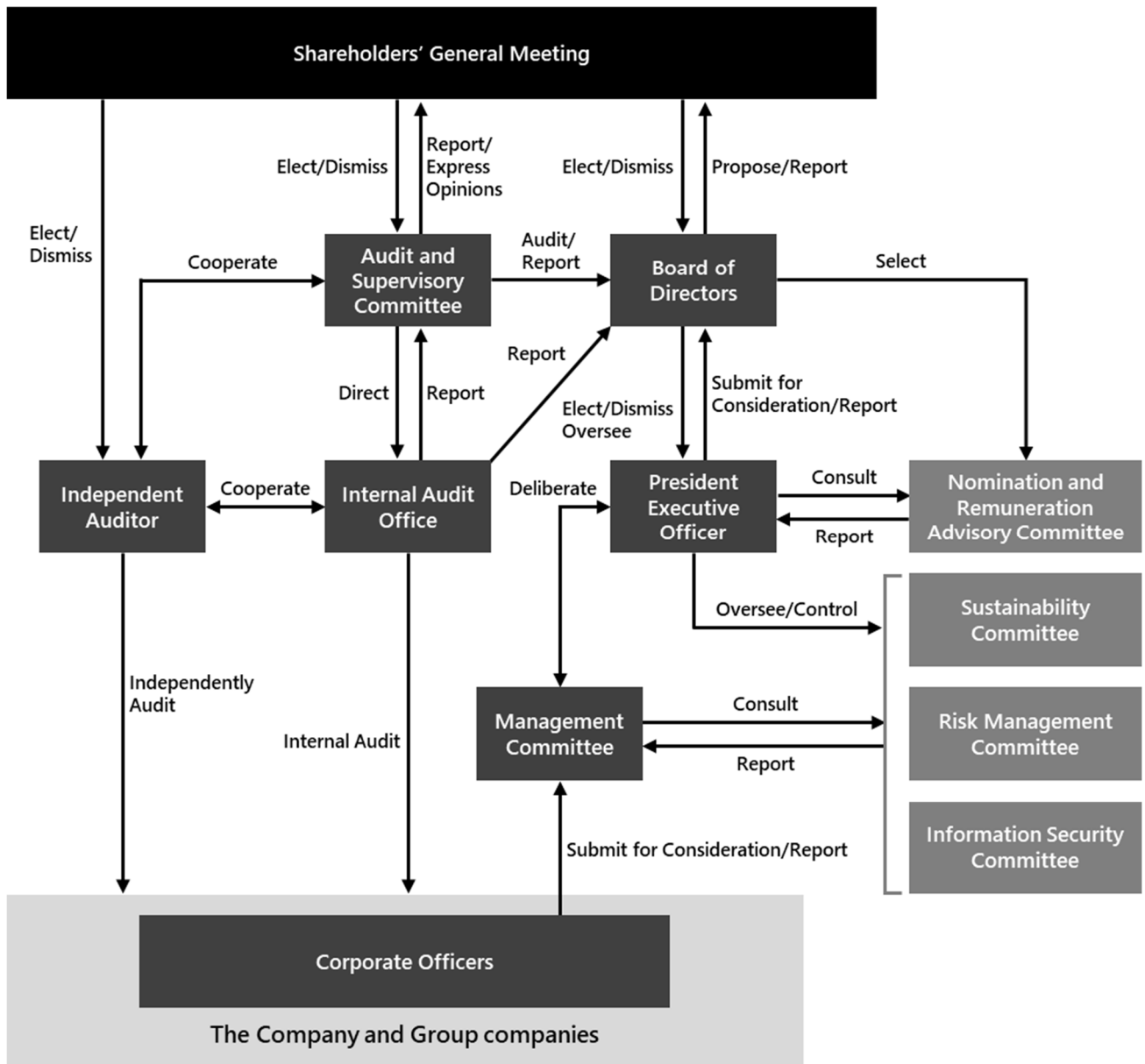
When large-scale purchase activities are conducted against the Company's share certificates, etc., the Company endeavors to actively collect information and make timely and appropriate information disclosure to secure the Company's corporate value and common interests of shareholders, and takes appropriate measures within the scope permitted by the Financial Instruments and Exchange Act, Companies Act, other related laws and regulations, and the Company's Articles of Incorporation.

C) Board of Directors' Judgment on the Above Initiatives

Each of the above initiatives enhances the corporate value of the Company Group and common interests of shareholders, is not intended to maintain the positions of the Company's executives, and all are in line with the basic policy mentioned in (A).

2. Other Matters Concerning the Corporate Governance System

Corporate Governance Framework



Expertise and Experiences of the Company's Board of Directors (Skill Matrix)
Updated

Name	Position	Business Development Related to the Company	Corporate Management Experience	FinTech & Payment Business Expertise	Global Business Experience	Finance & Accounting	Legal & Compliance	Corporate Governance & Risk Management	Human Resources, Organization & Diversity
Kaoru Hayashi	Representative Director	○	○	○	○			○	
Keizo Odori	Representative Director	○	○	○		○		○	
Hironobu Moriyama	Director		○			○		○	
Hiroshi Shino	Director	○	○	○					
Joichi Ito	Director	○		○	○				○
Masahito Okuma	Director	○	○	○	○				
Mitsushi Nishida	Outside Director	○	○	○					
Masako Ikeda	Independent Outside Director						○	○	○
Nanako Ishido	Independent Outside Director		○		○				○
Yasuyuki Rokuyata	Director (Audit and Supervisory Committee Chairperson)	○	○				○	○	
Junji Inoue	Independent Outside Director (Audit and Supervisory Committee Member)		○	○	○				
Koji Makino	Independent Outside Director (Audit and Supervisory Committee Member)					○	○	○	
Shuma Uchino	Independent Outside Director (Audit and Supervisory Committee Member)		○			○		○	

* The items checked may not represent all of the expertise and experience of each director.

Overview of Timely Information Disclosure

