

September 27, 2021

Net Marketing Co. Ltd.

Kunihisa Miyamoto, Representative Director and CEO

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Securities Code: 6175

<https://www.net-marketing.co.jp/>

The corporate governance of Net Marketing Co. Ltd. (the “Company”) is described below.

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

1. Basic Views [Updated]

The Company’s basic view on corporate governance lies in improving its corporate value steadily through responding to the trust of its stakeholders, including its shareholders, business partners, employees, and the users of its services. The Company believes that ensuring sound, transparent corporate management is essential for the continuation of business activities and steady improvement of its corporate value. The Company also regards the enhancement of its supervision and auditing of its management as one of the most important tasks in corporate management.

The Company has set up a Board of Directors and Audit and Supervisory Committee for the purpose of engaging in highly transparent management.

The Company’s Board of Directors consists of nine members, including six directors who are not Audit and Supervisory Committee members (with two being outside directors) and three directors serving concurrently as Audit and Supervisory Committee members (with all being outside directors). Thus, outside directors constitute the majority of the members of the Board of Directors.

The Company has selected persons with a high level of knowledge regarding corporate management overall and internet business as its directors, thus having adopted diverse perspectives in its management. Further, the Company has included experts, such as a lawyer and a certified public accountant, in its corporate governance system. Thus, the Company has adopted legal and accounting confirmations in its management decision-making in an effort to ensure risk management.

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

The following descriptions are based on the Corporate Governance Code that was revised in June 2018.

[Supplementary Principle 1.2.4: Creating Infrastructure Enabling Electronic Voting and Providing English Translations of the Convening Notices]

The Company has introduced its Electronic Voting Platform to establish the appropriate infrastructure for the exercise of voting rights. Concerning the English translation of documents, currently the Company provides IR materials in English but does not provide an English

translation of convening notices at present, reflecting the ratio of foreign investors. Moving forward, the Company will consider providing an English translation of these documents in consideration of changes in its shareholder composition and other factors.

[Supplementary Principle 1.2.5: Exercise of Voting Rights by Institutional Investors, etc. Holding Shares in Street Name]

Bearing in mind the ratio of institutional investors, etc., the Company regards the voting rights exercised in general meetings of shareholders as being held by the people who are listed or recorded on the shareholders list. It does not permit substantial shareholders, such as institutional investors who hold shares in street name, to participate in shareholder meetings, exercise voting rights, or ask questions. Moving forward, the Company will consider the establishment of guidelines regarding the participation of substantial shareholders in its general meetings of shareholders while listening to requests from substantial shareholders and observing the actions of trust and banking companies, etc.

[Supplementary Principle 4.1.2: Mid-term Business Plan (*Chuuki Keiei Keikaku*)]

The Company has refrained from disclosing a specific mid-term business plan because it takes seriously the leak of members' information caused by unauthorized access, which it announced on May 21, 2021, and its policy is to first focus its efforts on taking thorough measures to prevent a recurrence of the incident and rebuild a reliable security system.

The Company announces its medium- to long-term management strategies, a summary of its business performance and other results, the prospect of its performance in the next fiscal year, and similar information through its financial statements, financial results (summaries), supplementary materials on financial results, and other documents.

[Supplementary Principle 4.1.3: Plans for the succession of the Chief Executive Officer (CEO), etc.]

The Company judges that its incumbent representative director executes their duties as CEO appropriately, and a succession plan does not currently need to be discussed by the Board of Directors. When a succession plan is deemed necessary, the Board of Directors will hold discussions to ensure that sufficient time and resources are dedicated to developing candidates for succession.

[Supplementary Principle 4.2.1: Management Remuneration]

The remuneration of directors is determined in a way that the amount will not exceed the limit on remuneration, the resolution on which was passed at the general meeting of shareholders. Resolutions on the remuneration of directors who are not Audit and Supervisory Committee members will be passed by the Board of Directors, and those on the remuneration of directors serving concurrently as Audit and Supervisory Committee members will be passed by the Audit and Supervisory Committee, respectively, after the Nomination and Remuneration Committee's recommendations to directors are received. Remuneration of directors who are not Audit and Supervisory Committee members consists of monthly remuneration (fixed amount) and management bonuses (variable amount). In addition, the Company has introduced a stock option as a method for remuneration based on medium- to long-term business performance. The

Company will continue to deepen discussions regarding matters concerning the remuneration of directors who are not Audit and Supervisory Committee members, such as setting ratios for performance-linked remuneration and non-monetary remuneration.

[Supplementary Principle 4.3.2: Appointment of the CEO]

The Company has not established guidelines or other rules regarding the appointment/dismissal of the CEO. However, bearing in mind that appointment/dismissal of the CEO is the most important strategic decision for the Company, the Board of Directors will appoint a CEO after spending sufficient time considering the aptitude of CEO candidates and by obtaining recommendations from the Nomination and Remuneration Committee.

[Supplementary Principle 4.3.3: Dismissal of CEO]

The Company has not established guidelines or other rules regarding the appointment/dismissal of the CEO. However, where the CEO is deemed not to be fulfilling their duties in light of the Company's business performance and other elements, the Board of Directors will take an appropriate measure without excluding dismissal from their available options and with recommendations obtained from the Nomination and Remuneration Committee.

[Principle 4.8.2: Lead Independent Director]

While the Company does not have a lead independent director at present, its full-time Audit and Supervisory Committee member regularly exchanges opinions with inside directors and shares information with outside directors via the Audit and Supervisory Committee, liaison meetings with outside directors, and other opportunities, for communication, coordination, and cooperation between directors.

[Principle 4.9: Independence Standards and Qualification for Independent Directors]

The Company has not established particular standards for the appointment of independent directors. In selecting independent directors, the Company refers to the standards for independence set by the Tokyo Stock Exchange. The Company selects persons who have a deep understanding of the Company's business conditions, a wealth of experience and knowledge regarding corporate management overall, and are capable of joining discussions at Board of Directors' meetings from an objective standpoint and providing constructive opinions.

[Supplementary Principle 4.11.1: View on the Appropriate Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, and on Diversity and Appropriate Board Size]

In its articles of incorporation, the Company stipulates that the number of its directors should be up to twelve (with up to eight directors who are not Audit and Supervisory Committee members and up to four directors serving concurrently as Audit and Supervisory Committee members). At present, the Company has appointed nine directors including five independent directors. In light of the current scale of business, the Company judges that its Board of Directors is sufficiently effective. However, the Company views the enhancement of its Board of Directors' diversity as a matter to be considered in the future. The Company stipulates that in the selection process for director candidates it should attach importance to an appropriate balance between

the knowledge, experience, and skills as well as diversity of the Board of Directors, with recommendations obtained from the Nomination and Remuneration Committee, while ensuring it is a size that is appropriate for the size of the Company, so that the Board of Directors can function appropriately and contribute to the Company's sustainable growth and to the medium- to long-term improvement of its corporate value.

[Supplementary Principle 4.11.3: Effectiveness of the Board of Directors as a Whole]

In light of the size of the Company and other factors, the Company does not analyze or evaluate the effectiveness of its Board of Directors as a whole at present. However, the Company reviews its effectiveness as necessary based on opinions from each director concerning the operation of the Board of Directors and believes that it is sufficiently effective. Moving forward, the Company will consider implementing an analysis and evaluation of the effectiveness of the Board of Directors as a whole and the necessity of disclosing the results of the analysis and evaluation.

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

The following descriptions are based on the Corporate Governance Code that was revised in June 2018.

[Principle 1.4: Cross-Shareholdings]

At present, it is not the Company's policy to hold shares as so-called cross-shareholdings, which are not for investment purposes.

[Principle 1.7: Related Party Transactions]

At the Company, prior to any competing transaction or transaction involving a conflict of interest with related parties including directors, deliberation and a resolution by the Board of Directors are required. In addition, the Company has established a system under which related party transactions are managed through regular investigation of the presence or absence of such transactions.

[Principle 2.6: Roles of Corporate Pension Funds as Asset Owners]

The Company is not considered an asset owner because it does not participate in a specific corporate pension fund. However, the Company has introduced a defined contribution pension system with the goal of ensuring the stability of its employees' lifestyles and the improvement of employee welfare.

[Principle 3.1: Full Disclosure]

i) Company objectives (e.g., business principles), business strategies and business plans

The Company discloses its Vision, Mission, Values and Credo that it has established as its Corporate Identity.

ii) Basic views and guidelines on corporate governance based on each of the principles of the Code

The Company discloses its basic policies on corporate governance on its official website and in its corporate governance report.

iii) Board policies and procedures in determining the remuneration of the senior management and directors (including Audit and Supervisory Committee members)

The Company discloses its policies and procedures related to the determination of the remuneration, etc. of its directors in its financial statements and corporate governance report.

iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of candidates for directors (including ones serving concurrently as Audit and Supervisory Committee members)

The Company does not have clearly defined guidelines, etc. regarding the appointment/dismissal of director candidates. However, the Company appoints senior management or nominates director candidates after comprehensive deliberation from the viewpoint of putting the right people in the right positions and in consideration of its business environment, the appropriate balance between knowledge, experience and skills of its Board of Directors as a whole, and other factors, with recommendations obtained from the Nomination and Remuneration Committee, before the Board of Directors passes a resolution regarding an appointment or nomination as an agenda item to be submitted to the general meeting of shareholders. Regarding candidates for directors serving concurrently as Audit and Supervisory Committee members, approval is to be obtained from the Audit and Supervisory Committee. Regarding the dismissal of members of senior management, if a senior manager has violated a law, the articles of incorporation, or other rules and significantly decreased the corporate value of the Company, or if dismissal has been otherwise objectively determined to be appropriate, the Board of Directors will pass a resolution regarding the dismissal after discussing it thoroughly with recommendations obtained from the Nomination and Remuneration Committee, which is then submitted to the shareholders at a general meeting of shareholders.

v) Explanations with respect to the individual appointments/dismissals and nominations based on iv)

The Company discloses the reasons for individual appointments/dismissals and nominations of director candidates in the convening notices for its general meetings of shareholders.

[Supplementary Principle 4.1.1: Scope of Matters Delegated by the Board of Directors to Management]

The Company discloses information about its corporate governance system in the corporate governance report. The specific content of the matters to be delegated are stipulated in detail in its internal rules and regulations, including its rules on administrative authorities.

[Principle 4.9: Independence Standards and Qualification for Independent Directors]

See “I-1. Basic Views [Reasons for Non compliance with the Principles of the Corporate Governance Code]” of this report.

[Supplementary Principle 4.11.1: View on the Appropriate Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, and on Diversity and Appropriate Board Size]

See “I-1. Basic Views [Reasons for Non compliance with the Principles of the Corporate Governance Code]” of this report.

[Supplementary Principle 4.11.2: Concurrent Positions Held by Directors and Audit & Supervisory Committee members]

The Company discloses concurrent positions held by its directors in the convening notices of the general meetings of shareholders and in its financial statements every year. The Company deems that the number of companies at which its directors and Audit & Supervisory Committee members hold concurrent positions is within a reasonable range that allows them to secure the time and effort needed for the appropriate execution of their supervisory and auditing duties for the Company.

[Supplementary Principle 4.11.3: Effectiveness of the Board of Directors as a Whole]

See “I-1. Basic Views [Reasons for Non compliance with the Principles of the Corporate Governance Code]” of this report.

[Supplementary Principle 4.14.2: Training Policy for Directors and Audit & Supervisory Committee members]

Training policy for the Company’s directors is based on the principle that each director as a professional in corporate management, etc. should strive to acquire any necessary knowledge and improve their capabilities at their discretion. They deepen and share their knowledge and capabilities through discussions at Board of Directors meetings and other opportunities. In addition, directors are allowed to receive external training or similar which contributes to the management of the Company, at the expense of the Company.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

The Company believes that proactively engaging in dialogue with shareholders on a daily basis and reflecting their opinions and requests in corporate management is important for achieving sustainable growth and improving its corporate value over the medium to long terms. The Corporate Brand Strategy Office is in charge of the IR system the Company has built, with the representative director and the director and CFO, who is responsible for handling information, playing central roles. To ensure that shareholders and investors understand the Company’s business strategies and plans, the Company creates opportunities to engage in dialogue with shareholders and investors and responds to their requests for interviews where appropriate. In addition, the Company thoroughly manages insider information and strives to provide rational explanations based on the information that has been disclosed.

2. Capital Structure

| | |
|----------------------------|-----------|
| Foreign Shareholding Ratio | Below 10% |
|----------------------------|-----------|

[Status of Major Shareholders]

| Name / Company Name | Number of Shares Owned | Percentage (%) |
|---|------------------------|----------------|
| Kunihisa Miyamoto | 3,507,200 | 23.48 |
| Takahiro Nagano | 2,277,000 | 15.25 |
| The Nomura Trust and Banking Co., Ltd. (Trust Account) | 1,277,900 | 8.56 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 462,500 | 3.10 |
| Adways Inc. | 392,000 | 2.62 |
| IREP Co., Ltd. | 354,000 | 2.37 |
| J.P. Morgan Securities PLC for and on behalf of its clients JPMSP Re Client Assets- Sett ACCT | 248,000 | 1.66 |
| JPMBL RE DEUTSCHE BANK AG - LONDON COLL EQUITY | 234,700 | 1.57 |
| Daisuke Shimada | 196,800 | 1.32 |
| Keisuke Yamabe | 180,000 | 1.21 |

| | |
|--|---|
| Controlling Shareholder (except for Parent Company) | - |
|--|---|

| | |
|---|------|
| Parent Company | - |
| Stock Exchange on Which Parent Company is Listed | None |

Supplementary Explanation

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| The above information about the Status of Major Shareholders is as of June 30, 2021. The percentages were calculated after subtracting the number of treasury shares (188 shares), and percentage values are rounded to the second decimal place. |
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3. Corporate Attributes

| | |
|--|--|
| Listed Stock Market and Market Section | Tokyo Stock Exchange First Section |
| Fiscal Year-End | June |
| Type of Business | Services |
| Number of Employees (consolidated) as of the End of the Previous Fiscal Year | From 100 to less than 500 |
| Sales (consolidated) as of the End of the Previous Fiscal Year | From ¥10 billion to less than ¥100 billion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | Less than 10 |

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

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

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

1. Organizational Composition and Operation

| | |
|-------------------|--|
| Organization Form | Company with Audit and Supervisory Committee |
|-------------------|--|

[Directors]

| | |
|--|-----------|
| Maximum Number of Directors Stipulated in Articles of Incorporation [Updated] | 12 |
| Term of Office Stipulated in Articles of Incorporation [Updated] | 1 year |
| Chairperson of the Board | President |
| Number of Directors [Updated] | 9 |
| Appointment of Outside Directors | Appointed |
| Number of Outside Directors [Updated] | 5 |
| Number of Independent Directors [Updated] | 5 |

Relationship with the Company (1) **[Updated]**

| | Attribute | Relationship with the Company* | | | | | | | | | | | |
|-----------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|--|
| | | a | b | c | d | e | f | g | h | i | j | k | |
| Keisuke Yamabe | From another company | | | | | | | | | | | | |
| Daisuke Shimada | From another company | | | | | | | | △ | | | | |
| Kinya Kuramoto | From another company | | | | | | | | | | | | |
| Tsutomu Arai | CPA | | | | | | | | | | | | |
| Takeshi Nakano | Lawyer | | | | | | | | | | | | |

* Categories for “Relationship with the Company”

- Executive of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the listed company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Committee member
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- Executive of a company, between which and the Company outside directors/Audit & Supervisory Committee member are mutually appointed (the director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- Others

Relationship with the Company (2) [Updated]

| Name | Audit and Supervisory Committee member | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons of Appointment |
|-----------------|--|-------------------------------------|--|---|
| Keisuke Yamabe | | ○ | Not applicable | At a business strategy consulting firm, Mr. Yamabe accumulated a wealth of experience related to planning and support for the implementation of sales and marketing strategies, brand strategies business turnaround strategies, and emerging market strategies in a wide range of industries including automobiles, parts, construction and housing, aviation, and consumer products. In addition, he presently serves as a Senior Executive Officer at Food & Life Companies Ltd. (formerly Sushiro Global Holdings Ltd.). Thus, he has a high level of knowledge on overall business operations. The Company has appointed Mr. Yamabe to be an outside director so that he may make use of his experience and expertise for the management of the Company. Mr. Yamabe and the Company do not have a special interest in each other, so the Company believes that he is unlikely to have a conflict of interest with its regular shareholders and therefore is appropriate as an independent director. He holds shares in the Company but the number of shares he holds is not significant. |
| Daisuke Shimada | | ○ | In the fiscal year ended June 2015, the Company temporarily had a business relationship with Entermotion Inc. (now known as Insight Core Inc.),* where Mr. Daisuke Shimada, the Company's outside director, serves as the representative director and chairman. However, the Company believes that this will not affect the decisions of shareholders and investors, in light of the transaction value | Mr. Shimada has accumulated global business experience at a general trading company, including the launch of a joint venture in the United States, investment operations in the venture capital business, and the execution of M&A activities. At present, he works as the representative director and chairman of Insight Core Inc., which engages in marketing applying digital technologies. He therefore has a high level |

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| | | | <p>(transaction value in the fiscal year ended June 2015: 0.6 million yen, percentage of the value to the Company's consolidated net sales: 0.007%) and the nature of the content of the business. At present, the Company does not have a business relationship with the abovementioned company.</p> <p>*When the Company had the above business relationship, Mr. Daisuke Shimada was the representative director and president of the above company.</p> | <p>of knowledge in overall corporate management and internet business and an extensive personal network. The Company has appointed Mr. Shimada as its outside director so that he may use his experience and expertise for the management of the Company. Mr. Shimada and the Company do not have a special interest in each other, so the Company believes that he is unlikely to have a conflict of interest with its regular shareholders and therefore is appropriate as an independent director. He holds shares in the Company but the number of shares he holds is not significant.</p> |
| Kinya Kuramoto | ○ | ○ | Not applicable | <p>Having worked as an officer at a Daiwa Securities Group company and served other positions over many years, Mr. Kuramoto has an appreciable level of expertise in investment bank operations. Accordingly, he is expected to leverage his experience and knowledge to reinforce the Company's audit system. In addition, the Company has judged that Mr. Kuramoto is capable of giving appropriate advice on the status of compliance, internal controls, and other aspects of the Company from an objective standpoint independently from the members of management who execute businesses. This is why the Company has appointed him as an outside director(serving concurrently as an Audit and Supervisory Committee member). Mr. Kuramoto and the Company do not have a special interest in each other, so the Company believes that he is unlikely to have a conflict of interest with its regular shareholders and therefore is appropriate as an independent Audit and Supervisory Committee member.</p> |
| Tsutomu Arai | ○ | ○ | Not applicable | <p>Having engaged in practical operations as a certified public accountant, a certified tax accountant, an outside audit and supervisory board</p> |

| | | | | |
|----------------|---|---|----------------|---|
| | | | | member of other corporate entities, and in other positions, Mr. Arai has a wealth of specialized knowledge and experience. The Company has appointed him as an outside director (serving concurrently as an Audit and Supervisory Committee member) because it has judged that he is capable of giving guidance and conducting audits appropriately on its directors' business execution, taking advantage of his career and knowledge. Mr. Arai and the Company do not have a special interest in each other, so the Company believes that he is unlikely to have a conflict of interest with its regular shareholders and therefore is appropriate as an independent Audit and Supervisory Committee member. |
| Takeshi Nakano | ○ | ○ | Not applicable | Having engaged in practical operations as a lawyer and an auditor of other corporate entities and having served in other positions, Mr. Nakano has a wealth of specialized knowledge and experience. The Company has appointed him as an outside director (serving concurrently as an Audit and Supervisory Committee member) because it has judged that he is capable of giving guidance and conducting audits appropriately on its directors' business execution by leveraging his career and knowledge. Mr. Nakano and the Company do not have a special interest in each other, so the Company believes that he is unlikely to have a conflict of interest with its regular shareholders and therefore is appropriate as an independent Audit and Supervisory Committee member. |

[Audit and Supervisory Committee]

Member Composition and Chairperson's Attribute **[Updated]**

| | Total Number of | Number of Full-time | Number of Inside | Number of Outside | Chairperson |
|--|--------------------|------------------------|---------------------|----------------------|-------------|
|--|--------------------|------------------------|---------------------|----------------------|-------------|

| | Members | Members | Directors | Directors | |
|---------------------------------|---------|---------|-----------|-----------|------------------|
| Audit and Supervisory Committee | 3 | 1 | 0 | 3 | Outside director |

| | |
|---|------|
| Director or Employee Responsible for Assisting the Audit and Supervisory Committee in Fulfilling Its Duties [Updated] | None |
|---|------|

Reasons for Adoption of Current System **[Updated]**

While the Company does not have a director or employee who is responsible for assisting the Audit and Supervisory Committee in fulfilling its duties, the Internal Audit Office and the Administrative Division work with the committee as necessary to provide it with support. In addition, the Company has appointed one full-time Audit and Supervisory Committee member, who attends important internal meetings and other events and views important documents on a daily basis. For the above reasons, the Company has judged that an appropriate system for audits by the Audit and Supervisory Committee has been established, which is the reason it has adopted the current corporate governance system. It is stipulated in the Company's Basic Policy on Establishment and Operation of an Internal Control System that if the Audit and Supervisory Committee requests the assignment of an employee responsible for assisting the committee in fulfilling its duties, the Company shall assign such an assistant.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department **[Updated]**

The Internal Audit Office creates internal audit plans through consultation with the full-time Audit and Supervisory Committee member and also cooperates with the full-time Audit and Supervisory Committee member as needed when conducting internal audits. The Internal Audit Office also reports internal audit results to the Audit and Supervisory Committee each fiscal year. In addition, persons from the Internal Audit Office attend monthly Audit and Supervisory Committee meetings and accounting auditor meetings for reporting audit plans and results to the Audit and Supervisory Committee, to ensure information is shared. Accounting auditors, full-time Audit and Supervisory Committee members, and persons from the Internal Audit Office exchange opinions every fiscal year to improve the effectiveness of the three-pillar audit system.

| | |
|--|-------------|
| Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee [Updated] | Established |
|--|-------------|

Voluntary Establishment of Committee(s), Member Composition and Chairperson's Attribute **[Updated]**

Voluntary Establishment of Committee Corresponding to Nomination Committee

| Name of the Committee | | | Nomination and Remuneration Committee | | | |
|-------------------------|-----------------------------|----------------------------|---------------------------------------|----------------------------|-------------------------|------------------|
| Total Number of Members | Number of Full-time Members | Number of Inside Directors | Number of Outside Directors | Number of Internal Experts | Number of Other Members | Chairperson |
| 5 | 0 | 2 | 3 | 0 | 0 | Outside director |

Voluntary Establishment of Committee Corresponding to Remuneration Committee

| Name of the Committee | | | Nomination and Remuneration Committee | | | |
|-------------------------|-----------------------------|----------------------------|---------------------------------------|----------------------------|-------------------------|------------------|
| Total Number of Members | Number of Full-time Members | Number of Inside Directors | Number of Outside Directors | Number of Internal Experts | Number of Other Members | Chairperson |
| 5 | 0 | 2 | 3 | 0 | 0 | Outside director |

Supplementary Explanation **[Updated]**

The Nomination and Remuneration Committee was established as an advisory body to the Board of Directors to further strengthen corporate governance. This committee is responsible for considering matters related to the appointment/dismissal of directors, etc., design of director remuneration system, and determination of the amount of directors' remuneration.

[Independent Directors/Audit & Supervisory Committee members]

| | |
|---|---|
| Number of Independent Directors/Audit & Supervisory Committee members | 5 |
|---|---|

Matters relating to Independent Directors/Audit & Supervisory Committee members

The Company has designated all outside directors and Audit & Supervisory Committee members who fulfill the requirements for independent directors/Audit & Supervisory Committee members, as independent directors/Audit & Supervisory Committee members.

[Incentives]

| | |
|----------------------------------|---|
| Incentive Policies for Directors | Performance-linked Remuneration / Stock Options |
|----------------------------------|---|

Supplementary Explanation

To further raise its directors' motivation and morale to improve business performance, the Company has introduced a performance-linked remuneration system (performance-based bonus) as an incentive given from the short-term perspective and a stock option system as an incentive granted from the medium- to long-term perspective.

(Performance-linked remuneration system)

With regard to performance-linked remuneration, the Company considers the payment of performance-based bonuses to directors, and the amount of the bonus, in light of the status of the achievement of profit targets established at the beginning of each fiscal year. The amount of the performance-based bonus to be paid to directors is determined by the Board of Directors in a way that the amount will not exceed the remuneration limit, which was established through a resolution at the general meeting of shareholders.

(Stock option system)

Information about stock options that were granted by the Company in the past is disclosed in its financial statements.

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|-----------------------------|--------------------------------------|
| Recipients of Stock Options | Inside Directors / Employees / Other |
|-----------------------------|--------------------------------------|

Supplementary Explanation

The Company has introduced stock options to further increase the above recipients' motivation and morale to improve business performance over the medium to long term and to ensure value is shared with its shareholders.

[Director Remuneration]

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|--|--------------------------|
| Disclosure of Individual Directors' Remuneration | No Individual Disclosure |
|--|--------------------------|

Supplementary Explanation **[Updated]**

Effective on September 27, 2021, the Company shifted from a Company with an Audit & Supervisory Board to a Company with an Audit and Supervisory Committee. The following information applies to the system before the institutional design change.

The Company does not disclose individual directors' remuneration because there is no director whose total amount of remuneration, etc. is 100 million yen or more.

The total amount of remuneration, etc. that directors and Audit & Supervisory Committee members received in the fiscal year ended June 2021 is as follows.

Directors: 89,100,000 yen paid to six directors
(Including 4,800,000 yen paid to two outside directors)

Audit & Supervisory Committee members: 16,800,000 yen paid to four Audit & Supervisory Committee members
(Including 14,400,000 yen paid to three outside Audit & Supervisory Committee members)

Policy on Determining Remuneration
Amounts and Calculation Methods
[Updated]

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Regarding remuneration for the Company's directors, upper limits of remuneration for directors (excluding those serving concurrently as Audit and Supervisory Committee members) and directors serving concurrently as Audit and Supervisory Committee members were determined under the resolution passed at the 17th Ordinary General Meeting of Shareholders that was held on September 27, 2021.

The upper limit of directors' remuneration (excluding those who are serving concurrently as Audit and Supervisory Committee members) is 120,000,000 yen per year. (This includes 10,000,000 yen or less for outside directors but does not include salaries they receive as employees. The number of directors stipulated in the Articles of Incorporation is eight or less, and the number as of the date of submission of this report is six.) The upper limit of remuneration for directors serving concurrently as Audit and Supervisory Committee members is 20,000,000 yen per year. (The number of Audit and Supervisory Committee members stipulated in the Articles of Incorporation is four or less, and the number as of the date of submission of this report is three.)

After the aforementioned resolution was passed at the ordinary general meeting of shareholders, the number of directors (excluding ones serving concurrently as Audit and Supervisory Committee members) is six (with two of them being outside directors) and the number of directors serving concurrently as Audit and Supervisory Committee members is three (with all of them being outside directors).

The specific amount of directors' remuneration is determined in a way that the amount will not exceed the limit on remuneration, the resolution on which was passed at the general meeting of shareholders. Resolutions on remuneration for directors (excluding those serving concurrently as Audit and Supervisory Committee members) are passed by the Board of Directors, and those on remunerations of directors serving concurrently as Audit and Supervisory Committee members are passed by the Audit and Supervisory Committee, respectively, based on the Nomination and Remuneration Committee's recommendations to directors.

Policies on determining the contents of remuneration, etc. of individual directors are as described below.

1) Basic policy

The basic policy on remuneration for the Company's directors (excluding those serving concurrently as Audit and Supervisory Committee members; the same applies hereinafter) is to link the remuneration system with shareholder profit so that it will fully function as an incentive to improve corporate value sustainably, and to set amounts of remuneration for individual directors which are appropriate in light of the duties of each.

Specifically, remuneration for an executive director shall consist mainly of basic remuneration as fixed remuneration and performance-linked remuneration, while only basic remuneration shall be paid to outside directors, who serve as supervisors, in light of their duties.

2) Policy on determining basic remuneration amounts, etc. for individual directors and when to pay the remuneration/conditions for the payment

Basic remuneration for the Company's directors shall be monthly fixed remuneration, the amount of which shall be determined based on comprehensive judgment by considering the level of remuneration of other companies, business performance of the Company, and the level of employee salaries, and in accordance with the position, duties, and level of contribution of each director.

3) Policy on determining the content of performance-linked remuneration, etc., methods of calculating its amount or number and when to pay it/conditions for the payment

Performance-linked remuneration, etc. shall be cash remuneration reflecting performance indicators, so that it will serve as an incentive to improve the business performance for each fiscal year, and its payment shall be considered only where the profit for each fiscal year is expected to exceed the target value.

In addition, the amount of performance-linked remuneration, etc. shall be determined based on comprehensive judgment in accordance with the position, duties, and level of contribution of each director, in a way that the combined total amount of performance-linked remuneration for directors and bonuses paid to employees will be between 10% and 20% of the amount in excess of the operating income target, which shall be followed as a rough standard.

The amount of remuneration shall be determined by the end of each fiscal year and paid by the last day of the month following the month when the amount was determined.

4) Policy on determining the ratio of the amount of cash remuneration or performance-linked remuneration, etc. to the amount of individual directors' remuneration etc.

It shall be determined in comprehensive consideration of each director's role and level of contribution, as well as business performance and other factors.

5) Policy on determining the content of remuneration, etc. for individual directors

Regarding remuneration, etc. for individual directors, the representative director shall formulate the remuneration proposal through consultation with each executive director and a resolution on the proposal shall be passed by the Board of Directors after deliberations and recommendations are made by the Nomination and Remuneration Committee, where independent directors constitute the majority, so as to ensure objectiveness and transparency of procedures concerning remuneration.

[Supporting System for Outside Directors and/or Audit & Supervisory Committee members]

[Updated]

Support for outside directors is provided by the Administrative Division. In principle, materials for Board of Directors' meetings are prepared by the Administrative Division, which serves as

the secretariat of the Board of Directors, and the division provides explanations prior to meetings as necessary. In addition, inside directors and the Administrative Division provide information to outside directors on a timely basis by email and other means and supports them in other ways. Outside directors serving concurrently as Audit and Supervisory Committee members receive necessary support from the Internal Audit Office, including the provision of information to be shared, in addition to the abovementioned support from the Administrative Division.

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

The Company has adopted the Board of Directors and Audit and Supervisory Committee systems to promote highly transparent management. The Company has also set up an Internal Audit Office under the direct control of the representative director to ensure sound management with effective oversight. In addition, the Company has introduced an executive officer system to enable prompt decision-making and efficient business execution through the delegation of authority. The current corporate governance system of the Company is as described below.

(Board of Directors and directors)

There are six directors who are not Audit and Supervisory Committee members, including two outside directors, and three directors serving concurrently as Audit and Supervisory Committee members, with all being outside directors, on the Company's Board of Directors. Legal matters to be resolved and important matters to be resolved regarding corporate management are submitted to the Board of Directors as the highest business decision-making body. They are submitted as matters to be resolved, matters for consultation, or matters to be reported, and the Board of Directors makes decisions on the execution of business. The nine directors vote on matters to be resolved and matters for consultation in accordance with the articles of incorporation and the Board of Directors' regulations. Regarding matters to be reported, responsible persons from relevant departments attend the Board of Directors' meeting to report business as necessary. The Board of Directors' meeting is held once a month, in principle, and extraordinary meetings are held as necessary.

Effective on September 27, 2021, the Company shifted from a Company with Audit & Supervisory Board to a Company with Audit and Supervisory Committee. The following information applies to the system before the institutional design change.

In the fiscal year ended June 2021, 19 Board of Directors' meetings were held, with an average attendance of 98% for directors and 100% for Audit & Supervisory Committee members. At Board of Directors' meetings, attendees share information about the Company's situation through monthly performance reporting. Agenda items for the meetings include items regarding financial results and important personnel matters. Agenda items related to business strategy are also put on the table, and attendees deliberate and exchange opinions in a lively manner.

(Audit and Supervisory Committee and Audit and Supervisory Committee members)

The Company has adopted the Company with Audit and Supervisory Committee system based on laws and regulations related to the Companies Act. The Audit and Supervisory Committee consists of three directors serving concurrently as its members (with all being outside directors).

It audits directors' decision-making processes and the execution of their duties in accordance with the Companies Act, other laws and regulations, the articles of incorporation, and other rules. The full-time Audit and Supervisory Committee member supervises the management of the Company from an objective standpoint independently from the members of management who execute business, leveraging the wealth of experience and the knowledge they have accumulated through experience working for financial institutions, and their experience working for listed companies as an audit & supervisory board member, etc. Part-time Audit and Supervisory Committee members are a certified public accountant and a lawyer, respectively. They supervise the Company's management from an objective perspective while considering the necessity of ensuring the legality of the Company's actions based on their expertise and work experience.

Each Audit and Supervisory Committee member attends general meetings of shareholders and Board of Directors' meetings, collects reports from directors who are not Audit and Supervisory Committee members, employees, and accounting auditors, and take other actions. In addition, the full-time Audit and Supervisory Committee member also attends important meetings, including those of the Management Council, and views internal documents and takes other actions to ensure effective monitoring.

Effective on September 27, 2021, the Company shifted from a Company with Audit & Supervisory Board to a Company with Audit and Supervisory Committee. The following information applies to the system before the institutional design change.

In the fiscal year ended June 2021, the Audit & Supervisory Committee met 14 times, with an average attendance of 100%. Major considerations at Audit & Supervisory Committee meetings include the audit plan, which is considered in light of basic policies and the items important in audits, as well as the status of directors' execution of their duties, the internal control system and its status of operation, and the reasonableness of the methods and results of audits conducted by accounting auditors

(Accounting audits)

The Company has concluded an auditing contract with Ernst & Young ShinNihon LLC and undergoes accounting audits under the contract. The outline of the accounting audit conducted in the fiscal year ended June 2021 is as follows.

Names of the certified public accountants who executed the audit: Atsushi Yuasa, Masayuki Tada (Both have been auditing the Company for seven consecutive years or less.)

Assistants who were involved in the audit: two certified public accountants and ten other people

(Contracts for the limitation of liability)

The Company has concluded contracts for the limitation of liability, by which the liability for damages stipulated in Article 423, paragraph (1) of the Companies Act of Japan is limited by the provision of Article 427, paragraph (1) of the said Act, with its directors who are not Audit and Supervisory Committee members (excluding executive directors) and its directors serving concurrently as Audit and Supervisory Committee members. The limit of liability for damages under these contracts is either a legally specified amount or an amount specified in advance, whichever is larger. The said limitation of liability is accepted only when the execution of duties

conducted by the director was done in good faith and without gross negligence.

(Management Council)

The Management Council of the Company consists of four inside directors, responsible persons from departments, and the full-time Audit and Supervisory Committee member. Important matters on corporate management are submitted to the Management Council as matters to be resolved, matters for consultation, or matters to be reported (such as weekly reports), and the Council promptly makes decisions on the execution of business. The Management Council meets once a week, in principle, and extraordinary meetings are held as necessary,

(Executive officer system)

The Company has adopted an executive officer system to facilitate further revitalization of the Board of Directors, clearly separate the Board of Directors' functions of making decisions and supervising the execution of business from business divisions' function to execute businesses, and enable prompt decision-making and streamlining of management through delegation of authority. Executive officers are obliged to make decisions on the businesses they are in charge of and execute businesses, within the scope of the authority given to them, under the policies determined by the Board of Directors and the Management Council.

(Internal Audit Office)

The Company has set up an Internal Audit Office to be the auditing department under the direct control of the representative director. This office consists of its head and a dedicated staff member in charge of internal audits. This office conducts internal audits while maintaining independence from subject organizations. Internal audits are conducted to check that each division's businesses and systems are efficient, appropriate, and compliant with laws, regulations, and various rules. Audit results are reported to the representative director and the full-time Audit and Supervisory Committee member as necessary. They are also reported to the Board of Directors and the Audit and Supervisory Committee each fiscal year.

3. Reasons for Adoption of Current Corporate Governance System **[Updated]**

The Company has set up a Board of Directors and Audit and Supervisory Committee for the purpose of engaging in highly transparent management.

The Company's Board of Directors consists of nine members, including six directors who are not Audit and Supervisory Committee members (with two being outside directors) and three directors serving concurrently as Audit and Supervisory Committee members (with all being outside directors). Thus, outside directors constitute the majority of the members of the Board of Directors.

The Company has selected persons with a high level of knowledge regarding corporate management overall and internet business as its directors, thus having adopted diverse perspectives in its management. Further, the Company has included experts, such as a lawyer and a certified public accountant, in its corporate governance system. Thus, the Company has adopted legal and accounting confirmations in its management decision-making in its efforts to ensure risk management.

In addition, the Company has voluntarily set up a Nomination and Remuneration Committee

chaired by an independent director as an advisory body to the Board of Directors. In response to requests for advice from the Board of Directors, this committee deliberates on the appointment/dismissal of directors, etc., decisions on specific remuneration for individual directors, and other issues.

The Company has also introduced an executive officer system to enable prompt decision-making and efficient business execution through the delegation of authority, and set up an Internal Audit Office under the direct control of the representative director to ensure sound management with effective oversight.

For the above reasons, the Company has judged that appropriate corporate governance is possible, which is the reason it has adopted the current corporate governance system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

| | Supplementary Explanation |
|---|---|
| Early Notification of General Shareholder Meeting | The Company sends convening notices two weeks before the general shareholder meeting. For the convenience of shareholders, the Company will strive to complete financial closing operations earlier so that it can send convening notices to shareholders at an early date. |
| Scheduling AGMs Avoiding peak days | When setting the date of its annual general meeting of shareholders, the Company avoids peak days so that the meeting can be attended by more shareholders. |
| Allowing Electronic Exercise of Voting Rights | Starting from the 15th Ordinary General Meeting of Shareholders (held on September 27, 2019), the Company allows shareholders to exercise their voting rights via the internet, such as via computer or mobile phone so that more shareholders can exercise voting rights. |
| Participation in Electronic Voting Platform | Starting from the 15th Ordinary General Meeting of Shareholders (held on September 27, 2019), the Company participates in the Electronic Voting Platform to permit institutional investors to secure sufficient time to consider the content of matters to be resolved. |
| Providing Convocation Notice in English | The Company regards these measures as a matter to be considered in the future. |
| Other | Starting from the second quarter of the fiscal year ended June 2018, the Company provides financial results (summaries) in English. |

2. IR Activities

| | Supplementary Explanation | Explanation by Representative |
|---|--|-------------------------------|
| Preparation and Publication of Disclosure Policy | The Company has published its disclosure policy, including information disclosure standards and methods, on its official website. | |
| Regular Investor Briefings for Individual Investors | The Company also participates in seminars for individual investors hosted by an IR support company, etc. and holds a corporate information session via the internet from time to time. | Yes |
| Regular Investor Briefings for Analysts and Institutional Investors | In Japan, the Company holds financial results briefings for institutional investors, securities analysts, and news media after the settlement of accounts for the second quarter and the full fiscal year. In addition, the Company also holds a small meeting every quarter, regularly has dialogue with institutional investors in Japan individually, and holds conference calls and online meetings. | Yes |
| Regular Investor | The Company does not hold regular briefings. | No |

| | | |
|--|---|--|
| Briefings for Overseas Investors | However, it creates opportunities for dialogue with overseas investors, such as visiting them individually and online meetings. | |
| Posting of IR Materials on Website | Information about financial results, materials for financial results briefings, timely disclosure materials and PR information other than information about financial results, financial statements or quarterly reports, convening notices for general meetings of shareholders, and other IR materials are posted on the IR pages of the Company's official website. https://www.net-marketing.co.jp/ir/ | |
| Establishment of Department and/or Manager in Charge of IR | Department in charge of IR: Corporate Brand Strategy Office Officer in charge of IR: Koji Mimura, director and CFO | |
| Other | — | |

3. Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanation |
|---|---|
| Stipulation of Internal Rules for Respecting the Position of Stakeholders | The Company has established its Vision, Mission, Values and Credo to make clear its Corporate Identity, in which it stipulates that actions for winning the confidence of all stakeholders should be taken as an important matter. |
| Implementation of Environmental Activities, CSR Activities etc. | The Company regards these measures as a matter to be considered in the future. |
| Development of Policies on Information Provision to Stakeholders | The Company recognizes that it is important to provide information to stakeholders appropriately on a timely basis. It strives to ensure fair, timely disclosure by holding financial results briefings, posting information on its official website, and using various other channels. In addition, the Company provides information to overseas investors by posting supplementary materials on financial results (English edition) and other documents on its English website. |
| Other | — |

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development **[Updated]**

The Company has established a Basic Policy on Establishment and Operation of an Internal Control System, aiming to establish a system to ensure that the execution of duties by its directors conforms to laws, regulations, and the articles of incorporation, as well as other systems to ensure the appropriateness of operations conducted by the Company as a stock company.

The Company reviews this basic policy as needed. The most recent revision was made at the Board of Directors' meeting held on September 27, 2021.

1. System to Ensure that Execution of Duties by Directors and Employees Conform to Laws, Regulations, and the Articles of Incorporation

- (1) Directors shall recognize the importance of compliance initiatives, take the initiative in complying with laws, regulations, the articles of incorporation, social norms, internal rules, and the like, and strive to maintain and improve the system for promoting compliance.
- (2) Compliance Rules shall be established to ensure that execution of duties by directors and employees conforms to laws, regulations, and the articles of incorporation, and directors and employees shall comply with the rules.
- (3) Whistleblowing Rules shall be established to help strengthen compliance management, and a whistleblowing service shall be offered to enable directors and employees to report malpractice, unlawful or unethical behavior, etc. within their workplaces to the Company.
- (4) When the Audit and Supervisory Committee has identified a problem in the Company's legal compliance system, it may express its opinions and request the formulation of improvement measures.
- (5) The Internal Audit Office shall audit business activities of departments in the Company and the operational status of internal systems in accordance with the Internal Audit Rules, to ensure that sufficient measures are taken to ensure business efficiency, prevent risk, and comply with laws and regulations.
- (6) In accordance with its Rules Regarding Measures to Address Anti-Social Forces, the Company shall prevent any relationship with anti-social activities or forces, which threaten the order and safety of civic society, and take a firm stance against anti-social forces.

2. System for the Storage and Management of Information Related to the Execution of Duties by Directors

Directors shall record and store information about the execution of their duties in a document form or on electronic media by following the Document Management Rules. Directors may view such information as necessary on a timely basis.

3. Regulations Concerning Management of the Risk of Loss and Other Relevant Systems

- (1) To address the risk of loss, the Company shall establish various internal rules, manuals, and others, and optimize them whenever appropriate.
- (2) The Board of Directors, etc. shall strive to ensure early detection and prevention of the

risk of loss.

- (3) When a risk has been realized, the Board of Directors shall address the situation by immediately appointing an officer responsible for addressing it, to minimize damage to corporate value.

4. System to Ensure Efficient Execution of Duties by Directors

- (1) Regular meetings of the Board of Directors shall be held once a month. In addition, extraordinary meetings of the Board of Directors shall be held as necessary to make decisions flexibly, to secure a system that enables the appropriate execution of duties.
- (2) Meetings of the Management Council, which consists of the president, general managers, and those in positions equivalent to or higher than general managers, shall be held every week, in principle, to confirm management issues, discuss the formulation of countermeasures, and consider issues from various perspectives, to complement the Board of Directors.
- (3) To execute duties efficiently based on the Board of Directors' decisions in the daily execution of business, directors shall delegate their authority in accordance with internal rules such as the Rules on Division of Duties and the Rules on Administrative Authority, and responsible persons at each level shall share operations in accordance with decision-making rules.
- (4) Nomination and Remuneration Committee, where independent directors constitute the majority of members, shall be established as an advisory body to the Board of Directors, so as to improve the transparency and objectiveness of decisions regarding nomination and remuneration for directors (including directors serving concurrently as Audit and Supervisory Committee members) and executive officers.

5. System to Ensure the Adequacy of Business Operations in the Corporate Group, which Consists of the Company and Its Subsidiaries (hereinafter, the "Group")

- (1) System concerning reporting to the Company regarding the execution of duties by subsidiaries' directors, executive officers, employees executing businesses, persons who are to perform duties prescribed in Article 598, paragraph (1) of the Companies Act, and equivalent persons (hereinafter, "Directors, etc.")

In accordance with the Rules on Management of Affiliates, the Company's Administrative Division shall collect information about relevant businesses of affiliates and report it to the Company's Management Council on a timely basis, and final decisions on important matters shall be made by the Company.

- (2) Rules and other systems to manage the risk of loss at subsidiaries
In accordance with the Rules on Management of Affiliates, the Company's Administrative Division shall check the statuses of management, statuses of business operation, etc. of Group companies. Where a risk of loss has been found, the Administrative Division shall address the risk before a problem occurs.
- (3) System to ensure the efficient execution of duties by Directors, etc. of subsidiaries
To ensure the appropriate execution of business by Group companies, the Company shall strive to build internal control systems at its Group companies and provide the necessary guidance and support.

- (4) System to ensure that the execution of duties by Directors, etc. and employees of subsidiaries conforms to laws, regulations, and articles of incorporations
The Internal Audit Office of the Company shall regularly conduct internal audits of Group companies.
6. Matters Concerning Director or Employee Responsible for Assisting the Audit and Supervisory Committee in Fulfilling Its Duties, the Independence of Such a Director or Employee from Other Directors (Excluding Directors Serving Concurrently as Audit and Supervisory Committee Members), and Assurance of the Effectiveness of Instructions to Such an Employee, etc.
- (1) Where the Audit and Supervisory Committee requests the appointment of an employee responsible for assisting it in fulfilling its duties, such an employee shall be allocated as necessary.
- (2) Duties of the employee responsible for assisting the Audit and Supervisory Committee in fulfilling its duties shall be free from instructions and orders from directors (excluding those serving concurrently as Audit and Supervisory Committee members) and other superiors.
- (3) Based on instructions from the Audit and Supervisory Committee, employee assisting the committee in fulfilling its duties may request that other departments secure a cooperative framework. Such an employee may also attend important internal meetings, etc. and view important internal documents in accordance with instructions from the Audit and Supervisory Committee.
7. System for Reporting by Directors (Excluding Directors Serving Concurrently as Audit and Supervisory Committee Members) and Employees to the Audit and Supervisory Committee and Other Systems Concerning Reporting to the Audit and Supervisory Committee
- (1) To understand the process of important decision-making and status of business execution, Audit and Supervisory Committee members may attend Board of Directors' meetings and other important meetings, view important documents such as the minutes of the Board of Directors' meetings and requests for managerial decisions, and request explanations from directors (excluding those serving concurrently as Audit and Supervisory Committee members) and employees, as necessary.
- (2) Directors (excluding those serving concurrently as Audit and Supervisory Committee members) and employees shall report to the Audit and Supervisory Committee important matters which influence the operation or performance of business of the Company or a Group company, without delay.
- (3) The Audit and Supervisory Committee may request that directors (excluding those serving concurrently as Audit and Supervisory Committee members) and employees report to them as necessary.
8. System for Reporting to the Audit and Supervisory Committee by Directors and Employees of Subsidiaries, and People who Have Received Reports from Them
The Audit and Supervisory Committee may request that directors (excluding those serving concurrently as Audit and Supervisory Committee members) and employees of the Company

who have received reports from subsidiaries report to them. Where necessary, the Audit and Supervisory Committee may also request that directors and employees of subsidiaries report directly to them.

9. System to Ensure that a Person who Has Reported to the Audit and Supervisory Committee Will Not Be Unfavorably Treated Because of the Report

A person who has reported to the Audit and Supervisory Committee shall not be treated unfavorably. The person shall be protected from any retaliatory or discriminatory acts that may result from the reporting.

10. Matters Concerning Policies Regarding Procedures for Prepayments or Reimbursement of Expenses Arising in Relation to the Execution of Duties by Audit and Supervisory Committee Members and Other Processing of Expenses or Obligations Arising in Relation to the Execution of Duties by Audit and Supervisory Committee Members

Where an Audit and Supervisory Committee member requested the prepayment, reimbursement, etc. of expenses arising in relation to the execution of their duties, such expenses or obligations shall be processed promptly, except where they are deemed unnecessary for the execution of duties by the said Audit and Supervisory Committee member.

11. Other Systems to Ensure Effective Auditing by the Audit and Supervisory Committee

- (1) Audit and Supervisory Committee members shall exchange opinions with the representative director and president on a regular basis to deepen mutual understanding of important issues, etc. regarding audits.
- (2) Audit and Supervisory Committee members may collect information from directors (excluding those serving concurrently as Audit and Supervisory Committee members) and employees as necessary.
- (3) Audit and Supervisory Committee members shall exchange information with accounting auditors and the Internal Audit Office and may request reports from them as necessary.
- (4) Audit and Supervisory Committee members shall work with each other to enable formation of opinions as the Audit and Supervisory Committee.

12. System to Ensure the Reliability of Financial Reporting

- (1) To ensure the reliability of financial reporting, the Company shall strengthen activities to control the overall company and each business process and establish a system for managing these activities, based on the Internal Control Rules.
- (2) The Internal Audit Office shall evaluate internal controls related to financial reporting by following criteria for evaluating internal controls which are generally deemed fair and appropriate.

2. Basic Views on Eliminating Anti-Social Forces

The Company has established its Basic Policy on Anti-Social Forces to comply with laws and regulations, try to act with social conventions at all times, and prevent any relationship with anti-social forces that could be criticized socially.

As systems to eliminate the influence of anti-social forces, the Company has established Rules

for Measures to Address Anti-Social Forces and a Manual for Responding to Anti-Social Forces. The Administrative Division operates these rules and manual as the division in charge of them. Specifically, the Company has established a system, under which a business division intending to begin business transactions with a new client works with the Administrative Division to investigate rumors and other information about the new client through newspapers, the internet, and other sources before starting business transactions. In addition, basic contracts that the Company concludes with its business partners and the terms of use of each service provided by the Company include provisions regarding the elimination of anti-social forces, which enable agreements with business partners to be terminated if they are found to be anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

| | |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not Adopted |
|------------------------------------|-------------|

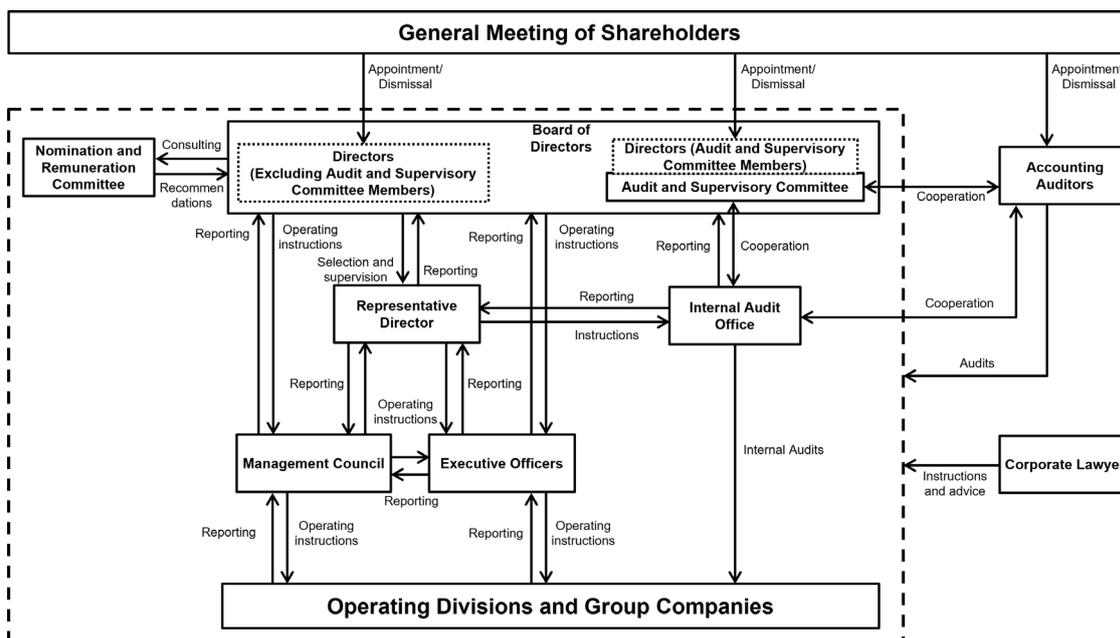
Supplementary Explanation

At present, the Company does not have any plan to introduce an anti-takeover measure. In the future, however, such a measure may become an issue to be considered.

2. Other Matters Concerning to Corporate Governance System

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Corporate Governance System (Diagram)



Overview of the Timely Disclosure System (Diagram)

