

Last update: December 23, 2025

MTI Ltd.

Toshihiro Maeta

Contact: IR

Securities code: 9438

<https://ir.mti.co.jp/eng/>

The corporate governance of MTI Ltd. (the “Company”) is described below.

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

1. Basic Views

MTI’s key management priorities include the establishment of a sound and highly transparent management structure and the creation of systems to support prompt and accurate decision-making in response to a changing business environment.

One of the measures introduced with the aim of achieving these goals was the adoption of a one-year term of office for Directors. This has added a sense of urgency to the management team, since they are subject to votes of confidence by shareholders every year. We are also working to strengthen and consolidate our compliance systems.

Regarding financial results and other key management data, we will implement timely and appropriate disclosure of information based on our IR policy. We will also work to enhance management transparency and build trust with market participants through two-way communication with all stakeholders.

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

The reason is presented based on the Corporate Governance Code revised in June 2021.

【Principle1.4】 (Strategic shareholdings)

Our policy on strategic shareholdings and standards for the exercise of voting rights associated with strategic shareholdings are as presented in our “Basic Corporate Governance Policy, 1. Ensuring shareholder rights and equality (6).”

In this policy, we state with regards to major strategic shareholdings that MTI shall regularly report to the Board of Directors on the performance of its portfolio companies, the purpose of such shareholding and situations concerning achieving the purpose, etc. MTI shall exercise its voting rights as a shareholder from the perspective of sustained growth and the enhancement of the corporate value of the portfolio companies and MTI over the medium to long terms. In addition, we will consider establishing a process for examining the mid-to long-term economic rationale of individual strategic shareholdings, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover our cost of capital, and reducing strategic holdings if they are no longer judged to be meaningful.

【Supplementary principle 3.1.3】 (Initiatives for Sustainability, Investments in Human Capital and Intellectual Property, etc.)

We have formulated a management strategy for the realization of our sustainable growth and enhancement of our corporate value over the medium to long terms but while we have announced forecasts for the next fiscal year, we have not published a medium-term management plan because our business environment is changing dramatically and the future is unpredictable. However, we recognize that the disclosure of more specific information than our management strategy and the indication of a long-term direction are important for the enhancement of dialogue with shareholders. Therefore, in the process of formulating our management strategy in the future, we will develop an internal system for enhancing disclosures, taking various elements, including investment in human capital and intellectual assets and sustainability, into consideration.

In terms of sustainability, climate change is unlikely to have a major impact on our business because we conduct business based on Internet digital technology, which has a limited environmental impact. Accordingly, we do not implement initiatives based on the TCFD recommendations or similar frameworks which only companies listed on the Prime Market are required to comply with. Conversely, we combine various digital technologies to create a wide range of services, and we are developing socially impactful businesses, including healthcare and school DX initiatives. We believe that action on climate change will be expedited through more widespread use of IT, achieved through the use of our services by clients and end users in industries associated with climate change. We will pursue sustainability in line with our vision based on the above belief.

The latest information regarding our approach to sustainability and related initiatives is available on our company website.
MTI's sustainability:

~Shaping Better Social Systems with MTI's Strengths~

https://www.mti.co.jp/?page_id=30060

Examples of our efforts to address social issues through business: SX (sustainability transformation)

Can we find a path to connect to the next generation?

https://www.mti.co.jp/?page_id=35082

【Supplementary principle 4.1.2】 (Explanation of Medium-Term Management Plan)

Our company prepares budget plans for the current and next fiscal years, and conducts rolling reviews of the budget plans every half year. The board of directors discusses necessary measures and strategies. The direction of medium-term business development is explained in financial statements and similar documents, and the performance forecast for the current fiscal year is publicly disclosed.

The medium-term management plan is one of the key topics in our dialogue with shareholders and investors. We believe that making it public would contribute to a deeper understanding. However, due to challenges in the accuracy of budget planning for the current and next fiscal years, as well as the rapidly changing business environment making it difficult to forecast the future, we have not disclosed a medium-term management plan at this time. For the time being, we will provide explanations about our medium-term revenue outlook and business direction in discussions with shareholders and investors. We are committed to improving the accuracy of our budget planning and aim to disclose a medium-term management plan as soon as possible. In addition, we will take steps to manage our operations with a focus on capital costs and stock prices.

【Supplementary principle 4.1.3】 (Successor Plan for CEO and Other Senior Managers)

Our company has established a voluntary Nomination and Compensation Committee. The committee is dedicated to fostering candidates for executive management, including the CEO. Specifically, through activities such as dialogue and interaction with the current management team, lectures by external experts, and participation in external training programs, we focus on cultivating a management perspective, enhancing understanding of business strategy, broadening horizons and viewpoints, and developing management skills. These initiatives are operated based on an annual plan aligned with the criteria for selecting executive management candidates.

【Supplementary principle 4.8.1】 (Regular meetings consisting solely of independent outside directors)

Each of the Company's independent outside directors actively expresses opinions and contributes to discussions at Board of Directors meetings. Although we do not currently hold regular meetings composed solely of independent officers, information is shared smoothly through their participation in management meetings and other forums as appropriate to the agenda, where they provide proactive recommendations and opinions based on their respective areas of expertise.

【Principle 5.2】 (Formulation and Announcement of Management Strategies and Plans)

We formulate plan budgets for the current fiscal year and the next fiscal year and review them on a rolling basis every half year, and we also review our management strategy. Because our business environment is changing dramatically and the future is unpredictable, we have not published a medium-term management plan and have only announced our plan for the current fiscal year. Our management strategy and the direction of our business activities in the medium term is explained in our financial results summary, etc. In terms of capital policy, the Company aims to provide shareholder returns with a total target payout ratio of 35% in the medium term.

【Supplementary principle 5.2.1】 (Explanation of Basic Policy on Business Portfolio)

The Company explains its management strategy and the direction of its business operations in the medium term in its financial results summary and financial results briefing, etc.; however, to achieve more coordinated dialogue with shareholders and investors, we will work to disclose clear information about our basic policy on our business portfolio and the status of portfolio reviews, as part of efforts to increase management transparency and build relationships with market participants. In formulating the budget plan, we will proceed with the review from a comprehensive perspective, including the accurate assessment of capital costs, the reassessment of our business portfolio, and the allocation of management resources such as investments in human capital.

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

In accordance with the basic approach described in 1 above, we developed the "Basic Corporate Governance Policy" for the purpose of consistently pursuing the optimal corporate governance and making continual improvements. In doing so, our aim is to achieve our management philosophy and earn the trust of shareholders and other stakeholders through efforts for sustained growth and the enhancement of corporate value over the medium to long terms.

Basic Corporate Governance Policy URL

https://ir.mti.co.jp/eng/wp-content/uploads/library/tse/2022/corporate20211220_eng.pdf

【Principle 1.7】 (Related Party Transactions)

Procedures for related party transactions are as presented in our “Basic Corporate Governance Policy, 1. Ensuring shareholder rights and equality (5).”

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

Our company has introduced a defined contribution pension plan starting in January 2024 to support employees in building their assets. We are conducting seminars on the defined contribution pension system and training programs to provide basic knowledge on asset management for our employees. Additionally, we regularly communicate important information and precautions regarding asset management.

【Principle 3.1.(1)】 Company objectives (e.g. business principles), business strategies, and business plans

The Company’s management philosophy (mission and vision) and management strategy are published on the Company’s website, etc.

Vision URL

https://www.mti.co.jp/eng/?page_id=36

Management strategy URL

<https://ir.mti.co.jp/eng/management/strategy/>

【Principle 3.1.(2)】 Fundamental Views and Policies on Corporate Governance

The Company has developed the “Basic Corporate Governance Policy” detailing its basic views and policies on corporate governance and has published the policy on its website, etc.

Basic Corporate Governance Policy URL

https://ir.mti.co.jp/eng/wp-content/uploads/library/tse/2022/corporate20211220_eng.pdf

【Principle 3.1.(3)】 Board policies and procedures in determining the remuneration of the senior management and Directors

The Company has established a voluntary Nomination and Compensation Committee. Chaired by the President, the Nomination and Remuneration Committee includes Outside Directors and Outside Audit & Supervisory Board Members. Remuneration for Directors and Executive Officers is determined by the Board of Directors following deliberation by the Nomination and Remuneration Committee. Our policy on remuneration for Directors is as presented in our “Basic Corporate Governance Policy, 4. Responsibilities of the Board of Directors, etc., (8) Compensation for Directors and Audit & Supervisory Board Members.”

【Principle 3.1.(4)】 Board policies and procedures in the appointment/dismissal of the senior management and the nomination of candidates for Director and Audit & Supervisory Board Member

The Company’s policy and guidelines on the nomination of Directors and Audit & Supervisory Board Members are as presented in our “Basic Corporate Governance Policy, 4. Responsibilities of the Board of Directors, etc., (2) Credentials of Directors and Statutory Auditors and procedures for selecting candidates, (3) Boardroom diversity.”

【Principle 3.1.(5)】 Explanation of individual appointments/dismissals and nominations when the Board of Directors appoints and dismisses executive management and nominates candidates for Director or Audit & Supervisory Board Member

The appointment of directors is conducted based on the nomination policy described in Principle 3-1(iv). As an advisory body, the Nomination and Remuneration Committee—of which a majority consists of outside directors—deliberates on candidates and provides recommendations to the Board of Directors, which then makes the final decisions.

With regard to the dismissal of directors, the Nomination and Remuneration Committee formulates criteria and procedures for dismissal, which are approved by the Board of Directors. As a voluntary advisory body composed primarily of outside directors and other external members, the committee ensures objectivity, timeliness, and transparency in its processes. Following thorough discussion and deliberation, it submits its opinions to the Board of Directors regarding the dismissal of directors. The Board, taking into consideration the committee’s recommendations, deliberates carefully before formulating proposals, which are then submitted to the General Meeting of Shareholders for resolution.

General Meeting of Shareholders URL https://ir.mti.co.jp/eng/stocks/shareholders_meeting/

【Principle 4.9】 Independence Standards for Independent Directors

Regarding the criteria for judging the independence of the Company’s independent officers, in addition to the independence standards of the Tokyo Stock Exchange, the Company has developed its own “Criteria for Determining Independence of

Outside Officers Directors” and published them on its website.

Criteria for Determining Independence of Outside Officers URL

https://ir.mti.co.jp/eng/wp-content/uploads/library/tse/2022/corporate20160622_eng.pdf

【Supplementary principle 4.10.1】 (Nomination and Remuneration Committee)

MTI has appointed five outside directors, four of whom are independent outside directors. Although the number of independent outside directors does not constitute a majority of the Board of Directors, each of them actively provides a wide range of opinions and advice by leveraging their respective expertise and professional experience in Board discussions and management deliberations. Through such involvement, the Company ensures appropriate oversight and receives effective advice on management matters. In addition, the Company has established a voluntary Nomination and remuneration Committee, which is chaired by the President and made up of a majority of outside directors and external advisors. This committee is involved in an advisory capacity in determining the remuneration for Directors and Executive Officers.

Also when it comes to the nomination of Directors, the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors, formulates proposals for the election of directors, formulates a policy for the election of directors, and discusses matters such as the policy for developing Directors’ successors.

The Company’s approach to the independence of the Nomination and Remuneration Committee, as well as Its authority and role is as presented in our “Basic Corporate Governance Policy, 4. Responsibilities of the Board of Directors, etc.,

(6) Involvement and advice from outside experts regarding the appointment of Directors

【Supplementary principle 4.11.1】 (View on Balance of Knowledge, Experience and Abilities of the Board of Directors as a Whole and an Approach to the Board’s Diversity and Size)

The balance of knowledge, experience and abilities on the Company’s Board of Directors overall, and our approach to the board’s diversity and size is as presented in our “Basic Corporate Governance Policy, 4. Responsibilities of the Board of Directors, etc., (2) Credentials of Directors and Statutory Auditors and procedures for selecting candidates/(3) Boardroom diversity/(4) Size of the Board of Directors.”

The Company’s Board of Directors requires that Executive Officers have insight into the execution of business and a high level of expertise in the business of which they are in charge. To ensure that Outside Directors and Audit & Supervisory Board Members can give advice to and audit management from various standpoints, the Board is comprised of diverse individuals with various backgrounds including corporate manager, certified public accountant, lawyer, and university professor.

The skills matrix for our current Directors and Audit & Supervisory Board Members is as shown in the chart at the end, and we believe that overall our board has the skills required for management.

【Supplementary principle 4.11.2】 (Concurrent Positions of Directors and Statutory Auditors)

We publish information on significant concurrent positions of Directors and Audit & Supervisory Board Members in the “Annual General Meeting of Shareholders Convocation Notice’s Reference Documents for the General Meeting of Shareholders and Business Report.”

【Supplementary principle 4.11.3】 (Analysis and Evaluation Concerning Effectiveness of Board of Directors)

The Company conducts an analysis and evaluation of the overall effectiveness of the Board of Directors every year, in accordance with our “Basic Corporate Governance Policy, 4. Responsibilities of the Board of Directors, etc., (11) Performance evaluation of the Board of Directors.” To elicit honest opinions and ensure an objective evaluation, we have all Directors and Audit & Supervisory Board members fill out a self-evaluation questionnaire where they give their name and have the results of the self-evaluations aggregated and analyzed by a third-party organization. Based on the results of the questionnaire analysis and evaluation and the various opinions given by each Director and Audit & Supervisory Board Member, we work continuously to ensure that the Board of Directors is even more effective and functions more efficiently. A summary of the results of the evaluation of the effectiveness of the Company’s Board of Directors was published on the Tokyo Stock Exchange’s website (TDnet) and the Company’s website on December 5, 2024.

【Supplementary principle 4.14.2】 (Training Policy for Directors and Statutory Auditors)

The Company’s training policy for Directors and Audit & Supervisory Board Members is as presented in our “Basic Corporate Governance Policy, 4. Responsibilities of the Board of Directors, etc., (13) Training for Directors and Audit & Supervisory Board Members.

【Principle 5.1】 (Constructive Dialogue with Shareholders)

The Company’s policy on system development and initiatives to encourage constructive dialogue with shareholders is as presented in our “Basic Corporate Governance Policy, 5. Dialogues with shareholders” and “III Implementation of Measures for Shareholders and Other Stakeholders, 2. IR Activities” in this report. We also publish our IR policy on our website (IR site).

IR Policy URL https://ir.mti.co.jp/eng/ir_policy/

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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[Status of Major Shareholders] [Updated]

Name / Company Name	Number of Shares Owned	Percentage (%)
Toshihiro Maeta	11,923,000	21.41
KMC, Inc.	10,096,000	18.13
SIL Investment Limited Partnership	4,356,100	7.82
UH Partners 3 Investment Limited Partnership	4,127,000	7.41
UH Partners 2 Investment Limited Partnership	3,858,500	6.93
Hikari Tsushin K.K. Investment Limited Partnership	3,459,300	6.21
MEDIPAL HOLDINGS CORPORATION	3,150,000	5.66
The Master Trust Bank of Japan, Ltd. (Trust account)	1,611,200	2.89
IB, Inc.	1,500,300	2.69
DIGIMERCE Inc.	1,386,800	2.49

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

Supplementary Explanation [Updated]

- (1) The major shareholders above are as of September 30, 2025.
- (2) In addition to the foregoing, the Company holds 4,748,175 shares of treasury stock.
- (3) The number of shares held is based on names on the shareholder register because the Company cannot determine the number of shares related to the trust business of trust banks, etc.

3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market
Fiscal Year-End	September
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From 10 billion yen to less than 100 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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

- Requirements for resolution regarding appointment of Directors

The Articles of Incorporation of the Company stipulate that resolutions for the election of the Directors must be made by a majority of voting rights of the shareholders in attendance who hold one-third (1/3) or more of the total voting rights of the shareholders who can exercise such rights. The Articles of Incorporation stipulate that resolutions for the election of Directors shall not be by cumulative voting.

- Requirement for special resolutions of General Meeting of Shareholders

In order to facilitate the smooth operation of Shareholders Meetings by relaxing the quorum for special resolutions at a General Meeting of Shareholders, the Company stipulates in the Articles of Incorporation that a special resolution of a Shareholders Meeting prescribed under the provisions of Article 309, Paragraph 2 of the Companies Act will require shareholders in attendance who hold one-third or more of the voting rights of shareholders who can exercise their voting rights, and more than two thirds of such voting rights.

- Matters to be resolved at the shareholders' meeting that may be resolved by the Board of Directors

1. Purchase of treasury shares

To purchase treasury shares flexibly on the execution of capital policy, the Company has stipulated in its Articles of Incorporation that it may acquire its own shares by a resolution of the Board of Directors in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act.

2. Interim dividend

Furthermore, to flexibly return profits to shareholders, the Company has stipulated in its Articles of Incorporation that the Company may, by a resolution of the Board of Directors, pay interim dividends with a record date of March 31 of each year, pursuant to Article 454, Paragraph 5 of the Companies Act.

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 & supervisory board members
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[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	10
Term of Office of Directors stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Appointment of External Directors	Appointed
Number of External Directors	5
Number of Independent Directors	4

External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Muzhi Zhou	Scholar											
Hiraku Yamamoto	Scholar											
Ryosuke Tsuchiya	Other											
Hideaki Wada	Other							○				
Yuzo Ishikawa	Other					○						

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category, and "△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category, and "▲" when a close relative of the director fell under the category in the past

- a Executive of the Company or its subsidiaries
- b Non-executive director or executive of a parent company of the Company
- c Executive of a fellow subsidiary company of the Company
- d A party whose major client or supplier is the Company or an executive thereof
- e Major client or supplier of the Company or an executive thereof
- f Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit & supervisory board member
- g Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
- h 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)
- i Executive of a company, between the Company and which external directors/audit & supervisory board members are mutually appointed (the director himself/herself only)
- j Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k Others

External Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Muzhi Zhou	○	----	Mr. Zhou has conducted research on East Asian economics and the digital economy at university. Based on this expertise, we believe he can fully contribute to the decision-making of our company's management policies and the oversight of business execution. As a result, he has been appointed as an external director. Additionally, since he has no conflicts of interest with the company, he has been designated as an independent director.
Hiraku Yamamoto	○	----	Ms. Yamamoto has conducted research on marketing and consumer behavior at university. Based on this expertise, we believe she can fully contribute to the decision-making of our company's management policies and the oversight of business execution. As a result, she has been appointed as an external director. Additionally, since she has no conflicts of interest with the company, she has been designated as an independent director.
Ryosuke Tsuchiya	○	----	Mr. Tsuchiya has conducted medical research at various institutions and also has experience in organizational management. Based on this expertise, we believe he can fully contribute to the decision-making of our company's management policies and the oversight of business execution. As a result, he has been appointed as an external director. Additionally, since he has no conflicts of interest with the company, he has been designated as an independent director.
Hideaki Wada	○	----	Mr. Wada has a wealth of achievements and experience and deep insight as a manager. The Company expects him to give advice on the Company's management policy, based on his insight, to sustainably enhance corporate value, and elected him as a candidate for external director.
Yuzo Ishikawa	○	----	Mr. Ishikawa has extensive experience as a business leader and a broad perspective. We expect that, in addition to overseeing the execution of business operations, he will provide valuable advice and recommendations that contribute to enhancing the company's corporate value. Based on this, he has been appointed as an external director. Additionally, since he has no conflicts of interest with the company, he has been designated as an independent director.

Voluntary Establishment of Committee(s)

Established

Status of Establishment of Voluntary Committee, Composition of Committee and Attributes of Committee Chair (Chairperson)

	Name of committee	Total number of members	Number of full-time members	Number of internal directors	Number of external directors	Number of internal experts	Number of other members	Committee chair (chairperson)
Voluntary committee corresponding to a nominating committee	Nominating committee	4	0	1	1	0	2	Internal director
Voluntary committee corresponding to a remuneration committee	Remuneration committee	4	0	1	1	0	2	Internal director

Supplementary Explanation

MTI has established a Nomination and Remuneration Committee for the determination of officers' remuneration, to ensure the objectivity and transparency of the process. The committee is comprised of four members in total, consisting of one internal director (chairperson: Toshihiro Maeta), one outside director (Yuzo Ishikawa) and two advisors (Kazuko Ohya and Satoshi Fujita), with the majority being external directors and advisors.

【Audit & Supervisory Board】

Establishment of Audit & Supervisory Board	Established
Establishment of Audit & Supervisory Board	5
Establishment of Audit & Supervisory Board	4

Cooperation among Audit & Supervisory Board Members, Independent Auditors and Internal Audit Departments

The Audit & Supervisory Board Members attend other important meetings besides Board meetings, expressing opinions where necessary, and strive to strengthen the management oversight function. The Audit & Supervisory Board meets once a month, in principle, to exchange opinions on the status of operations at the company and other matters. It also holds discussions and makes resolutions on important matters relating to the audit policy, audit plan and audits. The Audit & Supervisory Board is comprised of four members (Yasuhiko Niwa, Chie Kasahara, Nariki Yasuda and Takako Okuda). All four members are Outside Audit & Supervisory Board Members, and one of them (Yasuhiko Niwa) is a standing Audit & Supervisory Board Member.

The Audit & Supervisory Board Members and the Internal Audit Department implement efficient business audit activities by holding report meetings on a regular basis and sharing audit results.

Furthermore, from the fiscal year ended September 30, 2022, the Audit & Supervisory Board, the accounting auditor and the Internal Audit Department have sought to gain a timely and accurate understanding of the Company's status by meeting regularly once every quarter, cooperating closely and exchanging information and opinions, in order to further increase the effectiveness of three way audits.

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	4
Number of External Audit & Supervisory Board Members	4

External Audit & Supervisory Board Member's Relationship with the Company (1)

[illegible]

Nariki Yasuda	From another company														
Takako Okuda	From another company														

* Categories for “Relationship with the Company”

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

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

- a Executive of the Company or its subsidiaries
- b Non-executive director or accounting advisor of the Company or its subsidiaries
- c Non-executive director or executive of a parent company of the Company
- d Audit & supervisory board member of a parent company of the Company
- e Executive of a fellow subsidiary company of the Company
- f A party whose major client or supplier is the Company or an executive thereof
- g A party whose major client or supplier is the Company or an executive thereof
- h Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
- i Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
- j Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)
- k Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)
- l Executive of a company or organization that receives a donation from the Company (the audit & supervisory board member himself/herself only)
- m Others

External Audit & Supervisory Board Member’s Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yasuhiko Niwa	○	----	Mr. Niwa has considerable knowledge and a rich experience of finance and accounting. We have appointed him as an independent officer because we have judged that he is an appropriate person from the perspective of supervising whether the execution of duties of the directors of the Company is appropriate from an independent standpoint.
Chie Kasahara	○	----	Ms. Kasahara has extensive experience and broad knowledge in overall corporate legal affairs as a lawyer. We have appointed her as an outside corporate auditor because we have judged that she is capable of auditing the execution of duties of our directors on the basis of her knowledge. In addition, we have appointed her as an independent officer because she is independent without an interest with the Company.
Nariki Yasuda	○	----	Mr. Yasuda has been involved in management or served as a manager at major insurance companies over many years and has a wide range of experience and knowledge. The Company elected him as a candidate for external statutory auditor in the hope that he will apply such experience and knowledge to the Company’s audits and provide advice for the continuous improvement of the Company’s corporate value.
Takako Okuda	○	----	Ms. Okuda has been engaged in operations that contribute to improving customer satisfaction and stakeholder credibility at major companies over many years, in addition to having insight into marketing, and has a wide range of experience and knowledge. The Company elected her as a candidate for external statutory auditor in the hope that she will apply such experience and knowledge to the Company’s audits and provide advice for the continuous improvement of the Company’s corporate value.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	8
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Other Matters Relating to Independent Directors/Audit & Supervisory Board Members

The Company has established its own “Criteria for Determining Independence of Outside Officers” (Outside Directors and Outside Audit & Supervisory Board Members), in addition to the independence standards set by the Tokyo Stock Exchange.

Criteria for Determining Independence of Outside Officers URL

https://ir.mti.co.jp/eng/wp-content/uploads/library/tse/2022/corporate20221109_eng.pdf

[Incentives]

Incentive Policies for Directors	Stock options plan / performance-based remuneration plan
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Supplementary Explanation

a) Introduction of performance-based compensation plan

Taking into account the work responsibilities assumed by Directors for the improvement of the Company’s business performance in each fiscal year and the enhancement of corporate value over the medium to long terms, compensation for Directors consists of fixed-amount salaries and performance-based compensation. The performance-based compensation is determined based on factors such as the Company’s business performance in the current fiscal year, the business performance of the departments which Directors are in charge of, and individual performance evaluations.

b) Introduction of stock compensation plan

The Company views the improvement of its market capitalization, through the creation and expansion of corporate value, and continuous profit distribution as important issues to be addressed. Believing that a stock compensation plan would be very effective for clarifying the link between Directors who play a key role in management and the Company’s stock price and increasing their motivation to improve the Company’s business performance, we introduced this plan.

In addition, we established a Nomination and Remuneration Committee comprised of a majority of Outside Officers as an advisory body to the Board of Directors to ensure the objectivity and transparency of procedures when determining officer remuneration, etc., and this committee is involved in the formulation of a policy on the amount of remuneration and its application.

Recipients of Stock Options	
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Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration

Individual remuneration is not disclosed.

Supplementary Explanation

Total consolidated remuneration for each officer is not disclosed as no officers received total consolidated remuneration exceeding 100 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods

Established **[Updated]**

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

(Policy for determining details of officers' remuneration)

The Company's Board of Directors resolved a policy for determining details of officers' remuneration based on the report of the Nomination and Remuneration Committee, as shown in a) below. The policy for determining the remuneration of Audit & Supervisory Board Members is as shown in b) below.

a) Policy regarding remuneration of Directors

Taking into account the work responsibilities assumed by Directors for the improvement of the Company's business performance in each fiscal year and the enhancement of corporate value over the medium to long terms, remuneration for Directors consists of basic compensation, bonuses and stock compensation. Basic compensation and stock compensation are determined according to the position and role of each Director, while bonuses are determined based on business performance in the applicable fiscal year (comprehensively considering net sales, operating income, profit, etc.), using the Company's business performance in a single fiscal year and achievement of targets set according to work responsibilities and role as performance indicators. Bonuses are partially determined based on the operating environment and the Company's business performance in the current fiscal year.

Outside Directors are paid only fixed amounts of compensation that do not fluctuate with the Company's business performance.

b) Policy regarding remuneration of Audit & Supervisory Board Members

The remuneration of Audit & Supervisory Board Members is determined through consultation among Audit & Supervisory Board Members, and Audit & Supervisory Board Members are paid only a fixed amount of compensation that does not fluctuate with the Company's business performance only.

The Company determines the amount of basic compensation paid as fixed compensation to each individual Director by adjusting a standard amount set according to position/title to reflect evaluation. Decisions are made, taking the results of consultation of the Nomination and Remuneration Committee into consideration and through deliberation by the Board of Directors.

(Total remuneration for each officer category of the Company, total amount by type of remuneration, and number of eligible officers)

Remuneration of officers in the fiscal year ended September 30, 2025 is as follows.

① Directors (excluding outside directors)

- Total amount of remuneration : 156,098 thousand yen,
- Total amount by type of remuneration :
 - Monetary remuneration : Basic remuneration 84,337 thousands yen,
 - Performance-based remuneration (bonus) 58,064 thousand yen
 - Non-monetary remuneration : Share-based remuneration 13,697 thousand yen
- Number of eligible officers : 5

② Outside directors

- Total amount of remuneration : 32,850 thousand yen,
- Total amount by type of remuneration :
 - Monetary remuneration : 32,850 thousand yen Non-monetary remuneration : —thousand yen
- Number of eligible officers : 5

③ Out auditors

- Total amount of remuneration : 41,864 thousand yen,
- Total amount by type of remuneration :
Monetary remuneration : 41,864 thousand yen Non-monetary remuneration : —thousand yen
- Number of eligible officers : 4

Notes) The number of directors subject to disclosure excludes one director who does not receive compensation.

(Procedure for determination amount of remuneration)

The amount of remuneration paid to officers of the Company is determined by the Board of Directors based on standard amounts for positions and roles specified in internal regulations, taking into account business performance in the previous fiscal year and the achievement of targets by each officer and giving consideration to the results of consultation with the Nomination and Remuneration Committee.

(Indicators of performance-based compensation, reasons for choosing them, and the method of determining the amount of performance-based compensation)

For performance-based compensation, consolidated net sales, consolidated operating income and consolidated ordinary income are used as indicators for evaluation.

We selected consolidated net sales as an indicator because, within our Group, which seeks to increase the scale of its business to enhance corporate value in the medium and long term, consolidated net sales are an important indicator of officers' accountability for business performance and we deemed it to be an indicator that allows us to ensure objectivity and transparency.

We selected consolidated operating income and consolidated ordinary income as indicators because they show the results of sales activities and all our businesses and are, therefore, important indicators of officers' accountability for business performance and because we deemed them to be indicators that allow us to ensure objectivity and transparency.

The amount of performance-based compensation is determined based on comprehensive consideration of a wide range of factors including these indicators and the external environment, the plan at the start of the fiscal year and the business performance of the departments that Directors are in charge of, and an evaluation of individual performance. Performance-based compensation generally accounts for around 25-35% of Directors' total remuneration.

(Performance-based indicator targets and results)

With respect to performance-based indicator targets and results for the fiscal year ended September 30, 2024, the amount of performance-based compensation was determined based on comprehensive consideration of a wide range of factors including these indicators and the external environment, the plan at the start of the fiscal year and the business performance of the departments that Directors are in charge of, and an evaluation of individual performance.

[Supporting System for External Directors and/or External Audit & Supervisory Board Members]

The department that serves as secretariat for the Board of Directors (General Affairs Department) prepares materials, etc., and provides information to Outside Directors and Outside Audit & Supervisory Board Members concerning proposals to be submitted to the Board of Directors, and provides supplementary explanations upon request.

In terms of organizations to assist Audit & Supervisory Board Members in their duties, the Company assigns employees to Audit & Supervisory Board Members to assist with audits, and provides support, including operating the secretariat of the Audit & Supervisory Board and preparing materials, etc.

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

The Company has a Board of Directors and an Audit & Supervisory Board.

(Board of Directors)

The Company holds ordinary meetings of the Board of Directors once a month and extraordinary board meetings whenever necessary. The Board of Directors makes decisions on important matters and oversees the execution of duties by directors. Meanwhile, outside directors fulfil the role of strengthening the oversight function of the Board of Directors and increasing the neutrality and objectivity of management from an independent perspective, free of any interest in the Company. The Board of Directors is comprised of five internal directors (Toshihiro Maeta, Hiroshi Izumi, Hiroshi Matsumoto, Koichi Ishikawa and Hito Ichinokura) and five outside directors (Muzhi Zhou, Hikaru Yamamoto, Ryosuke Tsuchiya, Hideaki Wada and Yuzo Ishikawa). Four Audit & Supervisory Board Members also attend Board meetings to audit the appropriateness of execution of duties by directors.

The Board of Directors meets once a month, in principle and also holds a financial results board meeting every quarter. In the fiscal year ended September 30, 2025, the Board of Directors met a total of 16 times.

The Board of Directors makes decisions on important management-related matters excluding proposals for the execution of business related to investments, loans and capital contributions of a certain scale, personnel matters, restructuring, regulations, etc.

The attendance of each Director is as presented in the Notice of Convocation of the Annual General Meeting of Shareholders (https://ir.mti.co.jp/wp-content/uploads/shareholders_meeting).

The Company stipulates in its Articles of Incorporation to the effect that, pursuant to Article 426, Paragraph (1) of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from their liability for damages to the Company arising from their failure to perform their duties to the extent prescribed by laws and regulations, in order to enable them to fulfil their expected roles.

Pursuant to Article 427, Paragraph (1) of the Companies Act, the Company has concluded an agreement with directors (excluding those who are Executive Directors, etc.) and Audit & Supervisory Board Members to limit their liability for damages to the Company due to their failure to perform their duties, in order to enable them to fulfil their expected roles.

The Company has purchased a directors and officers liability insurance policy from an insurance company as stipulated in Article 430-3, Paragraph (1) of the Companies Act. The insurance policy covers damages that the insured will be legally liable for and dispute costs including litigation expenses, lawyer fees, and arbitration/settlement costs (including those arising from losing a derivative lawsuit and claims for damages from the Company). The insured under this directors and officers liability insurance policy are the Company's Directors, the Company's Audit & Supervisory Board Members, the Company's Executive Officers, the Company's employees, the Directors of the Company's subsidiaries and the Audit & Supervisory Board Members of the Company's subsidiaries, and the insurance premiums are paid in full by the Company for all the insured.

(Board of Auditors)

The Audit & Supervisory Board Members attend other important meetings besides Board meetings, expressing opinions where necessary, and strive to strengthen the management oversight function. The Audit & Supervisory Board meets once a month, in principle, to exchange opinions on the status of operations at the company and other matters. It also holds discussions and makes resolutions on important matters relating to the audit policy, audit plan and audits. The Audit & Supervisory Board is comprised of four members (Yasuhiko Niwa, Chie Kasahara, Nariki Yasuda and Takako Okuda). All four members are Outside Audit & Supervisory Board Members, and one of them (Yasuhiko Niwa) is a standing Audit & Supervisory Board Member. In the fiscal year ended September 30, 2025, the Audit & Supervisory Board met a total of 17 times.

(Nomination and Remuneration Committee)

MTI has established a Nomination and Remuneration Committee for the determination of officers' remuneration, to ensure the objectivity and transparency of the process. The committee is comprised of four members in total, consisting of one internal director (chairperson: Toshihiro Maeta), one outside director (Yuzo Ichikawa) and two advisors (Kazuko Ohya and Satoshi Fujita), with outside directors, etc. making up the majority of the committee.

(Management Committee)

To improve management efficiency and speed up decision-making, the Management Committee, consisting mainly of directors and operating officers, meets two to three times per month to discuss important operational matters. Decisions by the President are guided by these deliberations. The Management Committee is composed of the President, full-time directors and persons nominated by the President.

(Internal Audit Department)

The Internal Audit Department (seven members), which is under the jurisdiction of the Representative Directors and President, conducts business audit activities focusing on compliance with internal regulations and the efficacy and efficiency of business activities, in addition to auditing the execution of duties. The Company adopts a system under audit results are reported to the President and also reported to the Board of Directors and the Audit & Supervisory Board. Audited departments are also notified of areas for improvement and the status of improvement is also checked.

The Internal Audit Department also carries out an evaluation of the efficacy of internal control over financial reporting in accordance with the Financial Instruments and Exchange Act to ensure the reliability of financial reporting.

(Accounting Auditor)

The Company has appointed Ernst & Young ShinNihon LLC as Accounting Auditor. The accounting auditor conducts regular audits and also works to ensure the transparency and accuracy of accounting procedures through consultation and verification whenever accounting-related issues arise. For operations related to tax affairs or legal affairs, we also conclude consultancy agreements with outside experts and seek advice whenever necessary.

We appointed Ernst & Young ShinNihon LLC. as Accounting Auditor based on the results of examination by the Audit & Supervisory Board taking into comprehensive consideration a range of factors including the quality management structure, the independence and expertise of the audit team and audit remuneration.

The certified public accountants who carry out the audit are Masahiro Okonogi, Yonako Emura, and the number of consecutive years they have conducted audits of the Company as of the end of September 2025 is four years (from January 2022) and three year (from January 2023) respectively.

Persons who provide assistance for MTI's accounting audit work consist of seven certified public accountants and twenty other persons.

***Policy on appointment of Accounting Auditor and reasons for appointment**

We appointed Ernst & Young ShinNihon LLC. as Accounting Auditor based on the results of examination by the Audit & Supervisory Board taking into comprehensive consideration a range of factors including the quality management structure, the independence and expertise of the audit team and audit remuneration.

The Company's Audit & Supervisory Board will dismiss the Accounting Auditor based on the unanimous approval of all Audit & Supervisory Board Members if any of the matters set out in the Article 340, Paragraph 1 of the Companies Act is deemed to apply to the Accounting Auditor. In this case, an Audit & Supervisory Board Member elected by the Audit & Supervisory Board will report the dismissal of the Accounting Auditor and the reason for dismissal at the first General Meeting of Shareholders convened after dismissal.

In cases other than the foregoing where it is deemed difficult for the Accounting Auditor to perform appropriate audits due to the occurrence of events which undermine its suitability or independence, the Audit & Supervisory Board will determine the details of a proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to a General Meeting of Shareholders.

3. Reasons for Adoption of Current Corporate Governance System

The Company adopted the current corporate governance system because while the Board of Directors, which includes Outside Directors, is responsible for decision-making and business execution, the Audit & Supervisory Board, which includes Outside Audit & Supervisory Board Members, the Internal Audit Department and the Accounting Auditor cooperate over an appropriate supervisory system, strengthening the check and balance function, and through this, the objectivity and the neutrality of the management supervisory function is adequately ensured.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Status of Measures to Vitalize the General Meeting of Shareholders and Enable Smooth Exercise of Voting Rights

[Updated]

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	Regarding early dispatch of the convocation notice, we aim to dispatch the convocation notice at least three business days before the deadline for the convenience of shareholders. The notice of convocation for the 30th Annual General Meeting of Shareholders was mailed on December 4 of the relevant year, one day prior to the statutory dispatch deadline of December 5. In addition, in connection with the commencement of electronic provision measures, the notice was disclosed on November 28 of the same year via the Tokyo Stock Exchange's website (TDnet) and the Company's website.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	We try to hold the meeting on a Saturday, Sunday or public holidays rather than a weekday to enable as many shareholders as possible to attend.
Allowing Electronic Exercise of Voting Rights	The Company allows online voting via a computer, smartphone or other mobile device to enable more shareholders to exercise their voting rights.
Participation in Electronic Voting Platform	Registered shareholders of the trust bank etc. (including standing proxy) may use the electronic voting platform operated by ICJ Co., Ltd., a joint venture established by the Tokyo Stock Exchange, Inc., if requested in advance.
Providing Convocation Notice in English	To increase understanding of the Company among overseas investors, we prepare an English version of the convocation notice (abridged version) and submit this to the Tokyo Stock Exchange and ICJ Co., Ltd., and we also post the English notice on our website.
Other	After the end of the General Meeting of Shareholders, the Company holds an update meeting as an opportunity for the President himself to report directly to shareholders on the status of the Group's business and the future direction of the Group. We also post the convocation notice and a notice of the resolutions approved on our website.

2. IR Activities [Updated]

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company is committed to transparent management as part of efforts to strengthen corporate governance and aims to communicate corporate information in a fair, timely and appropriate manner. We have formulated an IR policy and published it on our website.	No
Regular Investor Briefings for Retail Investors	Briefings for individual investors are held on an irregular basis.	
Regular Investor Briefings for Analysts and Institutional Investors	Every quarter, the Company holds a financial results briefing where the President himself explains to analysts and institutional investors details of the financial results, a business summary, the future direction of business and other matters.	Yes
Regular Investor Briefings for Overseas Investors	Held on an irregular basis.	No

Posting of IR Materials on Website	Also on our website, we endeavor to make timely, accurate and full information disclosure in accordance with our IR policy. The IR materials posted on the website include financial results summaries, financial results presentation videos and materials, securities reports, and convocation notices of the Annual General Meeting of Shareholders.
Establishment of Department and/or Manager in Charge of IR	The Company has established an IR Department and appointed IR staff.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	We have developed “Action Guidelines for Compliance,” which stipulate that we will cooperate with stakeholders in an appropriate manner, respect the interests of stakeholders, and raise awareness about sound business ethics, on an ongoing basis. In addition to instilling compliance awareness, we will also contribute to society through compliant business activities.
Implementation of ESG Promotion Activities	The Company implements initiatives for the healthy usage of mobile sites as well as donation activities.
Development of Policies on Information Provision to Stakeholders	Based on the recognition that all market-related parties are important partners for development of business, the Company has developed a basic policy of IR activities as follows and conduct IR activities to build long-term relationships of trust. <ol style="list-style-type: none"> 1. Accurate and prompt information disclosure 2. Fair information disclosure 3. Active disclosure of information 4. Easy-to-understand disclosure of information

IV Matters Related to the Internal Control System

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

1. Basic policies for the execution of duties

The Company and its subsidiaries (hereinafter “the Group”) promote corporate governance by setting “compliance with laws, regulations and social ethical norms” (hereinafter “compliance with laws, etc.”), “sincere responses and appropriate information disclosure to stakeholders,” “transparent and sound management” and “contribution to society through the creation of corporate value in business activities” as the basic policies for the execution of duties.

Under the basic policies, the Company will improve systems to ensure the appropriateness of operations of the Group as stipulated in the Company Act and the Ordinance for Enforcement of the Companies Act.

2. System to ensure the conformity of the execution of duties by the directors and employees of the Group with laws and regulations and the Articles of Incorporation

Setting compliance with laws, etc. as the basic policy, the Company enacts regulations on compliance and establishes the Compliance Committee, which deliberates and offers opinions on matters it is consulted about by the Board of Directors or the Director in charge of compliance. Meanwhile, the Compliance Promotion Department, which is the secretariat responsible for operating and administering the committee, promotes the Group’s compliance-related initiatives.

In addition, the Internal Audit Department, under the control of the President and Chief Executive Officer, makes assessments on the efficacy of internal control over the assurance of credibility of operating audit activities and financial reporting, centering on the effectiveness and efficiency of operations. The Internal Audit Department reports the situation of these activities to the President and Chief Executive Officer, as well as the Board of Directors, the Audit & Supervisory Board and audited divisions.

Compliance-related initiatives are promoted mainly by the Compliance Committee in cooperation with the divisions of the Group. The Company established a compliance helpline for employees to directly provide information about questionable behavior and other matters governed by laws and regulations. The Company has adopted a system under which any officers or employees of the Group who discover legally questionable acts, etc. can report to the Compliance Promotion Department and the Audit & Supervisory Board via their reporting line or the compliance helpline. There is also a system in place whereby, according to the degree of importance of the content reported, either the Compliance Promotion Department or the Board of Directors will draw up preventive measures in cooperation with the divisions of the Group and make details of these measures known to all officers and employees of the Group.

3. System to store and manage information on the execution of duties of Directors

Information on the execution of duties of Directors is recorded and stored in documents or electromagnetic media (hereinafter “documents, etc.”), and Directors and Audit & Supervisory Board Members are able to inspect the documents, etc. at all times.

The documents, etc. are managed in accordance with the Regulations on Document Management and Information Security and other relevant rules, etc.

4. Regulations and other systems of the Group for managing loss risk

Risk pertaining to the execution of duties is analyzed and countermeasures are considered by each division of the Company and by its subsidiaries within the scope of their authority. Important risks and risks beyond the authority of each division and subsidiaries are deliberated by the Management Committee or the Board of Directors of the Company to make decisions and are subsequently monitored on a continuous basis.

The management of and response to risks pertaining to the execution of duties and the credibility of financial reporting are audited by the Internal Audit Department, and the Internal Audit Department reports the audit results to the President and Chief Executive Officer, as well as the Board of Directors and the Audit & Supervisory Board. With respect to the management of and response to other company-wide risks, the Compliance Promotion Department considers and promotes measures to address them and reports the situation of these activities to the Board of Directors.

To assess individual risks and implement Group-wide management in response to them, the Company enacts regulations on the risk management system and improves and strengthens the system for managing Group-wide risks exhaustively and comprehensively.

To ensure and maintain information security, the Company has enacted regulations on the use and protection of information assets and has established the Information Security Committee to improve and strengthen the system that uses and protects information assets in order to contribute to the management activities of the Group.

5. System to ensure the efficient execution of duties by the Directors of the Group

The Group formulates a medium-term management plan and a budget for each fiscal year as company-wide objectives, and the divisions and subsidiaries of the Company draw up and implement specific measures to achieve the plan.

To promote the efficient execution of duties, the Group also considers and implements specific measures which the divisions and the subsidiaries should practice after clarifying the division that each Director is in charge of and the work responsibility and authority of Directors.

In addition, the Company holds a regular monthly meeting of the Board of Directors to decide important matters and supervise the execution of duties of Directors. The Company also holds the Management Committee, which mainly the directors and the operating officers attend, two or three times a month to discuss important matters related to the execution of duties in order to improve management efficiency and speed up decision-making, and the President and Chief Executive Office makes decisions based on these discussions.

6. System ensuring the appropriateness of operations in the corporate group consisting of the Company and its subsidiaries

The Company asks its subsidiaries for prior consultation with the Company on certain matters based on the Subsidiaries and Associates Management Regulations and asks them to submit related materials, etc. to accurately understand their management and operations, while respecting their management decisions, and conducts management control of the subsidiaries by giving them advice as necessary.

The Company has the presidents of its major subsidiaries attend the Management Committee regularly to monitor their business conditions whenever appropriate. The Company also strengthens its checks and balances by consolidating the control functions of the subsidiaries into the administrative division of the Company. The Company will continue to improve the control system of the subsidiaries by promoting the documentation of guidelines on the management control of the subsidiaries.

For the Company to ensure that operations are appropriate, the Internal Audit Department will conduct operating audit activities and regularly exchange information with the Compliance Promotion Department and the divisions of the Group.

7. Matters concerning employees who are required by Audit & Supervisory Board Members to assist them in the performance of their duties

As entities to assist Audit & Supervisory Board Members in the performance of their duties, the Company assigns employees to assist Audit & Supervisory Board Members in their audits and establishes the secretariat of the Audit & Supervisory Board.

8. Matters related to the independence of the employees in the preceding paragraph from Directors

Personnel changes and evaluations of employees assigned to assist Audit & Supervisory Board Members are reported to the Audit & Supervisory Board for approval.

9. Matters for ensuring the effectiveness of instructions to employees appointed to assist Audit & Supervisory Board Members in their duties

The Company makes known to all its Directors and employees that employees assigned to assist Audit & Supervisory Board Members are to follow the instructions of the Audit & Supervisory Board Members.

10. System for Directors and employees to make reports to Audit & Supervisory Board Members and other systems for reporting to Audit & Supervisory Board Members

If a Director discovers any fact that could do noticeable damage to the Group or a material fact about compliance, the Director will immediately report it to an Audit & Supervisory Board Member, and the same shall apply if an employee discovers such facts.

More than half of the Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members, one or more of whom is a standing Audit & Supervisory Board Member. The Audit & Supervisory Board Members strengthen the supervisory functions of management through various activities, including attendance at the Board of Directors meeting and other important meetings.

11. System to prevent the disadvantageous treatment of individuals who submit reports to Audit & Supervisory Board Members

The Company prohibits the disadvantageous treatment of Group's Directors, Audit & Supervisory Board Members or employees who make a report to the Company's Audit & Supervisory Board Members on the basis that they made such a report, and has made this fact fully known to the Directors, Audit & Supervisory Board Members and employees of the Group.

12. Matters related to policies for the prepayment or reimbursement of expenses arising from the execution of duties of Audit & Supervisory Board Members

The Company secures a budget for expenses arising from the execution of duties of Audit & Supervisory Board Members based on their annual audit plan. If an Audit & Supervisory Board Member requests the prepayment, reimbursement, etc. of expenses, the Company shall bear the expenses, unless they are deemed unnecessary for the execution of duties of the Audit & Supervisory Board Member.

13. Other systems for ensuring the effective audit by Audit & Supervisory Board Members

The Audit & Supervisory Board regularly holds meetings to exchange opinions with the President and Chief Executive Officer and Ernst & Young ShinNihon LLC. In addition, to understand the important decisions of the divisions and the subsidiaries of the Company and the situation of their execution of operations, the Audit & Supervisory Board Members regularly interview the heads of the Company divisions and the Directors, Audit & Supervisory Board Members and employees of the subsidiaries individually and inspects important documents, such as approval documents.

14. System to ensure the credibility of financial reporting

To ensure the credibility of financial reporting, the Company has constructed a framework for the internal control of financial reporting to be conducted effectively as stipulated in the Financial Instruments and Exchange Act under the instruction of the President and Chief Executive Officer, continuously evaluates whether the framework functions properly, and makes necessary corrections if there is any defect.

An outline of the status of operation of the above systems for ensuring the appropriateness of business operations is as follows.

(i) System to ensure the conformity of the execution of duties by the Directors and employees of the Group with laws and regulations and the Articles of Incorporation

In accordance with regulations on compliance, the Company has established the Compliance Committee, which deliberates and offers opinions on matters it is consulted about by the Board of Directors or the Director in charge of compliance.

Meanwhile, the Compliance Promotion Department, which is the secretariat responsible for operating and administering the committee, has worked with each of the Group's divisions to gain an understanding of compliance-related issues, to develop measures to address them, and raise awareness to prevent recurrence.

The Internal Audit Department has made assessments on the efficacy of internal control over the assurance of credibility of operating audit activities and financial reporting and has reported the situation of these activities to the President and Chief Executive Officer, as well as the Board of Directors, the Audit & Supervisory Board and audited divisions.

In addition to induction training on joining the Company, the Company has also provided training on an ongoing basis, including holding in-house training and seminars with outside speakers on compliance and other relevant topics.

(ii) Regulations and other systems of the Group for managing loss risk

The Group has improved and strengthened risk management systems through cooperation between the Compliance Promotion Department and each of the group's divisions and subsidiaries, in accordance with regulations on risk management. Important risks and risks have been deliberated by the Management Committee or the Board of Directors to make decisions and subsequently monitored on a continuous basis.

The status of risk management has been audited by the Internal Audit Department, and the Internal Audit Department has reported the audit results to the President and Chief Executive Officer, as well as the Board of Directors and the Audit & Supervisory Board.

Meanwhile, in accordance with the regulations on the use and protection of information assets, the Information Security Committee has improved and strengthened the system that uses and protects information assets.

(iii) System to ensure the efficient execution of duties by the Directors of the Group

The Group has formulated a medium-term management plan and a budget for each fiscal year, and has also considered and implemented specific measures which the divisions and the subsidiaries should practice after clarifying in regulations on division of duties and authority the division that each Director is in charge of and the work responsibility and authority of Directors.

In addition, in accordance with the regulations of the Board of Directors, the Company has held a regular monthly meeting of the Board of Directors to decide important matters and supervise the execution of duties of Directors. To ensure that duties are executed efficiently, the Company has also held the Management Committee two or three times a month and fully discussed matters such as the status of business execution versus the annual budget, analysis of the business environment and the future outlook, and investment decisions.

2. Basic Views on Excluding Antisocial Forces and the Progress of System Development

The Group does not have any relationship with an antisocial group or individual that could constitute a threat to the social order or the healthy business activities of the Company and will not grant them any favors.

Being a member of the Association on Prevention of Special Organized Crimes (Tokuboren), the Company collects the latest information by reading the newsletters and the Tokuboren news and participating in seminars, etc. sponsored by the Tokuboren.

The Company has also assigned responsible officials for the prevention of undue claims and, if an undue claim, etc. is made, the official takes appropriate measures in cooperation with the legal advisor, the police station with jurisdiction and the Tokuboren, with the Legal Affairs Office and Intellectual Property Department as a contact.

Others

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

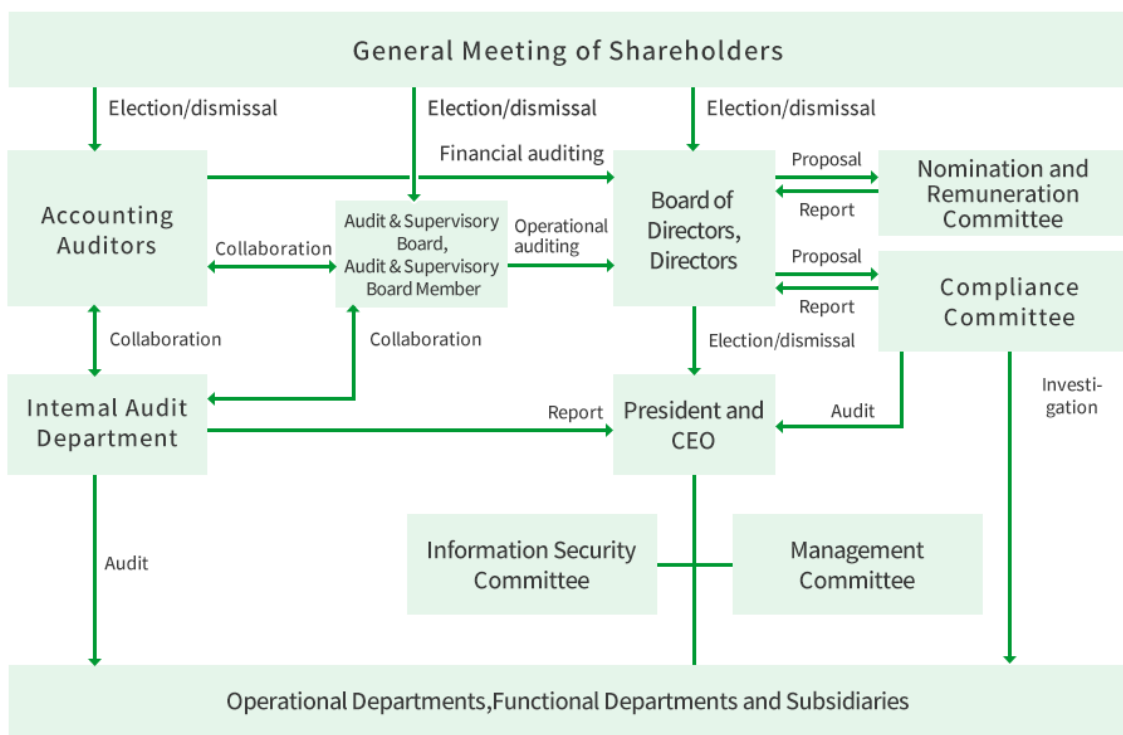
2. Other Matters Concerning Corporate Governance System

Internal system for timely disclosure

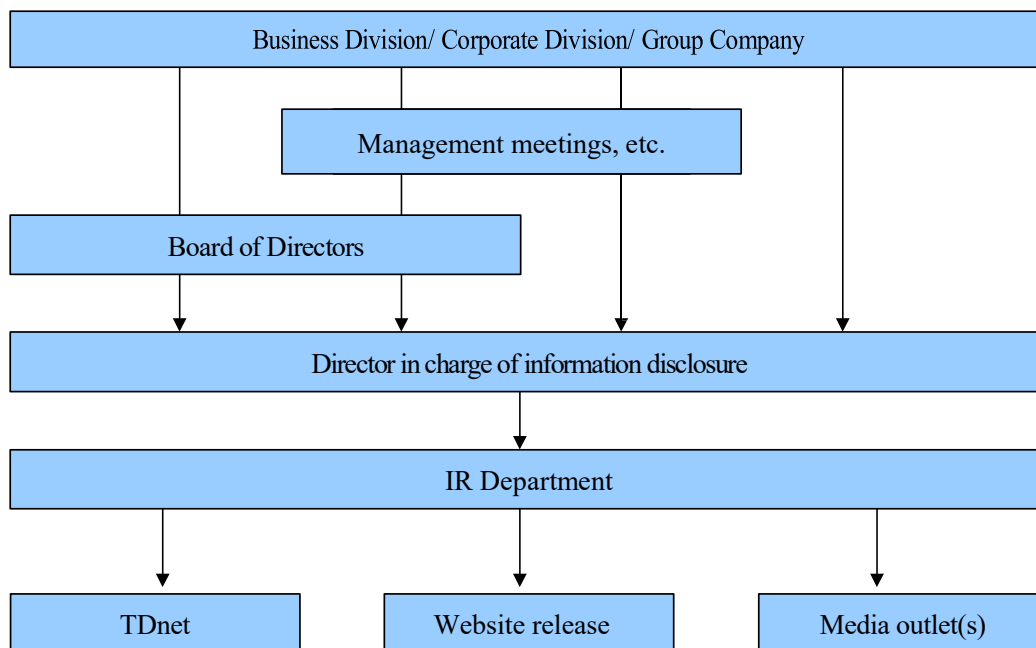
The Company adopts a system under which the officer (Director) in charge of timely disclosure is forwarded all information about material decisions resolved by the Board of Directors or the Management Committee and financial results while departments where facts have occurred are required to send all information about facts occurred to the officer in charge of timely disclosure. The officer in charge of timely disclosure and the IR Department consider the need for disclosure and, if disclosure is deemed necessary, promptly carry out the procedure for publishing the information on the Company’s website, etc. or releasing the information to the media where necessary.

(Reference)

i. Corporate Governance Structure Chart



ii. Timely Disclosure Structure Chart



iii. Skill Matrix

Name	Position	Expertise / Experience							
		Corporate management/Business strategy	Marketing	Technology development/Market development	IT/Security	Finance and accounting/M&A	Personnel & labor affairs/Organization/Human resources development	Legal affairs/Risk management	Global experiences
Toshihiro Maeta	President & CEO	●	●	●	●		●		
Hiroshi Izumi	Director	●	●	●	●				●
Hiroshi Matsumoto	Director	●				●	●	●	
Koichi Ishikawa	Director	●	●	●	●				
Hiro Ichinokura	Director	●	●	●	●				
Muzhi Zhou	Outside director	●	●		●				●
Hikaru Yamamoto	Outside director		●	●					
Ryosuke Tsuchiya	Outside director		●				●		
Hideaki Wada	Outside director	●	●	●		●	●	●	
Yuzo Ishikawa	Outside director	●	●	●	●				●
Yasuhiko Niwa	Outside auditor	●				●			●
Chie Kasahara	Outside auditor				●			●	●
Nariki Yasuda	Outside auditor	●							●
Takako Okuda	Outside auditor		●				●		

(Note) The table above does not represent all kinds of knowledge that each person has.