

The following is an overview of corporate governance at TechMatrix Corporation.

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

1. Basic Policy

TechMatrix Corporation (“the Company”) views increasing its corporate value as a top priority, and strives to maintain and enhance its competitiveness, as well as maximize the added value it can provide to customers. To this end, the Company believes that enhancing management transparency and improving management efficiency to enable strategic and speedy management decision-making are the foundations of corporate governance. Based on this basic policy, the Company is working to realize a highly transparent management structure through the participation of Outside Directors and to conduct management decision-making and rapid and appropriate business execution through the separation of management decision-making and the supervision of business execution from the business execution system. The Company is also striving to realize adequate supervision and auditing of management and business execution.

Moreover, the Company also believes that measures to strengthen compliance are an important priority for fulfilling its responsibilities as a corporate citizen.

The Company discloses information on all principles in accordance with the Corporate Governance Code, which was revised in June 2021.

【Reasons for Not Implementing Principles of the Corporate Governance Code】

The Company implements all principles set forth in the Corporate Governance Code revised in June 2021, including matters for publicly listed companies on the Prime Market.

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

【Principle 1.4 Cross-Shareholdings】

The Company’s basic policy is to hold cross-shareholdings to establish and strengthen stable relationships with important business partners. If the Company judges that cross-shareholdings will not help to improve its corporate value or develop its businesses, the Company will reduce such cross-shareholdings. In light of the above policy, the Company reviews whether or not it will hold cross-shareholdings as necessary. In the Board of Directors meeting held on June 24, 2022, the Company reclassified certain cross-shareholdings as investments for pure investment purposes.

Moreover, in terms of its standards for exercising the voting rights of cross-shareholdings, the Company decides whether to vote for or against individual proposals based on careful consideration of each individual proposal, from the perspective of whether its content will serve the efficient and sound management of the issuing company, and whether it can be expected to improve corporate value, among other viewpoints, as well as determining whether the Company’s corporate value could be impaired or there are any important concerns about corporate governance.

【Principle 1.7 Related-Party Transactions】

The Company has set forth in its Rules of the Board of Directors that transactions by Directors which may compete with the Company or transactions involving conflicts of interest must be deliberated and approved by the Board of Directors. In those rules, it has also set forth that if such transactions are undertaken, they must be reported to the Board of Directors. Furthermore, once a year, the Company conducts a questionnaire survey about related-party transactions covering the Directors via the Secretariat of the Board of Directors. Through this survey, the Company properly monitors the status of any changes in concurrent positions held by the Directors and checks the status of any transactions with the Company.

【Principle 2.3 Sustainability Issues, Including Social and Environmental Matters】

The Company recognizes that its response to sustainability issues, including climate change, is an important management issue, and it has established a system that enables the Board of Directors to exercise more appropriate supervision. The Sustainability Committee, which reports to the Executive Committee, the body responsible for overall business execution, manages progress on the response to climate change. The Sustainability Committee works closely with the Corporate Planning Dept., which is in charge of environmental management, to supervise the climate change response measures and related planning at each division, headquarters, department, branch and sales office. The Sustainability Committee comprises appointed members of departments within the Corporate Headquarters. The Executive Committee discusses the current status of progress on these activities or important issues. Following these discussions, these issues are reported to and discussed by the Board of Directors at least once a year, and they are reflected in and aligned more closely with the Company’s management strategy.

(ESG Information: <https://www.techmatrix.co.jp/en/ir/esg/index.html>)

【Principle 2.4 Ensuring Diversity, Including Active Participation of Women】

The Company believes that having diverse perspectives and values that reflect different experiences, technical abilities and personal attributes within the Company will energize the organization, maintain flexibility and enhance the Company’s abilities, and that this will enable it to achieve sustainable growth. Based on this belief, 2 female directors were elected at the 36th Ordinary General Meeting of Shareholders held in June 2020. Their election has reinvigorated discussions on the active participation of women in the Company even more than before.

In terms of recruitment activities, under a basic policy of ensuring diversity, the Company strives to secure diverse human resources regardless of gender, nationality, or other attributes. In October 2017, the Company introduced a work-from-home system for all employees. The Company has also introduced the Life Event Support system that allows employees to flexibly select where they will live even if they have no choice but to move far

away due to a life event such as marriage, child raising, nursing care or a job transfer of a spouse or other family member living in the same home. A flex-time system has also been rolled out. In these and other ways, the Company is actively working to design systems and create environments in which women and their spouses can work comfortably and productively, such as childcare leave, child raising support leave, partial subsidies for nursery facility usage fees, and shortened work schedules. In addition, the Company strives to develop comfortable and productive work environments for its employees. In accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, the Company has formulated and promoted a General Employer Action Plan with the aim of developing workplaces where employees can demonstrate their full abilities while balancing career and child-raising responsibilities. As a result, the Company is currently certified as a general employer that meets standards based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

【Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources and Related Matters】

Regarding diversity in human resources, the Company believes that having diverse perspectives and values that reflect different experiences, technical abilities and personal attributes within the Company will energize the organization, maintain flexibility and enhance the Company's capabilities, thereby enabling the Company to achieve sustainable growth.

With this in mind, the Company has adopted human resource development and Retention (including promotion of diversity) as one of its key strategies in the new Medium-term Management Plan "Creating Customer Value in the New Era J," which was announced on May 9 2024.

Furthermore, the Company established the Diversity & Inclusion Department in July 2022. The D&I Promotion Office has accelerated a wide range of initiatives to raise diversity and inclusion awareness and achieve diversity and inclusion.

Another priority is to appoint women, non-Japanese individuals and mid-career recruits to management positions. The Company aims to increase the female manager ratio to 20% by the end of FY2030 (versus approx. 5% as of the end of FY2023). To achieve this target, the Company has been working to increase the female recruitment ratio for new graduate and mid-career recruits. The ratio of women to all workers recruited in FY2023 reached approximately 31%. The Company will work to increase the female employee ratio to 30% by the end of FY2026 (versus approx. 26% as of the end of FY2023).

In terms of the recruitment of non-Japanese individuals and their appointment to management positions, the Company has been able to recruit a certain number of non-Japanese individuals at this time. However, the number of non-Japanese applicants is still limited. For this reason, to increase the number of non-Japanese managers, the Company will raise the share of non-Japanese employees in the workforce by recruiting such individuals as it expands its overseas business. In the process, the Company will make efforts to recruit management personnel or train non-Japanese employees.

Looking at the appointment of mid-career recruits as managers, mid-career recruits account for a large share of recruited personnel in the Company's recruitment activities. Currently, the Company appoints mid-career recruits to management positions in a timely and appropriate manner, evaluating their suitability by comparing the requirements of each position with the abilities, aptitude and experience of each individual candidate.

Going forward, the Company will work to optimize the composition of managers by type of recruitment, nationality, and gender.

As part of the Company's policy on human resources development to ensure diversity, the Company has been making efforts to develop next-generation leaders and advanced IT personnel for the future. In addition, the Company has been providing support to balance child raising and work, as well as implementing measures to support women's career development and enable them to demonstrate their abilities in management and as specialists, such as holding women's career seminars. Moreover, as part of its policy on creating an internal environment, the Company seeks to realize new communication styles and flexible work styles that maximize employees' potential abilities. To this end, the Company has introduced a system that allows employees to select days when they will work in the office and days when they will work remotely. Additionally, the Company has implemented a free-address office system with no assigned workstations or seating at its new office, which it moved into in December 2022. With this step, the Company has created an office environment in which optimal collaboration can be achieved across organizations and job roles.

【Principle 2.5 Whistleblowing】

The Company has formulated the Compliance Standards of Conduct and strives to ensure compliance with laws and regulations and adherence to corporate ethics. Based on the Compliance Standards of Conduct, in the course of corporate activities, the Company strives to identify matters that pose a risk of violating laws and regulations and corporate ethics as specifically as possible, educate and raise the awareness of officers and employees, and rigorously enforce compliance with laws and regulations and corporate ethics, along with making improvements as necessary. As such an organization, the Company has established the Compliance Committee chaired by the President, who is the general supervisor of the compliance system. In addition, the Company has established a whistleblowing system, and the Board of Directors supervises the operation of the system.

Additionally, in accordance with the enforcement of the amended Whistleblower Protection Act in June 2022, the Company has established internal rules on whistleblowing. These internal rules are being extended to subsidiaries, and the Company is making progress on developing a Group-wide whistleblowing system. Furthermore, the Company established the Group Harassment Consulting Desk in March 2023 by capitalizing on the opportunity presented by the integration of offices of various Group companies in December 2022.

(Supplementary Principle 2.5.1 Establishing a Framework for Whistleblowing)

As part of its framework for whistleblowing, the Company has established an internal contact point and an external contact point (lawyer at an external law office) as contact points for whistleblowing. In addition, the Company has set internal rules on whistleblowing. The Company has built a system for protecting informants and for other related purposes by establishing different reporting lines for whistleblowing than those used in the workplace. This reporting structure helps to ensure that those who provide reports or seek consultations will not be subject to disadvantageous treatment on the grounds that they provided such reports or sought consultations.

【Principle 2.6 Roles of Corporate Pension Funds as Asset Owners】

The Company does not have a corporate pension fund plan.

【Principle 3.1 Full Disclosure】

(i) The Company's Corporate Philosophy, Standards of Business Conduct, Medium-Term Management Plan, and related information are posted on the Company's website. In addition, to further enhance the information we provide to stakeholders, we have begun publishing an integrated report from fiscal year 2023.

(Corporate Philosophy: <https://www.techmatrix.co.jp/en/company/policy.html>)

(Medium-Term Management Plan: https://www.techmatrix.co.jp/en/ir/management/management_02.html)

(Integrated Report: https://www.techmatrix.co.jp/en/ir/library/library_05.html)

(ii) The Company's basic policy on corporate governance is presented in its Corporate Governance Report and is posted on its corporate website and the Tokyo Stock Exchange's website. In addition, the Company prepares these materials to disclose its basic policy on corporate governance and posts them on its corporate website.

(Addressing the Corporate Governance Code: https://www.techmatrix.co.jp/en/ir/esg/esg_06.html)

(Information on companies listed on the Tokyo Stock Exchange: <https://www.jpx.co.jp/listing/co-search/index.html>)

(iii) (iv) The Company has established the Personnel Committee. This committee deliberates matters concerning the selection and dismissal of Directors and the policy on determining remuneration of Directors and related issues, and reports to the Board of Directors. The Personnel Committee is made up of three or more Directors selected by resolution of the Board of Directors, with Outside Directors selected to serve as the Committee Chair and the majority of other members. Candidates for Director are personnel who are well versed in the Company's business and possess strategic thinking skills, the ability to discern technological advances, and knowledge of compliance and internal control. The candidates also have abundant knowledge of the markets where the Company conducts business, experience and knowledge of corporate finance and corporate management, and are well versed in corporate legal affairs and have a high degree of specialization, among other qualities. Candidates for the selection and dismissal of Directors are determined by the Board of Directors based on the proposals formulated by the Personnel Committee and their decisions are reflected in proposals put forward to the general meetings of shareholders. The Company's basic policy is to adopt a remuneration structure linked to shareholder interests so that the remuneration of each Director provides adequate incentive for them to achieve sustained increases in corporate value. The basic policy also calls for setting the remuneration of each individual Director at an appropriate level based on each Director's individual job responsibilities when determining such remuneration. Specifically, the remuneration of Executive Directors comprises base remuneration as fixed remuneration, as well as performance-linked monetary remuneration, post-delivery type performance-linked share remuneration and stock compensation-type stock option remuneration as performance-linked remuneration. Outside Directors, who assume a supervisory role, are paid only base remuneration in light of their duties. The determination of specific amounts of individual remuneration is entrusted to the President and CEO based on a resolution by the Board of Directors. The scope of authority of the President and CEO covers the amount of base remuneration of each Director and the number of stock options allotted to each individual Director. The performance-linked remuneration of each individual Director is paid in accordance with a standard amount and target achievement rate established in advance by the Board of Directors. To ensure that this authority is properly exercised by the President and CEO, the Board of Directors submits the original proposal for review to the Personnel Committee, and the committee reports back to the Board of Directors. The President and CEO, who is entrusted with this authority as described above, is required to make the determination in accordance with the content of the report. The content of this determination is fully entrusted to the President and CEO because the Company has judged that he is the most knowledgeable about matters such as the Group's environment and its management condition and is capable of comprehensively determining the remuneration of officers. This determination will be made based on the original proposal, which is submitted for review to the Personnel Committee and reported back to the Board of Directors. Based on this process, the Company has judged that the Representative Director's authority will be exercised appropriately without any arbitrary decisions being made. For details, please see "Details of Disclosure on Policy for Determining the Amount or Calculation Method of Remuneration" later in this report.

(v) The reasons for appointing all candidates for Director, including candidates for Outside Director, are presented in the convocation notice for the general meeting of shareholders.

(Supplementary Principle 3.1.2 Providing English Language Disclosures)

The Company translates certain parts of its website (corporate profile, business overview, IR-related information) into English. Furthermore, the Company strives to promptly announce and publish its earnings reports and supplementary earnings briefing materials in English as soon as possible after the Japanese documents are disclosed. Regarding the convocation notice for the general meeting of shareholders, since the Ordinary General Meeting of Shareholders held in June 2021, the Company has translated into English the parts that correspond to the so-called narrowly defined convocation notice and parts of the reference documents for the general meeting of shareholders and has disclosed those documents on its website and the Tokyo Stock Exchange's website. Since 2023, the corporate governance report has also been translated and disclosed in English. Going forward, we will work to expand English disclosure as required by the Tokyo Stock Exchange.

(Supplementary Principle 3.1.3 Initiatives on Sustainability, Investments in Human Capital and Intellectual Properties)

<Sustainability Initiatives>

The Company recognizes that its response to sustainability issues, including climate change, is an important management issue, and it has established a system that enables the Board of Directors to exercise more appropriate supervision. The Sustainability Committee, which reports to the Executive Committee, the body responsible for overall business execution, manages progress on the response to climate change. The Sustainability Committee works closely with the Corporate Planning Dept., which is in charge of environmental management, to supervise the climate change response measures and related planning at each division, headquarters, department, branch and sales office. The Sustainability Committee comprises appointed members of departments within the Corporate Headquarters. The Executive Committee discusses the current status of progress on these activities or important issues. Following these discussions, these issues are reported to and discussed by the Board of Directors at least once a year, and they are reflected in and aligned more closely with the Company's management strategy.

The Company discloses information about climate change-related impacts on the Company using the TCFD framework. Specific disclosures include the amount of greenhouse gas emissions generated by the Company's business activities, identification of climate change-related risks and opportunities that will affect the Company's business activities, and future environmental targets.

Additionally, the Company formulated and disclosed the Medium-Term Management Plan "BEYOND THE NEW NORMAL" on May 10, 2021.

(ESG Information: <https://www.techmatrix.co.jp/en/ir/esg/index.html>)

(Information disclosure based on the TCFD recommendations: https://www.techmatrix.co.jp/en/ir/esg/esg_01.html)

<Human capital initiatives>

The Company has adopted "The IT professional group who creates a better future" as its Mission Statement. It understands that ongoing investment in human capital is more important than anything else in achieving continuous growth in the future. Accordingly, the Company is actively investing in and developing an environment conducive to human resource development. As a specific measure, the Company is building a training system and curriculum to allow personnel to acquire the proper and necessary abilities according to their position, duties and occupation. Notably, engineers need to learn the latest cutting-edge technologies. Therefore, the Company is focusing on nurturing advanced IT personnel through such means as making use of external professional organizations. Moreover, the Company has set up a rewards system that, for example, provides incentives to those who acquire specialized qualifications. Through these measures, the Company fosters a corporate culture that will accelerate the realization of the Three Standards of Business Conduct and SIMPLE & 4C (the Company's ideal professional human resources), which are based on the Mission Statement, and conduct related human resources development.

(The Company's Corporate Philosophy: <https://www.techmatrix.co.jp/en/company/policy.html>)

(Medium-Term Management Plan: https://www.techmatrix.co.jp/en/ir/management/management_02.html)

(Initiatives for employees (human resources development): https://www.techmatrix.co.jp/en/ir/social/social_3.html)

<Intellectual property rights initiatives>

Regarding investment in intellectual property, the Company has adopted a business model based on providing outstanding products and services by developing unique applications and services. Therefore, it actively invests in technology research to solve customers' issues. The Company strives to maintain the value of its technologies through such means as acquiring patents for specific intellectual property developed in the course of its business activities.

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

The Company has set forth in its Rules of the Board of Directors the matters that are to be deliberated and resolved in meetings of the Board of Directors. In addition, in accordance with its transition to a Company with an Audit & Supervisory Committee, the Company has revised its Articles of Incorporation to conduct rapid management decision-making. Under these revisions, the Board of Directors can entrust all or some decisions on business execution to the Full-time Directors within the scope permitted by laws and regulations.

The Executive Committee comprises Full-time Directors (including Directors who are Full-time Audit & Supervisory Committee Members), Executive Officers, business department managers and certain other personnel. Pursuant to requests for advice from the President and CEO, the Executive Committee provides its advice to the Board of Directors and the President and CEO on 1) important corporate management issues; 2) agenda items for Board of Directors meetings; and 3) the establishment, amendment and abolition of various important rules, in accordance with the Rules of the Executive Committee. The President and CEO serves as the chair of the Company's Executive Committee.

The Company's Board of Directors and Executive Officers believe that the Medium-Term Management Plan "Creating Customer Value in the New Era" which was formulated in May 9 2024, constitutes a commitment to shareholders and other stakeholders. Therefore, the management strategies laid out in the plan are steadily being implemented. In addition, the Board of Directors and Executive Officers believe that progress on those strategies should be explained to shareholders and other stakeholders. Based on this belief, the status of progress on strategies is explained at earnings briefings, general shareholder meetings, and other events.

【Principle 4.9 Independence Standards and Qualifications for Independent Outside Directors】

The Company's independence criteria for Independent Outside Directors are formulated with reference to the independence requirements established by the Tokyo Stock Exchange.

When selecting candidates for Independent Outside Directors, the Company selects individuals who have abundant experience and extensive knowledge of corporate management, corporate legal affairs and other subjects, and who can be expected to offer opinions and advice that will help to increase the Company's corporate value over the medium and long terms.

(Supplementary Principle 4.10.1 Appropriate Involvement and Advice from Independent Outside Directors by Establishing an Independent Nomination Committee and Remuneration Committee)

The Company has established the Personnel Committee to deliberate on matters concerning the decision-making policy for the selection and dismissal of Directors, and Directors' remuneration, among other matters, and report to the Board of Directors. The Personnel Committee comprises three or more Directors selected by resolution of the Board of Directors, with Outside Directors selected to form a majority of the members. While considering opinions from Outside Directors based on their independent perspectives, the Personnel Committee conducts discussions on the ideal remuneration structure and the next generation of candidates for Director. The committee also carries out highly fair and transparent evaluations of Directors and considers the composition of the next generation of Directors.

(Supplementary Principle 4.11.1 Views on the Composition of the Board of Directors and Related Matters)

The Company has established that there shall be no more than nine Directors (excluding Directors who are Audit & Supervisory Committee Members) and no more than four Directors who are Audit & Supervisory Committee Members.

The Company believes that its top priority is to increase medium- to long-term corporate value by achieving sustainable growth of its businesses and improving business stability. The Company selects Directors from among candidates who are personnel that are well versed in the Company's business and possess strategic thinking skills, have the ability to discern technological advances, and possess knowledge of compliance and internal control. The candidates also have abundant knowledge of the markets where the Company conducts business; experience and knowledge of corporate finance and corporate management, and are well versed in corporate legal affairs and have a high degree of specialization, among other qualities.

Moreover, from the perspective of promoting diversity and women's success in the workplace, the Company has selected two female Directors to ensure that management can take the lead in actively discussing such issues.

The Company has posted a skills matrix of its Officers on its corporate website.

(Information about governance: https://www.techmatrix.co.jp/en/ir/esg/esg_06.html)

(Supplementary Principle 4.11.2 Concurrent Positions of Directors and Audit & Supervisory Committee Members)

The Full-time Directors hold concurrent positions at the Company's Group companies and companies in which the Company has invested. The Company believes that these are important duties necessary to conduct business operations efficiently while ensuring compliance. Furthermore, four Outside Directors concurrently serve as officers of other publicly listed companies. The Company has determined that these concurrent positions are reasonable in scope, and that these Directors are adequately fulfilling their roles and responsibilities as Directors of the Company.

The Company presents the concurrent positions held by its Directors in the convocation notice for the general meeting of shareholders and posts this information on its corporate website.

(Information on concurrent positions is presented in the convocation notice for the general meeting of shareholders:

https://www.techmatrix.co.jp/en/ir/event/event_03.html)

(Supplementary Principle 4.11.3 Summary of Results of Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole)

To ensure the effectiveness of the Board of Directors and improve how it functions, the Company conducts a questionnaire survey on the performance of Directors' duties, the effectiveness of the Board of Directors as a whole, the composition of the Board of Directors, and the status of the Board of Directors' operation, covering the Directors (including Audit & Supervisory Committee Members). Based on the results of an analysis of the questionnaire survey, the Company conducts an evaluation of the effectiveness of the Board of Directors as a whole.

This year, a survey was conducted in May 2024 and an evaluation was conducted.

The evaluation results of this year's survey are as follows:

- (1) The Company's Board of Directors has largely achieved diversity and has secured effective and appropriate management supervisory functions.
- (2) The Board of Directors conducts active and constructive discussions, making the most of the knowledge, experience, and other qualities of each member.

Based on the aforementioned results, the Company has determined that the Board of Directors' duties and roles are being performed effectively.

Going forward, the Company will continue to conduct an analysis and evaluation once a year.

The evaluation is presented in the Company's Corporate Governance Report and is posted on its corporate website and the Tokyo Stock Exchange's website.

(Addressing the Corporate Governance Code: https://www.techmatrix.co.jp/en/ir/esg/esg_06.html)
 (Information on companies listed on the Tokyo Stock Exchange: <https://www.jpx.co.jp/listing/co-search/index.html>)

(Supplementary Principle 4.14.2 Training policy for Directors and Audit & Supervisory Board Member)

The Company provides Full-time Directors and Executive Officers with training as appropriate for their duties in charge of acquiring new knowledge. Additionally, the company encourages them to participate in outside seminars, participated in industry groups, and actively participated in training sessions and exchange sessions held by various organizations at our expense to create an environment in which they can acquire new knowledge and develop their own self-development. Furthermore, the Outside Director (lawyer specializing in corporate law) explain the latest trends in the Corporate Law and the Corporate Governance Code. At the same time, we have established a forum for dialogue with institutional investors to create opportunities to grasp evaluations, issues, and expectations of the Company. In addition, the Board of Directors conducts monthly

【Principle 5.1 Policy for Constructive Dialogue with Shareholders】

Every six months, the Company conducts an earnings briefing. The President and CEO conducts a presentation at these briefings. In addition, the Company is working to increase the number of briefings for individual investors and improve the frequency of small meetings.

The President and CEO conducts a dialogue with shareholders and other investors within a reasonable scope, and the opinions and concerns obtained through this dialogue are reported to the Board of Directors as needed. When IR staff members conduct these activities, reporting to the Board of Directors is undertaken by having the staff members report their findings to the General Manager of the Corporate Planning Dept., who then reports the findings to the Board of Directors.

When conducting dialogue with shareholders and other investors through not only earnings briefings and briefings for individual investors, but also other opportunities for dialogue, the Company strives to manage insider information by using information disclosed in earnings reports, securities reports, medium-term management plans and other materials as dialogue topics.

(Supplementary Principle 5.1.1 Shareholder Meetings with Senior Management, Outside Directors or Audit and Supervisory Board Members)

The President and CEO of the Company basically handles earnings briefings, individual investor briefings, small meetings, individual interviews, and dialogues with shareholders and investors. In addition, IR staff members, the General Manager of the Corporate Planning Dept. and the Full-time Audit & Supervisory Committee Member respond to requests for interviews.

【Action to implement management that is conscious of the cost of capital and stock price (English-language disclosure available)】

The Company has adopted “The IT professional group who creates a better future” as its Mission Statement. The Company will accelerate businesses absolutely necessary for society in the future and provide services to solve social issues. Through these efforts, the Company aims to contribute to the creation of a sustainable society. It is implementing measures to improve corporate value for stakeholders. As part of these measures, the Company has raised shareholder returns by maintaining steady profit growth based on its dividend policy. In addition, the Company is working to enhance IR activities and the disclosure of sustainability-related information.

The Company will steadily undertake various measures laid out in the new Medium-Term Management Plan “Creating Customer Value in the New Era.” These measures will help to ensure that the Company continues to obtain a consistent valuation from the stock markets for its earnings stability and growth potential over the medium and long terms.

There are various methods for assessing and calculating the cost of capital. The Company monitors its own cost of capital using the weighted average cost of capital (WACC). For capital efficiency, the Company has adopted return on invested capital (ROIC) as an indicator of profitability relative to invested capital. The Company aims to maintain a ROIC that exceeds the WACC.

To achieve this goal, the Company will make investment decisions based on consideration of a comprehensive range of factors, including analysis of the current state of the cost of capital, the effects of capital investment, R&D investment, and human capital investment on profitability and capital efficiency, and the economic environment, along with increased measures to improve corporate value. Through these efforts, the Company will continue to generate stable shareholder returns over the long term. The Company will enhance the disclosure of information and conduct dialogue with stakeholders to ensure that the outcomes and details of these efforts are fully understood.

Determination of the amount of dividends:(https://www.techmatrix.co.jp/en/ir/stockbond/stockbond_02.html)

2. Capital Structure

Foreign shareholding ratio	From 30% or more to less than 40%
----------------------------	-----------------------------------

【Major Shareholders】

Name or Designation	Number of Shares Held (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (account in trust)	5,766,600	14.37
Custody Bank of Japan, Ltd. (account in trust)	4,966,200	12.37
STATE STREET BANK AND TRUST COMPANY 505025	3,505,400	8.73
GOVERNMENT OF NORWAY	1,516,600	3.77
Kyosuke Tokuyama	1,325,000	3.30
NORTHERN TRUST CO. (AVFC) RE 009-016 064-324 CLT	1,253,600	3.12
THE BNK OF NEW YORK MELLON 140042	1,005,600	2.50
TECHMATRIX's Employee Shareholding Association	677,700	1.68
KIA FUND 136	591,700	1.47
CACEIS BANK/QUINET LUXEMB OURG SUB AC/UCIS CUSTMOERS ACCOUNT	520,800	1.29

Existence of Controlling Shareholder(s) (Excluding Parent Company)	-----
Existence of Parent Company	None

Supplementary Information

1. The Company holds 4,389,486 shares of treasury stock as of March 31, 2024, but these treasury shares are excluded from the above list of major shareholders. In addition, the shareholding ratios are calculated excluding treasury shares.

2. Reports of Large Volume Holdings with respect to the Company's Shares (Change Report) have been submitted as follows. The information is presented in accordance with the shareholder registry as of March 31, 2024.

- Nomura Asset Management Co., Ltd.: 564,700 shares (December 5, 2014)
- Total of two entities comprising Daiwa Securities Co. Ltd. and its joint holder: 695,500 shares (May 10, 2019)
- Mitsubishi UFJ Financial Group, Inc. (total of four joint holders): 2,232,700 shares (June 21, 2021)
- Artisan Investments GP LLC: 1,922,600 shares (August 18, 2021)
- Sumitomo Mitsui DS Asset Management Company, Limited: 1,757,800 shares (February 22, 2022)
- Total of two entities comprising Asset Management One Co., Ltd. and its joint holder: 1,683,100 shares (March 17, 2023)
- BNY Mellon Investment Management Japan Limited and its joint holder: 3,708,500 shares (November 11, 2021)
- Goodhart Partners LLP: 5,635,200 shares (October 11, 2023)
- Total of two entities comprising Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder: 3,436,700 shares (March 6, 2024)

3. Corporate Attributes

Stock Exchange Listings and Market Classification	Tokyo Prime Market
Fiscal Year-End	March
Industry	Information & Communication
Number of Employees as of Previous Fiscal Year-End (Consolidated)	1,000 or more
Revenue (consolidated) in the Previous Fiscal Year	From ¥10 billion or more to less than ¥100 billion
Number of consolidated subsidiaries as of the previous fiscal year-end	Less than 10

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

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

II Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution and Management Supervision

1. Items Related to Organizational Structure and Operations, etc.

Form of Organization	Company with an Audit & Supervisory Committee
----------------------	---

【Directors】

Number of Directors Stipulated in Articles of Incorporation	13
Term of Office for Directors Stipulated in Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of Directors	11
Appointment of Outside Directors	Appointed
Number of Outside Directors	7

Number of Outside Directors Designated as Independent Director

7

Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	G	h	i	j	k	
Hiroaki Yasutake	From another company									△			
Michi Kaifu	From another company									○			
Ari Horie	From another company									△			
Hideyuki Sasaki	From another company									△			
Ken Takayama	From another company									△			
Ryota Miura	Lawyer									○			
Akio Sugihara	From another company									○			

* Categories for Relationship with the Company

* Mark “○” when the individual presently falls or has recently fallen under the category, and “△” when the individual fell under the category in the past

* Mark “●” when a close relative of the individual presently falls or has recently fallen under the category and “▲” when a close relative of the individual fell under the category in the past

a. Executive of the Company or its subsidiary

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

c. Executive of a fellow subsidiary of the Company

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

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

f. Consultant, accounting or legal professional who receives a large amount of monetary compensation or other property (other than remuneration as an Officer)

g. Major shareholder of the Company (if the major shareholder is a corporation, an executive of the corporation)

h Executive of a client or supplier of the Company (other than those which fall under any of d, e, or f) (applies to self only)

i Executive of a company that has cross-appointments of Outside Officers with the Company (applies to self only)

j Executive of an entity that receives a donation from the Company (applies to self only)

k Others

Relationship with the Company (2)

Name	Audit & Supervisory Committee Member	Independent Officer	Supplementary Information Related to the Criteria	Reasons for Appointment
Hiroaki Yasutake		○	Mr. Hiroaki Yasutake served as Director of Rakuten, Inc. (currently Rakuten Group, Inc.) until January 10, 2016. The Company’s revenue from Rakuten Group, Inc. accounts for a relatively small share of the Company’s revenue (less than 1% of the Company’s consolidated revenue), and the transaction terms with Rakuten Group, Inc. are similar to those with other companies. Furthermore, the holding purpose of the Company’s shares of Rakuten Group, Inc. have been reclassified from held for purposes other than pure investment to held for pure investment by a resolution of the Board of Directors at a meeting held on June 24, 2022. Accordingly, there is nothing significant that could affect independence.	The Company has judged that Mr. Yasutake’s knowledge and experience in the Internet business and system development field can be put to good use in the Company’s management. Therefore, the Company put forward a proposal on Mr. Yasutake’s appointment to the Ordinary General Meeting of Shareholders in June 2024, and it was approved. In addition, Mr. Yasutake meets the independence requirements for Independent Officers set forth by the Tokyo Stock Exchange. Accordingly, the Company has appointed him as an Independent Officer based on its belief that he does not pose a risk of creating conflicts of interest with ordinary shareholders.

Michi Kaifu		○	<p>Ms. Michi Kaifu is the Chief Executive Officer (CEO) of ENOTECH Consulting, LLC. The Company has transactions related to start-up company surveys with ENOTECH Consulting, LLC. However, payments from the Company to ENOTECH Consulting, LLC are negligible (less than \1 million), the transaction amount accounts for a relatively small share of the Company's revenue, and the transaction conditions are similar to those with other companies. Accordingly, there is nothing significant that could affect independence.</p>	<p>Ms. Michi Kaifu has a wealth of experience and outstanding knowledge in the Internet business and emerging technologies field. The Company expects her to provide effective advice on the Company's management from the perspective of management strategy as an entrepreneur and consultant and from a standpoint independent of the management team. Therefore, the Company put forward a proposal on Ms. Kaifu's appointment to the Ordinary General Meeting of Shareholders in June 2024, and it was approved.</p> <p>In addition, Ms. Kaifu meets the independence requirements for Independent Officers set forth by the Tokyo Stock Exchange. Accordingly, the Company has appointed her as an Independent Officer based on its belief that she does not pose a risk of creating conflicts of interest with ordinary shareholders.</p>
Ari Horie		○	<p>Ms. Ari Horie is the Founder and Chief Executive Officer (CEO) of Women's Startup Lab, Inc. The Company has transactions with Women's Startup Lab, Inc. concerning an employee training seminar held in June 2021. However, payments from the Company to Women's Startup Lab, Inc. were negligible (less than \1 million), the transaction amount accounts for a relatively small share of the Company's revenue, and the transaction conditions are similar to those with other companies. Accordingly, there is nothing significant that could affect independence.</p>	<p>Ms. Ari Horie offers a training program for women entrepreneurs in Silicon Valley, U.S. and has a wealth of experience and outstanding knowledge in fostering next-generation leaders based on entrepreneurship. The Company expects her to provide effective advice on the Company's management from the perspective of women's advancement in the workplace and from a standpoint independent of the management team. Therefore, the Company put forward a proposal on Ms. Horie's appointment to the Ordinary General Meeting of Shareholders in June 2024, and it was approved.</p> <p>In addition, Ms. Horie meets the independence requirements for Independent Officers set forth by the Tokyo Stock Exchange. Accordingly, the Company has appointed her as an Independent Officer based on its belief that she does not pose a risk of creating conflicts of interest with ordinary shareholders.</p>
Hideyuki Sasaki	○	○	<p>Mr. Hideyuki Sasaki was an employee (Associate Director of the Internal Audit Department) of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) until June 29, 2007. The Company's transactions with Mizuho Bank, Ltd. are negligible in value (less than 1% of the Company's consolidated revenue). Accordingly, the Company has judged that Mizuho Bank, Ltd. is not a major client of the Company. Following the abovementioned role, Mr. Sasaki served as Senior Audit & Supervisory Board Member of SANYO SPECIAL STEEL, CO., LTD. and Dai-ichi Leasing Co., Ltd. The Company has no transactions with the former company, SANYO SPECIAL STEEL, CO., Ltd. The Company's revenue from the latter company, Dai-ichi Leasing Co., Ltd., accounts for a relatively small share of its revenue (less than 1% of the Company's consolidated revenue) and the transaction conditions with the latter company are similar to those with other companies. Accordingly, there is nothing significant that could affect independence. Accordingly,</p>	<p>Mr. Hideyuki Sasaki has knowledge and experience in corporate management, internal control and international operations as well as considerable insight into finance and accounting. The Company has judged that Mr. Sasaki's knowledge and experience in those fields can be put to good use in the Company's management. Therefore, the Company put forward a proposal on Mr. Sasaki's appointment to the Ordinary General Meeting of Shareholders in June 2023, and it was approved. In addition, Mr. Sasaki meets the independence requirements for Independent Officers set forth by the Tokyo Stock Exchange. Accordingly, the Company has appointed him as an Independent Officer based on its belief that he does not pose a risk of creating conflicts of interest with ordinary shareholders.</p>

			there is nothing significant that could affect independence.	
Ken Takayama	○	○	<p>Mr. Ken Takayama served as Director of Rakuten, Inc. (currently Rakuten Group, Inc.) until March 28, 2013. The Company's revenue from Rakuten Group, Inc. accounts for a relatively small share of the Company's revenue (less than 1% of the Company's consolidated revenue), and the transaction terms with Rakuten Group, Inc. are similar to those with other companies. Furthermore, the holding purpose of the Company's shares of Rakuten Group, Inc. have been reclassified from held for purposes other than pure investment to held for pure investment by a resolution of the Board of Directors at a meeting held on June 24, 2022. Accordingly, there is nothing significant that could affect independence.</p>	<p>Mr. Takayama has a wealth of knowledge and experience in corporate management as well as considerable insight into finance and accounting. The Company has judged that he can monitor overall management and provide effective advice to strengthen corporate governance. Therefore, the Company put forward a proposal on Mr. Sasaki's appointment to the Ordinary General Meeting of Shareholders in June 2023, and it was approved. In addition, Mr. Takayama meets the independence requirements for Independent Officers set forth by the Tokyo Stock Exchange. Accordingly, the Company has appointed him as an Independent Officer based on its belief that he does not pose a risk of creating conflicts of interest with ordinary shareholders.</p>
Ryota Miura	○	○	<p>Mr. Ryota Miura is a lawyer and Partner at Miura & Partners. The Company has a record of payments made to lawyers at Miura & Partners for legal consultation, advice, and related services. However, the Company's transaction balance with Miura & Partners accounts for a relatively small share of the Company's revenue (less than 1% of the Company's consolidated revenue). In addition, the Company believes that Miura & Partners' reliance on the Company for transactions is minimal. Accordingly, there is nothing significant that could affect independence.</p>	<p>The Company expects Mr. Miura to provide effective advice from his professional perspective as a lawyer, especially in corporate legal affairs. The Company has judged that Mr. Miura can provide effective advice based on his independent standpoint with no relations with the Company, with the aim of strengthening monitoring functions and corporate governance. Therefore, the Company put forward a proposal on Mr. Miura's appointment to the Ordinary General Meeting of Shareholders in June 2023, and it was approved. In addition, Mr. Miura meets the independence requirements for Independent Officers set forth by the Tokyo Stock Exchange. Accordingly, the Company has appointed him as an Independent Officer based on its belief that he does not pose a risk of creating conflicts of interest with ordinary shareholders.</p>
Akio Sugihara	○	○	<p>Mr. Akio Sugihara served as Director of Rakuten, Inc. (currently Rakuten Group, Inc.) until June 18, 2019. The Company's revenue from Rakuten Group, Inc. accounts for a relatively small share of the Company's revenue (less than 1% of the Company's consolidated revenue), and the transaction terms with Rakuten Group, Inc. are similar to those with other companies. Furthermore, the holding purpose of the Company's shares of Rakuten Group, Inc. have been reclassified from held for purposes other than pure investment to held for pure investment by a resolution of the Board of Directors at a meeting held on June 24, 2022. Accordingly, there is nothing significant that could affect independence. He is currently the Representative Director and President of Gurunavi Inc., but sales to this company account for a relatively small</p>	<p>Mr. Sugihara has a wealth of experience and outstanding knowledge in Internet business and system development field. The Company has judged that Mr. Sugihara can provide monitoring of overall management and effective advice to strengthen corporate governance. Therefore, the Company put forward a proposal on Mr. Sugihara's appointment to the Ordinary General Meeting of Shareholders in June 2023, and it was approved. In addition, Mr. Sugihara meets the independence requirements for Independent Officers set forth by the Tokyo Stock Exchange. Accordingly, the Company has appointed him as an Independent Officer based on its belief that he does not pose a risk of creating conflicts of interest with ordinary shareholders.</p>

			<p>proportion of the Company's total sales (less than 1% of the Company's consolidated revenue), and the terms of transactions with this company are the same as those with other companies.</p> <p>Accordingly, there is nothing significant that could affect independence.</p>	
--	--	--	---	--

【Audit & Supervisory Committee】

Committee Structure and Attributes of Chair					
	All Members (people)	Full-time Members (people)	Internal Directors (people)	Outside Directors (people)	Committee Chair (Chair)
Audit & Supervisory Committee	4	1	0	4	Outside Director
Existence of Directors and Employees Responsible for Assisting the Duties of the Audit & Supervisory Committee	Yes				

Matters Concerning the Independence of Such Directors and Employees from the Executive Directors

The matters concerning the independence of such Directors and employees of the Company from the Executive Directors are as follows.

“Matters Concerning Directors and Employees Responsible for Assisting the Duties of the Company’s Audit & Supervisory Committee”

If the Audit & Supervisory Committee requests the assignment of assistants, the staff members of the Internal Audit Office shall be entrusted to assist the duties of the Audit & Supervisory Committee.

“Matters Concerning the Independence of Directors and Employees Responsible for Assisting the Duties of the Company’s Audit & Supervisory Committee from other Directors of the Company (excluding Audit & Supervisory Committee Members) and Matters Concerning Ensuring the Effectiveness of Instructions to Such Directors and Employees by the Company’s Audit & Supervisory Committee”

Any personnel transfers of and disciplinary measures against the assistants described above will require the approval of the Audit & Supervisory Committee. Moreover, personnel evaluations will be undertaken based on a hearing of the opinions of the Audit & Supervisory Committee. During the period designated for assistance by the Audit & Supervisory Committee, the Audit & Supervisory Committee will have the authority to direct the assistance duties of the designated employees, and the employees will not be subject to the directions and orders of the Directors.

Coordination Among the Audit & Supervisory Committee, Accounting Auditor, and Internal Audit Division

The Company has adopted the system described below to ensure that the audits of the Audit & Supervisory Committee are performed effectively.

i The Company will strive to strengthen coordination among the three types of audits performed by the Audit & Supervisory Committee, Internal Audit Office, and the audit firm. Moreover, the Audit & Supervisory Committee will regularly exchange opinions with the President and CEO, and the audit firm. Concurrently, the Audit & Supervisory Committee receives direct briefings, as needed, by the Internal Audit Division on information and auditing matters concerning internal control.

ii To enhance the effectiveness of audits of the Group as a whole, the Company has established the Liaison Meeting for Group Corporate Auditors, which meets regularly. Through the Liaison Meeting, the Company’s Audit & Supervisory Committee and the Corporate Auditors of subsidiaries exchange information and opinions and work to enhance audit operations as a corporate group, contribute to risk management, and support management from a defensive perspective. The Liaison Meeting for Group Corporate Auditors, etc. holds regular meetings once every quarter and convenes extraordinary meetings as necessary.

iii The Company budgets for the expenses necessary for the performance of the Audit & Supervisory Committee Members’ duties (limited to expenses related to the performance of the duties of the Audit & Supervisory Committee) at the beginning of the fiscal year. If expenses necessary to the performance of duties other than the budgeted expenses arise, the Company will pay those expenses in advance on a case-by-case basis or the Audit & Supervisory Committee Members may claim reimbursement for those expenses after they are incurred.

【Voluntary Committees】

Existence of Voluntary Committee(s) Equivalent to a Nomination Committee or Remuneration Committee	Yes							
Status of Establishment of Voluntary Committee(s), Member Composition and Attributes of Committee Chair (Chair)								
	Name of Committee	All Members (people)	Full-time Members (people)	Internal Directors (people)	Outside Directors (people)	Outside Experts (people)	Other (people)	Committee Chair (Chair)
Voluntary Committee Equivalent to a	Personnel Committee	4	1	1	3	0	0	Outside Director

Nomination Committee									
Voluntary Committee Equivalent to a Remuneration Committee	Personnel Committee	4	1	1	3	0	0	0	Outside Director

Supplementary Information

The Company has established the Personnel Committee to deliberate on matters concerning the decision-making policy for the selection and dismissal of Directors, and Directors' remuneration, among other matters, and report to the Board of Directors.

The Personnel Committee comprises three or more Directors selected by resolution of the Board of Directors, with Outside Directors selected to form a majority of the members. In addition, the Committee Chair is elected by a mutual vote of the Committee Members. Candidates for Director are decided by the Board of Directors in response to reports received from the Personnel Committee, and their decisions are reflected in proposals put forward to the general meetings of shareholders. As for the individual remuneration of each Director, in response to reports received from the Personnel Committee, the Board of Directors deliberates such remuneration, considering factors such as the remuneration level of employees, the scope of responsibilities required of Directors, and business results. The decision on the particular amount for each individual is then entrusted to the Representative Director based on the details and within the monetary limit approved by the general meeting of shareholders.

【Independent Officers (Directors and Audit & Supervisory Committee Members)】

Number of Independent Officers (Directors and Audit & Supervisory Committee Members)	7
--	---

Other Matters Concerning Independent Officers (Directors and Audit & Supervisory Committee Members)

The Company registers all Outside Officers who fulfill the qualifications of Independent Officer as Independent Officers.

【Incentives】

Implementation Status of Measures Related to Incentives Granted to Directors	Introduction of stock option plan and performance-linked remuneration plan, among others
--	--

Supplementary Information for Applicable Items

As performance-linked remuneration for Full-time Directors (excluding Directors who are Audit & Supervisory Committee Members), the Company has introduced performance-linked monetary remuneration, post-delivery type performance-linked share remuneration and a stock compensation-type stock option plan.

In addition, the Company has introduced a program where Directors can purchase the Company's shares through the Officers' Stock Ownership Association.

Grantees of Stock Options	Internal Directors, employees
---------------------------	-------------------------------

Supplementary Information for Applicable Items

The Company has introduced a stock compensation-type stock option plan for Full-time Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers (excluding those who hold concurrent positions as Directors).

In addition, the Company has introduced a program where such persons can purchase the Company's shares through the Officers' Stock Ownership Association and the Employees' Stock Ownership Association.

【Directors' Remuneration】

Status of Disclosure of Individual Directors' Remuneration	Individual remuneration is not disclosed.
--	---

Supplementary Information for Applicable Items

The total amount of remuneration paid to the Directors is presented in the Annual Securities Report.

Adoption of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Adopted
--	---------

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

(1) Overview of Remuneration System for Officers (Directors and Audit & Supervisory Committee Members)

The Company's basic policy is to adopt a remuneration structure linked to shareholder interests so that the remuneration of each Director provides adequate incentive for them to achieve sustained increases in corporate value. The basic policy also calls for setting the remuneration of each individual Director at an appropriate level based on each Director's individual job responsibilities when determining such remuneration. Specifically, the remuneration of Executive Directors comprises base remuneration as fixed remuneration, as well as performance-linked monetary remuneration, post-delivery type performance-linked share remuneration and stock compensation-type stock option remuneration as performance-linked remuneration. Outside Directors, who assume a supervisory role, are paid only base remuneration in light of their duties.

- Base remuneration

Base remuneration is provided as monthly fixed remuneration. It is determined by taking into account a comprehensive range of factors in accordance with position, job responsibilities, and years of service, while considering other companies' remuneration levels, the Company's business results, the level of employee wages, and remuneration from subsidiaries and other entities where important positions are concurrently held.

• Performance-linked remuneration

The policy for determining the details of performance-linked remuneration for the Company's Executive Directors, as well as the methodologies for calculating the amounts or quantities of such remuneration, are outlined below.

<Performance-linked Monetary Remuneration>

With performance-linked monetary remuneration, the Company defines the responsibility of eligible Directors for performance targets by paying monetary remuneration based on the achievement of those targets, in order to promote the sharing of even more value with shareholders. Specifically, under this remuneration plan, the Company's Board of Directors establishes numerical targets in advance for a certain period it defines, and remuneration varies with the achievement rate against those numerical targets, among other criteria. The amount of this monetary remuneration is calculated by multiplying (1) a base remuneration amount determined by the Board of Directors for each Executive Director position by (2) an achievement rate against a numerical performance target determined by the Board of Directors and (3) a period-of-service ratio. The Board of Directors will determine the specifics of the remuneration, including details and the time period during which remuneration is provided.

<Post-delivery Type Performance-Linked Share Remuneration>

With post-delivery type performance-linked share remuneration, the Company grants stock remuneration as an incentive for eligible Directors to improve the Company's corporate value by defining their responsibility for performance targets and paying monetary remuneration based on the achievement of those targets. The purpose of this remuneration is for the eligible Directors to share the benefits and the risks of movements in the Company's stock price with shareholders. Specifically, under this remuneration plan, the Company's Board of Directors establishes numerical targets in advance for a certain period it defines, and remuneration varies with the achievement rate against those numerical targets, among other criteria. The number of shares to be granted is calculated by multiplying (1) a base number of shares to be granted as determined by the Board of Directors for each Executive Director position by (2) an achievement rate against a numerical performance target determined by the Board of Directors, and (3) a period-of-service ratio. The Board of Directors will determine the specifics of the remuneration, including details and the time period during which remuneration is provided.

• Stock Compensation

The Company has introduced stock compensation-type stock option remuneration to create a remuneration structure that is aligned with shareholder interests to ensure that the structure functions adequately as incentive for efforts to achieve sustained improvement in corporate value and shares the benefits and the risks of movements in the Company's stock price with shareholders. Regarding the calculation method, the Company employs the fair value computed using the Black-Scholes model to determine the number of shares to be allotted for the standard amount of each Director's non-monetary remuneration. The Board of Directors will determine the specifics of the remuneration, including details and the time period during which remuneration is provided. However, these specifics are determined based on reports from the Personnel Committee.

(2) Allocation Ratio by Type and Determination Procedure for Officers' Remuneration and Related Items

The allocation ratio of Executive Directors' remuneration by type is determined based on remuneration standards that reflect as benchmarks the remuneration standards of companies with a comparable business size to the Company as well as companies affiliated with relevant industries and business formats. The amount of performance-linked remuneration and stock options (remuneration for which the value of remuneration received is linked to performance, stock price and other factors) is estimated to be between 30% and 40% of total remuneration. However, this principle shall not apply in circumstances where, for example, the Company's base remuneration is not paid because an Officer receives remuneration for holding an important concurrent position at a subsidiary or other such entity. The total amount of remuneration is determined based on reports received from the Personnel Committee (made up of a majority of Outside Directors who are Independent Officers), which is a voluntary nomination and remuneration committee, with such remuneration set to correspond to each Director's responsibilities.

In addition, the President and CEO is entrusted with the specific details of individual remuneration for Directors based on a resolution by the Board of Directors. The scope of authority of the President and CEO covers the amount of base remuneration of each Director and the number of stock options allotted to each individual Director. The performance-linked remuneration of each individual Director is paid in accordance with a standard amount and target achievement rate established in advance by the Board of Directors. To ensure that this authority is properly exercised by the President and CEO, the Board of Directors submits the original proposal for review to the Personnel Committee, and the committee reports back to the Board of Directors. The President and CEO, who is entrusted with this authority as described above, is required to make the determination in accordance with the content of the report.

(3) Resolutions of the General Meeting of Shareholders on Officers' Remuneration and Related Items

The amount of monetary remuneration of the Company's Directors excluding Directors who are Audit & Supervisory Committee Members was approved by the Ordinary General Meeting of Shareholders held on June 24, 2022 as a limit on the remuneration of Directors of no more than ¥160 million per year (including remuneration of Outside Directors of ¥35 million per year) (hereinafter, the "base remuneration limit"). When the resolution was passed, there were seven Directors (including three Outside Directors).

In addition, the Company has obtained approval to set the remuneration limit for granting performance-linked monetary remuneration to Directors excluding Directors who are Audit & Supervisory Committee Members and Outside Directors at no more than ¥60 million per year, with this limit being separate from the base remuneration limit and the stock option remuneration described below. As a remuneration limit for granting post-delivery type performance-linked share remuneration, the Company has obtained approval to set the number of shares to be granted at no more than 60,000 shares per year and the amount of monetary remuneration receivable to be paid at no more than ¥60 million per year. When each resolution was passed, there were four eligible Directors.

Furthermore, the share acquisition rights that can be allotted as stock option remuneration to Directors excluding Directors who are Audit & Supervisory Committee Members and Outside Directors was approved by the Ordinary General Meeting of Shareholders held on June 24, 2016 at no more than ¥20 million per year (the number to be granted shall be no more than 200 per year, and the underlying shares shall be no more than 20,000 shares per year of the Company's common stock), separately from the base remuneration limit. When the resolution was passed, there were four eligible Directors.

The remuneration of Directors who are Audit & Supervisory Committee Members of the Company was approved by the Ordinary General Meeting of Shareholders held on June 24, 2022 as no more than ¥50 million per year. When the resolution was passed, there were four Audit & Supervisory Committee Members.

【Support System for Outside Directors】

The Corporate Planning Dept. serves as the point of contact and communicates information to the Outside Directors about the Board of Directors. It sends documents covering significant agenda issues for Board of Directors meetings to the Outside Directors prior to meetings. The Corporate Planning Dept. also provides briefings and reports before and after meetings as necessary.

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

[Board of Directors] Outside Directors have been invited to join the Board of Directors in order to strengthen its supervisory functions. It consists of 11 members, including 7 Outside Directors. The Board of Directors holds regular meetings once a month and extraordinary meetings as necessary.

[Executive Committee] The Executive Committee has been established as a forum for discussing issues related to business execution. It comprises Full-time Directors (including Directors who are Full-time Audit & Supervisory Committee Members), Executive Officers, business department managers and certain other personnel. In addition, the Executive Committee evaluates key agenda issues that should be brought before the Board of Directors and reports to the Board of Directors, and the President and CEO. The Executive Committee meets once a month on a regular basis and convenes extraordinary meetings as necessary.

[Audit & Supervisory Committee] The Audit & Supervisory Committee comprises one Full-time Audit & Supervisory Committee Member and three Part-time Audit & Supervisory Committee Members. (All four members are Outside Directors.) Regular Audit & Supervisory Committee meetings are held once a month and extraordinary Audit & Supervisory Committee meetings are held as necessary.

[Group Management Meetings] The group management meetings have been established by the Company to share management-related information, discuss related issues, and strengthen collaboration across the Company and its subsidiaries. The meetings comprise Group Executive Officers (Full-time Directors, Executive Officers, Presidents of subsidiaries, Directors of major subsidiaries) and the Director who is a Full-time Audit & Supervisory Committee Member. The group management meetings conduct regular quarterly meetings.

[Personnel Committee] The Personnel Committee has been established as an advisory body to the Board of Directors in order to enhance corporate governance by bolstering the fairness, transparency and objectivity of processes related to nomination and remuneration, etc. for Directors. In response to the Board of Directors' consultations, the Personnel Committee discusses the following issues and reports back to the Board of Directors.

- (1) Issues related to the selection and dismissal of Directors (matters for resolution by the general meeting of shareholders)
- (2) Issues related to the selection and removal of the Representative Director (matters for resolution by the Board of Directors)
- (3) Issues related to the selection and removal of Executive Directors (matters for resolution by the Board of Directors)
- (4) Issues related to the policy for determining the remuneration of Directors, etc.
- (5) Issues related to the remuneration of Directors (excluding Audit & Supervisory Committee Members), etc.
- (6) Issues related to the limit on remuneration for Directors (matters for resolution by the general meeting of shareholders)
- (7) Issues related to succession planning
- (8) Other important management issues deemed necessary by the Board of Directors

The Personnel Committee comprises three or more Directors selected by resolution of the Board of Directors, with Outside Directors selected to form a majority of the members. In addition, the Committee Chair is elected by a mutual vote of the Committee Members.

[Internal Audit] The Company's internal audit system is as follows. The Internal Audit Office has been established as an organization under the direct control of the President. It systematically conducts internal control audits, Information Security Management System (ISMS) internal audits, and operational audits. The Internal Audit Office has a full-time staff of three employees.

[Accounting Audit] With regard to accounting audits, the Company has appointed KPMG AZSA LLC as its Accounting Auditor in accordance with the Companies Act and to perform accounting audits in accordance with the Financial Instruments and Exchange Act.

The operational structure at KPMG AZSA LLC is as follows:

- Composition of assistants involved in accounting audit operations
- Six certified public accountants (CPAs) and ten other personnel

3. Reasons for Selecting the Current Corporate Governance System

The Company views increasing its corporate value as a top priority, and strives to maintain and enhance its competitiveness, as well as maximize the added value it can provide to customers. To this end, the Company believes that the foundation of corporate governance is to establish a system for implementing the following in a well-balanced manner: strategic and speedy management decision-making and rapid and appropriate business execution based on those decisions, as well as adequate supervision and auditing of management and business execution.

The Board of Directors is the highest body for management decision-making and supervision of business execution. Outside Directors are invited to participate on the Board of Directors in order to bolster its supervisory functions.

Moreover, the Company has established the Personnel Committee to deliberate on matters concerning the decision-making policy for the selection and dismissal of Directors, and Directors' remuneration, among other matters, and report to the Board of Directors. Furthermore, the Company has adopted an Executive Officer system to separate the Board of Director's decision-making and business execution supervisory functions from the business execution functions of each business, as part of efforts to enhance management efficiency.

As its auditing function, the Company has established the Audit & Supervisory Committee. The Audit & Supervisory Committee comprises one Full-time Audit & Supervisory Committee Member and three Part-time Audit & Supervisory Committee Members. (All four members are Outside Directors.)

III Status of Implementation of Measures Related to Shareholders and Other Stakeholders

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

	Supplementary Information
Prompt Delivery of Convocation Notice for the General Meeting of Shareholders	The Company posted the convocation notice for the General Meeting of Shareholders on its website on June 6 ahead of the mailing date of June 12 for the convocation notice.
Setting Date of General Meeting of Shareholders to Avoid Being Held on the Same Day as Many Other Companies	The General Meeting of Shareholders was held at 2:00 p.m. on June 28, 2024

Exercise of Voting Rights by Electromagnetic Means	The Company has provided an environment in which shareholders can exercise their voting rights via the Internet and other electromagnetic means since the 32nd Annual General Meeting of Shareholders.
Participation in Platform for Exercise of Voting Rights by Electromagnetic Means and Other Measures to Enhance the Environment for Exercise of Voting Rights by Institutional Investors	The Company has participated in a platform for the exercise of voting rights by electronic means since the 32nd Annual General Meeting of Shareholders.
Providing Convocation Notice (Summary) in English	The Company has prepared an English version of a summary of the convocation notice and submitted and posted it to the Tokyo Stock Exchange's website, along with posting it on its corporate website.

2. Status of Investor Relations Activities

	Supplementary Information	Explanation by Representative
Preparing and Announcing Disclosure Policy	The Company has posted its IR Policy at the following URL: https://www.techmatrix.co.jp/en/ir/policy.html	
Holding Regular Briefings for Individual Investors	Briefings were held on July 11, 2023, November 26, 2023 and February 26, 2024.	Yes
Holding Regular Briefings for Analysts and Institutional Investors	The briefing for the six months ended September 30, 2023 was held on November 19, 2023, while the briefing for the fiscal year ended March 31, 2024 was held on May 16, 2024. Both briefings were held online with explanations given directly by the Representative Director.	Yes
Posting Investor Relations Materials on the Company's Website	The Company posts earnings reports, Integrated report, business reports, annual securities reports, notice of meeting, and company presentation materials at the following URL: https://www.techmatrix.co.jp/en/ir/library/index.html .	
Establishing Investor Relations Department (Staff)	The Corporate Planning Dept. is the department in charge of investor relations. Mr. Motoki Yamazaki, the General Manager of the Corporate Planning Dept., serves as the administrative contact point for investor relations.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Information
Provisions for Respecting the Position of Stakeholders through Internal Rules, etc.	The Company has established the Corporate Ethics Guidelines, which set forth basic principles that the Group's Officers and employees should comply with. The Company stipulates in these guidelines that Officers and employees must respect the position of customers and provide accurate and timely disclosure to stakeholders such as shareholders, clients and suppliers, and the general public, in order to enhance the transparency of corporate management.
Implementation of Environmental Protection, Corporate Social Responsibility (CSR) and Other Activities	The Company has established an Environmental Policy and has built an environmental management system based on this policy. It conducts environmental improvement activities systematically and continuously. Please see the following URL for information on our environmental improvement activities. Environmental management: https://www.techmatrix.co.jp/en/ir/esg/esg_02.html Environmental initiatives: https://www.techmatrix.co.jp/en/ir/esg/esg_03.html Climate change initiatives: https://www.techmatrix.co.jp/en/ir/esg/esg_01.html
Formulation of Policy Concerning Disclosure of Information to Stakeholders and Related Policies	The Company has established the Corporate Ethics Guidelines, which set forth basic principles that the Group's Officers and employees should comply with. The Company stipulates in these guidelines that Officers and employees must respect the customer's position, disclose corporate information such as management and business activities to shareholders, business partners, society, and other stakeholders in a timely and accurate manner, and enhance the transparency of corporate management. The Company has posted its IR Policy at the following URL: https://www.techmatrix.co.jp/en/ir/policy.html

IV Matters Concerning the Internal Control System

1. Basic Policy on Internal Control System and the Status of Its Development

< Basic Policy on Internal Control System >

The Company's basic policy on the development of its internal control system is outlined below.

At a meeting of the Board of Directors held on March 22, 2023, the Company passed a resolution to partially revise this basic policy.

Particulars

1. System to Ensure that the Performance of Duties by the Company's Directors and Employees and the Directors, etc. and Employees of the Company's Subsidiaries Comply with Laws, Regulations, and the Articles of Incorporation

(1) The Company has established the Corporate Ethics Guidelines, Compliance Standards of Conduct, Basic Human Rights Policy, Environmental Policy, Security Policy, and Social Media Policy. Based on these policies, the Company will clearly define the standards of conduct of Officers and employees to ensure compliance with laws and regulations, the Articles of Incorporation, internal rules and so forth.

(2) The Company will strive to spread awareness of the aforementioned guidelines, standards of conduct, and other rules by providing regular education and training to Officers and employees.

(3) The Company will conduct audits of the status of day-to-day business execution by Directors (excluding Audit & Supervisory Committee Members) and each department, and confirm the status of compliance with guidelines, standards of conduct and other rules.

(4) Once a month, the Company will hold morning meetings attended by all employees to raise employees' knowledge of the importance of participation in management. The President will explain management policies, the status of progress on businesses, and related matters, and endeavor to foster a shared Company-wide awareness of these issues.

(5) The Company will resolutely oppose anti-social forces that have a negative impact on social order and the sound operations of businesses and will cut all relations with such entities.

(6) In accordance with the Group Company Management Rules, the Company has established the authority to conduct investigations of subsidiaries and the right to require reports from them within the scope necessary for the Company's audits by its Full-time Audit & Supervisory Committee Members. In addition, the Company's Internal Audit Office conducts regular and special audits of subsidiaries either directly or via the subsidiaries' internal audit offices.

(7) The Company will introduce a whistleblowing system that Officers and employees of the Company and its subsidiaries can use. It will strictly deal with any compliance violations or other misconduct.

2. System for the Storage and Preservation of Information Related to the Performance of the Duties of the Company's Directors

(1) In accordance with the Document Management Rules, the Company will appropriately store and manage (including disposal) the following documents (including electromagnetic records) along with related materials. It will also verify the status of implementation and revise the rules as necessary.

- Minutes of the General Meeting of Shareholders
- Minutes of Meetings of the Board of Directors
- Minutes of Meetings of the Executive Committee
- Copies of documents submitted to tax offices and other government and public organizations, and to stock exchanges
- Other documents stipulated by the Document Management Rules

(2) The Company will endeavor to manage information assets in compliance with JIS Q 27001 (ISMS).

(3) The Company will achieve appropriate document storage and management (including disposal) by having subsidiaries introduce systems that are equivalent to those of the Company.

3. Rules Concerning the Management of the Risk of Loss at the Company and its Subsidiaries and Other Relevant Risk Management Systems

(1) The Company has established Crisis Management Rules. Under these rules, the Company will establish a crisis management system and strive to prevent crises, including the risk of loss. Concurrently, if a crisis occurs or is detected, the Company will work to avoid and prevent the spread of damage through such means as establishing a Crisis Response Headquarters. Additionally, the Company will establish a business continuity plan in accordance with the rules and share the plan with subsidiaries. By doing so, the Company and its subsidiaries will endeavor to minimize risk by formulating a business continuity plan, identifying risks associated with business continuity, and implementing measures to address those risks.

(2) The Company will obtain JIS Q 27001 (ISMS) certification. Through this certification's maintenance and improvement activities, the Company will strive to manage and operate systems in compliance with standards to address the risk of loss arising from information security and the protection of personal information. In addition, if deemed necessary, the Company will require its subsidiaries to obtain JIS Q 27001 (ISMS) or the Privacy Mark certification in order to establish information security systems that are equivalent to its own.

(3) The Company will conduct internal control system audits related to the status of day-to-day business execution of the departments of the Company and its subsidiaries through the Internal Audit Office, which is under the direct control of the President. It will identify risks that could lead to the risk of loss and evaluate those risks, along with confirming the status of responses to risks. If there is an Internal Audit Office within a subsidiary, with the permission of the Company's Internal Control Committee, the Company may delegate a portion or all of the evaluation process for internal control system audits at its subsidiary to the Internal Audit Office of the subsidiary.

4. System to Ensure the Efficient Performance of Duties by the Company's Directors and the Directors, etc. of the Company's Subsidiaries

(1) The Company will streamline the Board of Directors by adopting an Executive Officer System, thereby ensuring speedy and efficient management decision-making in accordance with the Rules of the Board of Directors. The Board of Directors will hold regular meetings once a month and convene extraordinary meetings as necessary.

(2) In accordance with the Rules of the Executive Committee, the Company will establish the Executive Committee comprising Full-time Directors, Full-time Audit & Supervisory Committee Members, Executive Officers, business department managers and certain other personnel. The Executive Committee will discuss issues related to business execution, along with evaluating key agenda issues that should be brought before the Board of Directors and reporting to the Board of Directors, and the President and CEO. The Executive Committee will meet once a month on a regular basis and convene extraordinary meetings as necessary.

(3) To pursue business efficiency, the Company will continue to move forward on developing its internal control systems and reforming its business processes.

(4) The Company will dispatch Officers to significant subsidiaries to determine whether their Boards of Directors have developed a system to ensure the efficient performance of duties by Directors and are implementing the system effectively. If it is judged that there is a need for improvement, the Officers will request that the Directors or Board of Directors implement improvements.

5. System for Reporting Matters Related to the Performance of Duties by Directors, etc. of the Company's Subsidiaries and Other Systems to Ensure the Proper Operations of the Corporate Group Comprising the Company and Its Subsidiaries

(1) In accordance with this basic policy, the Company will establish internal control systems appropriate to the Company's size and business activities, along with implementing and evaluating the system. At the same time, the Company will evaluate the establishment and implementation of internal control systems at subsidiaries.

(2) If approved by the Company's Internal Audit Office and its Internal Control Committee, the evaluation work will be carried out by the internal audit offices of subsidiaries.

(3) The Company will dispatch Officers to significant subsidiaries and monitor the business and financial condition of subsidiaries through their executive committees. The Company's Board of Directors and Executive Committee receive reports on the subsidiaries' business and financial condition from the dispatched Officers or the Officers of the subsidiaries, along with discussing important matters.

(4) In accordance with the Group Company Management Rules, the Company will stipulate matters requiring prior approval as well as matters requiring prior and ex post facto reporting, and subsidiaries will be required to comply with those stipulations.

6. Matters Concerning Directors and Employees Responsible for Assisting the Duties of the Company's Audit & Supervisory Committee

If the Audit & Supervisory Committee requests the assignment of assistants, the staff members of the Internal Audit Office shall be entrusted to assist the duties of the Audit & Supervisory Committee.

7. Matters Concerning the Independence of Directors and Employees Described in the Previous Item from other Directors of the Company (excluding Audit & Supervisory Committee Members) and Matters Concerning Ensuring the Effectiveness of Instructions to Such Directors and Employees by the Company's Audit & Supervisory Committee. Any personnel transfers of and disciplinary measures against the assistants described above will require the approval of the Audit & Supervisory Committee. Moreover, personnel evaluations will be undertaken based on a hearing of the opinions of the Audit & Supervisory Committee. During the period designated for assistance by the Audit & Supervisory Committee, the Audit & Supervisory Committee will have the authority to direct the assistance duties of the designated employees, and the employees will not be subject to the directions and orders of the Directors.

8. System for Reporting to the Company's Audit & Supervisory Committee

(1) The Company's Full-time Audit & Supervisory Committee Members attend important meetings such as meetings of the Board of Directors, Executive Committee, and Internal Control Committee, as well as the Group Presidents' Meeting, to ascertain the status of management decision-making and business execution at the Company and its subsidiaries. The Directors (excluding Audit & Supervisory Committee Members) and Executive Officers provide necessary reporting to the Full-time Audit & Supervisory Committee Members through the above meetings or day-to-day operations. Furthermore, the Full-time Audit & Supervisory Committee Members view materials such as documents about business execution, including circular approval forms, and seek explanations from Officers and employees as necessary. The Full-time Audit & Supervisory Committee Members will provide the necessary reporting to the Part-time Outside Director on a timely basis through the Audit & Supervisory Committee or other appropriate means.

(2) In accordance with the Group Company Management Rules, the Company will stipulate matters requiring prior approval as well as matters requiring prior and ex post facto reporting, and subsidiaries will be required to comply with those stipulations. Managers of departments that receive reports from subsidiaries will report to the Company's Audit & Supervisory Committee on a timely basis. If such reporting is provided only to Full-time Audit & Supervisory Committee Members, the Full-time Audit & Supervisory Committee Members will provide the necessary reporting to the Part-time Audit & Supervisory Committee Members on a timely basis through the Audit & Supervisory Committee or other appropriate means.

(3) The Audit & Supervisory Committee will conduct monitoring to ensure that informants reporting to the Audit & Supervisory Committee are not treated unfavorably as a result of making such reports and will request that improvements and other measures be undertaken by the Board of Directors as necessary.

9. Other Systems to Ensure that Audits by the Company's Audit & Supervisory Committee Are Performed Effectively

(1) The Company will strive to strengthen coordination among the three types of audits performed by the Audit & Supervisory Committee, Internal Audit Office, and the audit firm. Moreover, the Audit & Supervisory Committee will regularly exchange opinions with the President and CEO, and the audit firm.

(2) To enhance the effectiveness of audits of the Group as a whole, the Company has established the Liaison Meeting for Group Corporate Auditors, which meets regularly. Through the Liaison Meeting, the Company's Audit & Supervisory Committee and the Corporate Auditors of subsidiaries exchange information and opinions and work to enhance audit operations as a corporate group, contribute to risk management, and support management from a defensive perspective. The Liaison Meeting for Group Corporate Auditors holds regular meetings once every quarter and convenes extraordinary meetings as necessary.

(3) The Company budgets for the expenses necessary for the performance of the Audit & Supervisory Committee Members' duties (limited to expenses related to the performance of the duties of the Audit & Supervisory Committee) at the beginning of the fiscal year. If expenses necessary to the performance of duties other than the budgeted expenses arise, the Company will pay those expenses in advance on a case-by-case basis or the Audit & Supervisory Committee Members may claim reimbursement for those expenses after they are incurred.

<Development Status>

In accordance with the enforcement of the amended Whistleblower Protection Act in June 2022, the Board of Directors established new internal rules on whistleblowing at a meeting in May 2022. These internal rules are being extended to subsidiaries, and the Company is developing a Group-wide whistleblowing system.

2. Basic Policy on and Status of Implementation of Efforts Toward Removal of Anti-social Forces

The Company's basic policy is to resolutely oppose anti-social forces that have a negative impact on social order and the sound operations of businesses and to cut all relations with such entities. With this in mind, the Company has codified this policy in its Corporate Ethics Guidelines and Compliance Standards of Conduct, and will routinely communicate this policy to all employees to ensure that they will comply with it.

[Attachment: Timely Disclosure System (Schematic Diagram)]

