

Last Update: July 29, 2024

RACCOON HOLDINGS, Inc.

Isao Ogata, President & Representative Director

Contact: In charge of IR,
Business
Administration
Headquarters
+81-3-5652-1711

Securities code: 3031

<https://www.raccoon.ne.jp/company/en/index.html>

The corporate governance of RACCOON HOLDINGS, Inc. (the “Company”) is described below.

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

1. Basic Views

The Company positions the strengthening and enriching of corporate governance as a key management task under the recognition that ensuring effective functioning of corporate governance is crucial to ongoing enhancement of corporate value.

An environment in which corporate governance is functioning effectively, in our view, features the building of good relationships with shareholders and other stakeholders (business partners, employees, etc.) and facilitating provision of even better services. To that end, at the Company, we make proactive efforts to establish a framework for implementing timely and appropriate information disclosure and strengthening management oversight functions in order to secure sound, transparent, and objective corporate activities.

The Company will revise as needed and proactively work on the corporate governance framework as the organization grows with business expansion going forward.

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

(Supplementary Principle 1-2-5)

The Company considers the parties recorded on the shareholder register as those who have voting rights at the Shareholders Meeting, and in principle, does not allow any beneficial shareholders, such as an institutional investor holding shares in the name of a trust bank, etc., to attend the Shareholders Meeting and exercise voting rights, ask questions, etc. Going forward, the Company will engage in reviews and development while taking into account requests from beneficial shareholders and monitoring movements of trust banks, etc.

Disclosure Based on each Principle of the Corporate Governance Code [Updated]

(Principle 1-4. So Called Cross-Shareholdings)

Since the Company holds no so-called cross-shareholdings, it has no policy or standards regarding cross-shareholdings. If we hold cross-shareholdings in future, we will promptly develop a policy and standards and make considerations with regard to

disclosure.

(Principle 1-7. Related Party Transactions)

If the Company conducts related-party transactions including competing transactions, self-dealings, and conflict-of-interest transactions, the deliberation and resolution at a meeting of the Board of Directors or the consideration and decision by the Executive Vice President of Finance & Director are required in advance. In addition, transactions between the Company and related parties are disclosed in notes to financial statements and the annual securities report in accordance with laws and regulations.

(Supplementary Principle 2-4-1)

The Company respects diversity, regardless of age, gender, and nationality and hires personnel and appoints core human resources in a comprehensive consideration of their abilities and competencies.

In the mid- to long-term human resource plan of the Company, we aim to increase the percentage of females in managerial positions to 40% by 2032.

The numerical target for the appointment of foreign nationals to managerial positions is not set, as their percentage among employees is currently small. However, we have a policy to hire foreign nationals and appoint such personnel to managerial positions in a proactive manner toward the international expansion of the Group's businesses.

The numerical target of appointment of mid-career hires to managerial positions is not set, as the Company has conventionally hired many mid-career hires and their percentage among managerial positions is already high.

For the current personnel status of the Company, please refer to its website (sustainability page URL: <https://www.raccoon.ne.jp/company/en/csr/diversity.html>).

(Principle 2-6. Roles of Corporate Pension Funds as Asset Owners)

As the Company does not manage corporate pension funds, there is no impact on the financial position.

(Principle 3-1. Full Disclosure)

(1) The Company disseminates information such as the corporate philosophy and management strategies through its corporate website, financial result briefing presentation materials, etc.

(2) For the basic policy of corporate governance, please refer to I. 1. "Basic Views" of this Report.

(3) Please refer to II. 1. "Director Compensation" of this Report.

(4) In order to secure a balance of knowledge, experience, and capability of the entire Board of Directors as well as diversity, aiming at building a well-balanced structure which can cover all businesses, the Company selects human resources holding a wealth of experience, insight, and expertise, regardless of age, gender, and nationality, in the process of appointment or dismissal.

(5) The Company discloses reasons for selecting candidates for new Directors and Outside Directors in the notice of convocation of the Shareholders Meeting

(Supplementary Principle 3-1-3)

The Group is making efforts for developing workplace environments and promoting diversity so that each and every employee

can work by maximizing their abilities and leveraging their individuality. Given recent social conditions, we have realized a hybrid work system for employees, enhancing measures such as improvement in work-at-home environments. Also, in addition to basic skill training, we focus on unique training such as business model training for all employees to engage in capability development from a mid- to long-term perspective.

We will strengthen investments in intellectual property also in the future toward sustainable growth, recognizing a focus on the Company's unique business model development, accumulation of credit screening know-how and data, and furthermore, human resource capital and customer networks, etc. as our intellectual property.

The Company's efforts for sustainability are disclosed on the sustainability page of the Company's corporate website (URL: <https://www.raccoon.ne.jp/company/en/csr/index.html>)

(Supplementary Principle 4-1-1)

The Board of Directors engages in decision-making on managerial policies and business strategies, and important matters for business execution, in addition to matters stipulated by laws, regulations, and the Articles of Incorporation. In addition, it delegates the decision authority by defining the responsibilities and authority of each position holder regarding business execution in the job authority rules, etc.

(Principle 4-9 Independence Standards and Qualification for Independent Outside Directors)

The Company's independence standards for Outside Directors are as follows.

(Criteria for Independence)

If Outside Directors (including Audit and Supervisory Committee members) or candidates for such are deemed not to fall under any of the following items, the Company determines that they have independence.

1. A person who is currently or was in the past ten years an executive director, executive officer, manager, or other employee (collectively, the "business executor") of the Company and the Company's consolidated subsidiaries (the "Group")
2. A person or corporate business executor which directly or indirectly holds at least 10% of the total voting rights of the Company
3. A person for whom the Group is a major business partner^(*1) or business executor thereof
4. A major business partner of the Group^(*2) or business executor thereof
5. A person who belongs to an audit firm that is the Group's Accounting Auditor and has been involved in accounting audits of the Company and the Company's subsidiaries and affiliates
6. A consultant, attorney, certified public accountant, certified public tax accountant, etc. who annually receives monetary or other property benefits exceeding 10 million yen from the Group other than officers' compensation (or if a person receiving such property is an organization such as a corporation and association, persons belonging to such organization)
7. A person who annually receives donations or subsidies exceeding 10 million yen from the Group or business executor thereof
8. A person who falls under any of the above items 2 to 7 in the past three years
9. If a person who falls under any of the above items 1 to 8 is an important employee^(*3), the person's spouse or relative within the second degree of kinship

(*1) A person for whom the Group is a major business partner means a person whose amount of transactions with the Group exceeds 2% of consolidated net sales of such person in the latest fiscal year.

(*2) A major business partner of the Group means a person with whom the Group has transactions exceeding 2% of the Group's

consolidated net sales in the latest fiscal year.

(*3) An important employee means an executive director, executive officer, or employee in the position of manager or above

In addition, the Company selects persons who can contribute to discussions about the Company's business operations at the Board of Directors meetings as candidates for Independent Outside Directors by considering their background, abundant experience, high insight, expertise, etc.

(Supplementary Principle 4-10-1)

The Company has established a voluntary Nomination and Compensation Committee as an advisory body of the Board of Directors based on the resolution at a meeting of the Board of Directors held in December 2021. The Committee consists of at least three Directors and the majority consists of Independent Outside Directors in order to ensure its independence.

Currently, the Committee consists of five members, i.e., two Inside Directors and three Independent Outside Directors. By consulting with the Committee about important matters related to nomination and compensation for Directors, we believe that independence and objectivity of the Board of Directors functions are ensured.

(Supplementary Principle 4-11-1)

We endeavor to ensure a well-balanced structure of the Board of Directors so that it can cover the execution of the business, while selecting human resources with a wealth of experience, insight, and expertise for the Board of Directors, regardless of age, gender, and nationality, in order to ensure a balance and diversity of knowledge, experience, and abilities of the entire Board of Directors. The Articles of Incorporation stipulates that the number of Directors shall be not more than 20. The skill matrix of the Company's Directors is disclosed on its corporate website.

(URL: https://www.raccoon.ne.jp/company/en/csr/corporate_governance.html)

(Supplementary Principle 4-11-2)

The status of concurrent positions of each of the Directors is disclosed in the notice of convocation of the Shareholders Meeting and the annual securities report.

(Supplementary Principle 4-11-3)

We distribute the "Board of Directors' Evaluation Questionnaire" to all Directors every year after explaining the intent of such evaluation, etc. and based on the answers obtained, the Company's Board of Directors conducts discussions on analysis of self-assessment results and future issues.

The overview of questionnaires conducted in 2024 is as follows.

1. Method of analysis and evaluation

We distributed the "Board of Directors' Evaluation Questionnaire" to all Directors after explaining the intent of evaluation, etc. and based on the answers obtained, the Company's Board of Directors conducted discussions on analysis of self-assessment results and future issues.

Main items of the questionnaires are as follows.

(1) Questions about the composition of the Board of Directors

- (2) Questions about operations of the Board of Directors
- (3) Questions about the agenda of the Board of Directors
- (4) Questions about systems to support the Board of Directors

2. Overview of analysis and evaluation results

The above evaluation confirmed that results of all questionnaire items are generally appropriate and the effectiveness of the Board of Directors is ensured. Meanwhile, in order to further enhance the effectiveness of the Board of Directors, we have shared a recognition that it will make further improvements for the activation of discussions about the agenda indicating a rough direction of the corporate strategy, appropriate allocation of management resources, design of the compensation system and appropriate process to determine the amount of compensation, and activation of discussions about appointment/dismissal of the representative director and management executives.

3. Future initiatives

The Company's Board of Directors will work on matters stated in the above overview of analysis and evaluation results, while continuing consideration about the appropriate determination of matters to be deliberated at the Board of Directors and matters to be delegated to management, succession plans of the representative director, and mid- to long-term issues such as strengthening compliance and a risk management system, in order to further ensure the effectiveness of the Board of Directors, and thus commit to strengthening the corporate governance framework and enhancing mid- to long-term corporate value.

(Supplementary Principle 4-14-2)

As a training policy for Directors, we recommend that they appropriately update and improve themselves to fully play their roles by participating in various seminars, study meetings, cross-industry gatherings, and other events as necessary to obtain necessary knowledge and industry trends. The fees are borne by the Company.

(Principle 5-1. Policy for Constructive Dialogue with Shareholders)

The Company appoints the Executive Vice President of Finance & Director as Director in charge of IR and places IR specialists in the Business Administration Headquarters to conduct IR activities. It holds quarterly financial results briefings four times every year for shareholders and investors and also conducts dialogues with institutional investors and makes presentations at briefing sessions for individual investors held by other companies. In addition, we post IR information on the Company's website and an inquiry form for IR-related questions to provide an environment where shareholders and investors can ask questions to the Company.

[Status of dialogue with shareholders and investors]

The status of dialogue with shareholders and investors in the fiscal year ended April 30, 2024 is as follows.

Details of dialogues are disclosed in a timely manner in "Measures to Realize Management Conscious of Capital Costs and Share Prices and Status of Dialogue with Shareholders and Investors" and can also be confirmed in IR News as of July 11, 2024 on the Company's corporate website.

Please refer to the following website.

(Japanese)

<https://pdf.irpocket.com/C3031/Oxqc/AnZ2/uPXy.pdf>

(English)

<https://pdf.irpocket.com/C3031/Oxqc/AnZ2/DUHi.pdf>

1. Details of events held in fiscal year ended April 30, 2024

Event details	Times held
Shareholders meetings	1
Financial results briefings	4
Individual meetings	118 (Domestic: 71%, International: 29%)

* Times held includes all meetings regardless of the number of attendees (companies)

2. Major counterparts for dialogue

President & Representative Director, Executive Vice President of Finance & Director, IR Manager

3. Major themes and matters of interest from dialogue

Examples of dialogue that resulted in particular insights or understanding through explanations

- Past results and future outlook, and approach for the next fiscal year
- Details of strategic investments in advertising in measures for this fiscal year and subsequent effects
- Advertising strategy (investment) for the next fiscal year
- Increase in number of buying customers and decrease in value of transactions per buying customer in the EC business
- Trends after introduction of new plan
- Impact of changes in market environment (weak yen, inflation, etc.)
- Impact on Financial business of start of repayments of zero-zero loans
- Change in default rate (rate of cost of sales)
- Impact of increased interest rates on services
- Approach to cash balances
- Recognition regarding situation before COVID-19 and impact from COVID-19, and now post-convergence
- Corporate assessment and differences in relation to the Mid-term Management Plan completing in the fiscal year ending April 30, 2025
 - Change in policy on Mid-term Management Plan (against backdrop of change from increase in value of transactions per customer → increase in number of buying customers)
 - Implementation of wage increases and subsequent impact
 - Shareholder returns (policies on dividend payout ratio and treasury share acquisition)

* Transcripts of question and answer sessions from financial results briefings are disclosed in the “Transcript” sections available from the Company’s website on the following page

https://www.raccoon.ne.jp/company/en/profile/financial_results/financial_info.html

4. Status of feedback provided to the management and Board of Directors

The officer in charge of IR reports the opinions received through dialogue to the Board of Directors as appropriate. Opinions that are closely related to on-site operations are shared with the supervisors, etc. of business divisions by IR specialists after they have engaged in various meetings on relevant matters.

5. Matters incorporated based on dialogues

- Release of transcripts of question and answer sessions from financial results briefings

Released summary of transcript of question and answer sessions starting from the financial results briefing for the first quarter of the fiscal year ended April 30, 2024 on the Company's website

- Disclosure of net sales by service for Financial business

Disclosed in Financial Results Briefing Materials for the first quarter of the fiscal year ended April 30, 2024

[Measures to Realize Management Conscious of Capital Costs and Share Prices] [English disclosure available]

Details including trends in indices are disclosed in a timely manner and can be confirmed in "Measures to Realize Management Conscious of Capital Costs and Share Prices and Status of Dialogue with Shareholders and Investors" as of July 11, 2024 in IR News on the Company's corporate website.

Please refer to the following website.

(Japanese)

<https://pdf.irpocket.com/C3031/Oxqc/AnZ2/uPXy.pdf>

(English)

<https://pdf.irpocket.com/C3031/Oxqc/AnZ2/DUHi.pdf>

1. Analysis of current situation

The Company focuses on ROE as one of our key indices. Our policies are to aim to improve operating income margin while investing in growth against the backdrop of a high marginal income ratio and promote the improvement of ROE through assertive shareholder returns.

The Company's ROE during normal operations has generally remained around the mid to high end of the 10% range, coming in at a level that significantly exceeds shareholders' equity costs, which generally remain around the 6% range. However, when reflecting on the past five years, we can see that ROE declined to 6.7% in the fiscal year ended April 30, 2022 due to the recording of impairment losses, and ROE declined to 6.5% in the fiscal year ended April 30, 2024 as a result of working to accelerate the pace of customer acquisitions by significantly enhancing advertising and sales promotion expenses from the perspective of mid-to long-term business expansion. The ROE of 6.5% in the fiscal year ended April 30, 2024 reached about the same level as the shareholders' equity costs estimated by the Company.

PBR for the fiscal year ended April 30, 2024 was 3.0x. Although we strove to improve capital efficiency through conducting share repurchases, PBR remained at the same level as the fiscal year ended April 30, 2023 due to weakness in share prices.

2. Response policy

(1) Improvement of capital profitability

For the fiscal year ending April 30, 2025, we forecast a V-shaped recovery in terms of operating income as we continue to increase

net sales, and forecast an increase in ROE.

We plan to position ROE as one of our key indices in the next Mid-term Management Plan as well, and will continue to promote the improvement of ROE. In addition, our policy is also to actively engage in treasury share acquisition, and utilize the results of this effort to increase ROE.

(2) Shareholder returns

The Company recognizes returning profits to shareholders as an important issue for management, and our basic policy is to maintain a consolidated dividend payout ratio of 45-50% while taking into consideration various factors including demand for funds for investment in the future growth of businesses and improvement of internal reserves in order to strengthen the management foundations.

We will actively engage in treasury share acquisition after taking a comprehensive selection of factors into consideration, including share price levels, the status of funds, and the market environment.

(3) Promotion of IR activities

The Company believes that active information disclosure and dialogue with shareholders and investors are important elements in improving corporate value. Accordingly, we are dedicated to the improvement of IR information provided on our corporate website and actively and voluntarily disclosing useful information for shareholders and investors even in cases where this information does not fall under the criteria for timely disclosure. In addition, we will strive to improve the selection of content with high fidelity between the Japanese and English-language versions, including disclosure materials in English and videos dubbed in English, to ensure that shareholders and investors, regardless of whether they are in Japan or overseas, have equal access to the information provided by the Company.

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%
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Status of Major Shareholders [Updated]

Name or Company Name	Number of Shares Owned	Percentage (%)
Isao Ogata	4,563,700	21.19
The Master Trust Bank of Japan, Ltd. (trust account)	2,113,900	9.82
Custody Bank of Japan, Ltd. (trust account)	1,577,000	7.32
TAIYO FUND, L.P.	1,527,000	7.09
TAIYO HANEI FUND, L. P.	1,336,900	6.21
STATE STREET BANK AND TRUST COMPANY 505227	1,090,700	5.06
Satoshi Konno	450,900	2.09
Toshiyuki Ishii	379,500	1.76
BNP Paribas Securities (Japan) Limited	228,000	1.06
Tomoki Abe	218,500	1.01

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
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Name of Parent Company, if applicable	None
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Supplementary Explanation [Updated]

- In addition to the above, there are 700,597 shares (3.15%) of treasury shares owned by the Company.
- The Company has adopted the employee stock ownership plan (J-ESOP) and the Custody Bank of Japan, Ltd. (trust E account) owns 129,660 shares of the Company's shares. The Company's shares owned by the Custody Bank of Japan, Ltd. (trust E account) are not included in treasury shares.
- The large shareholding report (including the amendment reports) made available for public inspection as of March 18, 2024 states that Mitsubishi UFJ Trust and Banking Corporation and its joint holders Mitsubishi UFJ Asset Management Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. own the following shares respectively as of March 11, 2024. However, they are not included in the above Status of Major Shareholders, since the Company is unable to confirm the number of shares beneficially owned as of April 30, 2024.

Details of the large shareholding report are as follows.

Name or company name / Number of shares owned / Percentage of shares owned

Mitsubishi UFJ Trust and Banking Corporation / 936,000 shares / 4.21%

Mitsubishi UFJ Asset Management Co., Ltd. / 498,000 shares / 2.24%

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. / 189,000 shares / 0.85%

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	April
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	100 or more but fewer than 500
Net Sales (Consolidated) for the Previous Fiscal Year	Less than ¥10 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

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5. Other Special Circumstances which may have a 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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	20
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Outside Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Sumie Komiyama	Lawyer												
Jiro Takita	From another company												
Motohiro Fukuda	CPA								△				

*Categories for "Relationship with the Company".

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

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

Outside Directors' Relationship with the Company (2) [Updated]

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Sumie Komiyama	○	○	-	The Company believes that she will reflect her wealth of experience and expertise as an attorney to the Company's audit and supervision from an independent position. She satisfies all of the independence requirements stipulated by the Tokyo Stock Exchange. The Company determined that there is no risk of conflicts of interest with general shareholders and designated her as Independent Director.
Jiro Takita		○	-	The Company believes that he will execute a supervisory role of the Company from an independent position by utilizing his broad knowledge and insights concerning corporate management based on his wealth of business experience and results he has garnered through his career. He satisfies all of the independence requirements stipulated by the Tokyo Stock Exchange. The Company determined that there is no risk of conflicts of interest with general shareholders and designated him as Independent Director.
Motohiro Fukuda	○	○	Although he had belonged to Deloitte Touche Tohmatsu LLC, which is the Company's Accounting Auditor, until March 2020, he never engaged in	The Company believes that he will reflect his wealth of experience garnered through practicing as a certified public accountant and his professional

			<p>accounting audits of the Company and the Company's subsidiaries and affiliates while working for Deloitte Touche Tohmatsu. Moreover, the amount of transaction with Deloitte Touche Tohmatsu for the latest fiscal year is less than 2% of the Group's consolidated net sales. Therefore, he satisfies the independence requirements stipulated by the Tokyo Stock Exchange, Inc. and the criteria for independence of outside officers stipulated by the Company, and the Company has determined that his independence is sufficiently ensured.</p>	<p>knowledge in finance and accounting to the Company's audit and supervision from an independent position. He satisfies all of the independence requirements stipulated by the Tokyo Stock Exchange. The Company determined that there is no risk of conflicts of interest with general shareholders and designated him as Independent Director.</p>
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Audit and Supervisory Committee

Composition of Committee and Attributes of the Chairperson **[Updated]**

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	3	1	1	2	Inside Director

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

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The person in charge of internal audit or the employees in the Business Administration Headquarters assist the Audit and Supervisory Committee as necessary. If requested to assist the Audit and Supervisory Committee by the Audit and Supervisory Committee, the employees who assist the Audit and Supervisory Committee are not subject to instructions and orders from Directors (excluding Directors serving as Audit and Supervisory Committee members) and their superiors regarding such request. In addition, the consent of the Audit and Supervisory Committee is required for the appointment and transfer of such employees.

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

The Director who is a full-time Audit and Supervisory Committee member inspects the internal audit report prepared by the internal auditor when needed and accompanies internal audits, as necessary. The Director who is a full-time Audit and Supervisory Committee member attends meetings for reporting on the findings of internal control assessments with the internal control team and the Accounting Auditor, etc. to receive reports and exchange opinions.

The Director who is a full-time Audit and Supervisory Committee member maintains close contact with the Accounting Auditor, such as meeting every fiscal quarter end to receive reports on the methods and findings of accounting audits.

The Director who is a full-time Audit and Supervisory Committee member, the internal auditor, and the internal control team reports the findings of the examined internal control system to the internal control department when needed. The internal control department receiving the report improves the internal control system with the advice of the Director who is a full-time Audit and Supervisory Committee member, the internal auditor, and the internal control team, as necessary.

Voluntary Established Committee(s)

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

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Inside Director

Supplementary Explanation **[Updated]**

The Company has established a voluntary Nomination and Compensation Committee as an advisory body of the Board of Directors based on the resolution at the Board of Directors meeting held in December 2021.

The Committee consists of at least three Directors and the majority consists of Independent Outside Directors in order to ensure its independence. Currently, the Committee consists of five members, i.e., two Inside Directors and three Independent Outside Directors. By consulting with the Committee about important matters related to nomination and compensation for Directors, we believe that independence and objectivity of the Board of Directors functions are ensured.

Matters Concerning Independent Directors

Number of Independent Directors	3
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Other Matters Concerning Independent Directors

In addition to the independence requirements stipulated by the Tokyo Stock Exchange, Inc. the Company has established the criteria for independence as follows and designates all Outside Directors satisfying such requirements as Independent Directors.

If Outside Directors (including Audit and Supervisory Committee members) or candidates for such are deemed not to fall under any of the following items, the Company determines that they have independence.

1. A person who is currently or was in the past ten years an executive director, executive officer, manager, or other employee (collectively, the "business executor") of the Company and the Company's consolidated subsidiaries (the "Group")
2. A person or corporate business executor which directly or indirectly holds at least 10% of the total voting rights of the Company

3. A person for whom the Group is a major business partner^(*1) or business executor thereof
4. A major business partner of the Group^(*2) or business executor thereof
5. A person who belongs to an audit firm that is the Group's Accounting Auditor and has been involved in accounting audits of the Company and the Company's subsidiaries and affiliates
6. A consultant, attorney, certified public accountant, certified public tax accountant, etc. who annually receives monetary or other property benefits exceeding 10 million yen from the Group other than officers' compensation (or if a person receiving such property is an organization such as a corporation and association, persons belonging to such organization)
7. A person who annually receives donations or subsidies exceeding 10 million yen from the Group or business executor thereof
8. A person who falls under any of the above items 2 to 7 in the past three years
9. If a person who falls under any of the above items 1 to 8 is an important employee^(*3), the person's spouse or relative within the second degree of kinship

(*1) A person for whom the Group is a major business partner means a person whose amount of transactions with the Group exceeds 2% of consolidated net sales of such person in the latest fiscal year.

(*2) A major business partner of the Group means a person with whom the Group has transactions exceeding 2% of the Group's consolidated net sales in the latest fiscal year.

(*3) An important employee means an executive director, executive officer, or employee in the position of manager or above

In addition, the Company selects persons who can contribute to discussions about the Company's business operations at the Board of Directors meetings as candidates for Independent Outside Directors by considering their background, abundant experience, high insight, expertise, etc.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Compensation Scheme / Introduction of Stock Options Scheme

Supplementary Explanation for Applicable Items

For aiming at improving business results and the corporate value of the Group in a mid- to long-term perspective, we have adopted a stock option scheme with the purpose of raising morale and motivation and further increasing the unity of the Group.

In addition, we have adopted share-compensation type stock options (share acquisition rights) for Directors (excluding Outside Directors and Directors serving as Audit and Supervisory Committee members) with the purpose of further clarifying the linkage between compensation, business results, and share value and raising morale and motivation toward improving mid- to long-term business performance and corporate value by sharing with shareholders not only the benefits of rising share prices but also the risks of falling share prices.

Persons Eligible for Stock Options

Inside Directors, Employees, Subsidiaries' Directors, Subsidiaries' Employees

Supplementary Explanation for Applicable Items

For aiming at improving business results and corporate value of the Group from a mid- to long-term perspective, we grant stock options to Directors and employees of the Company and Directors and employees of the Company's subsidiaries with the purpose of raising morale and motivation and further increasing the unity of the Group.

Director Compensation

Status of Disclosure of Individual Director's Compensation

No Disclosure for any Directors

Supplementary Explanation for Applicable Items **[Updated]**

We disclose the total amount of compensation, etc. by officer category, not individual compensation, since there is no Director whose total amount of compensation, etc. is 100 million yen or more.

The compensation for Directors for the fiscal year ended April 30, 2024 is as follows.

Directors (excluding Audit and Supervisory Committee members and Outside Directors): 5 persons, 168 million yen

Directors (Audit and Supervisory Committee members) (excluding Outside Directors): 1 person, 10 million yen

Outside officers: 3 persons, 15 million yen

Policy on Determining Compensation Amounts and Calculation Methods **[Updated]**

Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

1. Policy for the determination of officers' compensation, etc.

At a meeting of the Board of Directors held on March 10, 2022, the Company resolved the determination policy for details of

individual compensation for Directors (excluding Directors serving as Audit and Supervisory Committee members. Hereinafter, the “Director”).

In addition, regarding individual compensation for Directors for this fiscal year, the Board of Directors has confirmed that the method for determining compensation, etc. and the details of the determined compensation, etc. are consistent with the determination policy resolved at the meeting of the Board of Directors and conform to the determination policy.

Details of the determination policy regarding individual compensation, etc. for Directors are as follows.

a. Basic policy

Regarding officers’ compensation, within the range approved at the Shareholders Meeting, the amount of compensation for Directors is determined by resolution at a meeting of the Board of Directors and the amount of compensation for Directors serving as Audit and Supervisory Committee members is determined by discussions by the Audit and Supervisory Committee. The compensation for Directors consists of basic compensation as fixed compensation and share-based compensation, and only basic compensation is paid to Directors serving as Audit and Supervisory Committee members.

b. Policy for determining the amount of individual compensation, etc. for basic compensation (monetary compensation) (including policy for timing of granting compensation, etc. or policy regarding the determination of conditions)

The basic compensation shall be monthly fixed compensation and determined in consideration of the prevailing compensation level, business results (also considering forecast for the next and subsequent fiscal years), and the average annual salary of employees, according to their positions, responsibilities, achievements, etc.

c. Policy for determining the details and amounts of performance-linked compensation, etc. and non-monetary compensation, etc. or the calculation method of the numbers (including policy for timing of granting compensation or policy regarding the determination of conditions)

The performance-linked compensation, etc. shall only consist of share-compensation type stock options that are non-monetary compensation, etc. and the amount within a range of 3-5% of EBITDA shall be granted as the total amount of evaluation (including a portion which is granted to the subsidiaries’ Directors) at a specific time after the conclusion of the Annual Shareholders Meeting every year. The number of stock options granted shall be determined according to their positions, responsibilities, achievements, etc.

d. Policy for determining the ratio of the amount of monetary compensation, the amount of performance-linked compensation, etc., or the amount of non-monetary compensation, etc. to the amount of individual compensation for Directors

The performance-linked compensation, etc. which are monetary compensation, etc. shall not be provided and the performance-linked compensation, etc. which are non-monetary compensation, etc. based on c. above shall be provided within a range of the evaluation amount not more than 300% of the amount of monetary compensation.

e. Matters regarding the delegation of all or part of decisions to a third party

Decisions regarding specific details of the amounts of individual compensation shall be delegated to the President & Representative Director based on the resolution of a meeting of the Board of Directors and the President & Representative

Director makes decisions based on their position, responsibilities, achievements, etc. of each Director within a range of the total amount of compensation, etc. approved at the Shareholders Meeting, also considering the Company's business results, etc. When making such a decision, the President & Representative Director shall obtain a recommendation from the Nomination and Compensation Committee, the majority of which consists of Independent Outside Directors.

2. Matters regarding decision of individual compensation, etc. for Directors

The Board of Directors has delegated decisions on the amount of basic compensation for each Director to Isao Ogata, the President & Representative Director. The reason for such delegation is because we determined that the President & Representative Director is best suited to make evaluations based on positions, responsibilities, achievements, etc. of each Director, considering business results, etc. In deciding the delegated contents, we have confirmed the appropriateness thereof after obtaining a recommendation from the Nomination and Compensation Committee.

Support System for Outside Directors

In order to conduct deliberations after full discussion at meetings of the Board of Directors, we distribute necessary materials to Outside Directors in advance to ensure sufficient time for them to confirm and examine the contents under a structure where they can ask questions and receive answers before a meeting is held. In addition to the above, Directors serving as full-time Audit and Supervisory Committee members attend important internal meetings as necessary, receiving reports about the status of business execution from the President & Representative Director and Directors in charge of business execution and, as necessary, make reports on conditions to Outside Directors.

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

(1) Board of Directors

The Board of Directors comprises six Directors who are not Audit and Supervisory Committee members and three Directors serving as Audit and Supervisory Committee members. Of Directors, three are Outside Directors and all three Outside Directors have been designated as Independent Directors. Meetings of the Board of Directors are chaired by the President & Representative Director, with ordinary meetings of the Board of Directors held once a month and extraordinary meetings of the Board of Directors held when needed as necessary to share information and communicate, decide on important business execution and matters delegated by resolution at Shareholders Meetings, and supervise the state of each Director's execution of business.

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee comprises three Directors serving as Audit and Supervisory Committee members. Of the three Directors serving as Audit and Supervisory Committee members, one is a full-time Audit and Supervisory Committee member. The other two are Outside Directors, and all two Outside Directors are designated as Independent Directors. Meetings of the Audit and Supervisory Committee are chaired by the full-time Audit and Supervisory Committee member, with ordinary meetings of the Audit and Supervisory Committee held every month and extraordinary meetings of the Audit and Supervisory Committee held when needed as necessary to share information and communicate, and discuss or resolve on important audit matters.

(3) Nomination and Compensation Committee

The Nomination and Compensation Committee has been established as a voluntary advisory body to the Board of Directors with the aim of strengthening and enriching corporate governance. The Nomination and Compensation Committee deliberates on procedures, etc., concerning the nomination and compensation, etc., of Directors in response to consultations from the Board of Directors and submits reports to the Board of Directors. The Nomination and Compensation Committee is chaired by the President & Representative Director and consists of five members: the President & Representative Director, the Executive Vice President of Finance & Director, and three Independent Outside Directors.

(4) Management Meeting

The management meeting comprises five Directors who are not Audit and Supervisory Committee members. Meetings are chaired by the President & Representative Director and held where appropriate as necessary to conduct prior deliberations on the matters for resolution by the Board of Directors and deliberate on important matters on management below the Board of Directors.

(5) Compliance Office

A compliance office has been installed to promote compliance. The President & Representative Director is the compliance officer and the person in charge of legal operations is the compliance secretariat. The compliance secretariat organizes the compliance manual and conducts training for deepening knowledge on compliance.

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

The Company has adopted the system of a company with an Audit and Supervisory Committee. The Board of Directors comprises six Directors (excluding Directors serving as Audit and Supervisory Committee members) (including one Outside Director) and three Directors serving as Audit and Supervisory Committee members (including two Outside Directors) and holds ordinary meetings of the Board of Directors once a month and extraordinary meetings of the Board of Directors when needed as necessary in order to make “speedy and accurate decisions on management and execution.” In addition, in order to realize “fair and transparent management,” the Audit and Supervisory Committee comprises one full-time Director serving as Audit and Supervisory Committee member and two Outside Directors serving as Audit and Supervisory Committee members and supervises the legality and appropriateness of business execution of Directors. Three Outside Directors have been designated as Independent Directors in accordance with the stipulations of the Tokyo Stock Exchange. Directors serving as full-time Audit and Supervisory Committee members attend various internal meetings held other than meetings of the Board of Directors and based on their expertise and experience, actively provide opinions from an independent standpoint. In addition, they audit the legality of execution of duties by inspecting internal important documents in daily auditing. Through these practices, we believe that the objectivity and impartiality of management supervision functions are ensured.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize Shareholders Meeting and Facilitate Exercise of Voting Rights [Updated]

	Supplementary Explanation
Early Posting of Notice of the Shareholders Meeting	<p>Regarding the notice of convocation, we take measures for electronic provision three weeks before the date of the Shareholders Meeting.</p> <p>We send a notice of convocation by two weeks before the date of the Annual Shareholders Meeting after the measures for electronic provision are taken.</p> <p>Materials for shareholders meetings are sent in paper form to shareholders who wish to receive them as such.</p>
Scheduling of the Shareholders Meeting on a Non-Peak Day	We hold Shareholders Meetings on Saturday, Sunday, or a holiday so that as many shareholders as possible can attend
Electronic Exercise of Voting Rights	In order to increase the options of procedures for shareholders to exercise voting rights, the exercise of voting rights via the Internet using a computer or smartphone is also available.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	A voting rights platform for institutional investors operated by ICJ, Inc. can also be used.
Provision of Notice (or Summary of Notice) of the Shareholders Meeting in English	An English version of the notice of convocation of the Shareholders Meeting (summary) is posted on the Company's corporate website and the TSE Listed Company Search on the Japan Exchange Group's website.
Other	<p>The notice of convocation of the Shareholders Meeting is not sent early. However, in order to ensure sufficient time for shareholders to consider proposals submitted to the Shareholders Meeting, Japanese and English versions of the notice are disclosed early on the Company's corporate website and the TSE Listed Company Search on the Japan Exchange Group's website, promptly after a meeting of the Board of Directors related to the convocation is held.</p> <p>We provide a live stream (YouTubeLive) of the Shareholders Meeting for shareholders.</p>

2. Status of IR-related Activities [Updated]

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Posted on the Company's corporate website - Disclosure policy https://www.raccoon.ne.jp/company/investor/disclosure_policy.html	
Regular Investor Briefings held for Individual Investors	Held at least once a year as a guideline In addition, we post videos of quarterly financial results briefings on the corporate website and YouTube for individual shareholders and accept questions, etc. on our IR page at any time.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	Every quarter, we hold an in-person or online financial results briefing session by the President or Executive Vice President of Finance & Director, explain about business results and outlook, and accept questions and answers. In addition, for analysts and investors who are unable to attend the session, we post videos on our corporate website and YouTube as well as transcripts including Q&A sessions. Other than the above, we respond to individual interviews.	Held
Regular Investor Briefings held for Overseas Investors	We post an English version of videos of quarterly financial results briefing sessions by the President or Executive Vice President of Finance & Director on our corporate website and YouTube as well as transcripts including Q&A sessions. We accept questions, etc. on our IR page at any time and furthermore, respond to individual interviews.	Held
Online Disclosure of IR Information	We have created a dedicated IR page on our corporate website to post timely disclosure matters in a timely manner as well as summaries of financial results, financial result briefing presentation materials, and the annual securities reports for preservation as a library. - IR information https://www.raccoon.ne.jp/company/en/profile/financial_results/financial_results.html	
Establishment of Department and/or Placement of a Manager in Charge of IR	We have placed dedicated IR personnel in the Business Administration Headquarters.	

3. Status of Measures to Ensure Due Respect for Stakeholders [Updated]

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>We explicitly stipulate in our sustainability that to solve social issues through the business, we have appropriate communication with each stakeholder, establish relationships of trust while conducting dialogues, and strive to continuously improve operations of the business and organization.</p> <p>https://www.raccoon.ne.jp/company/en/csr/stakeholder.html</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>Various activities related to sustainability are posted on the sustainability page of our corporate website.</p> <p>https://www.raccoon.ne.jp/company/en/csr/index.html</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>The specific standard of conduct is stated in the compliance manual which stipulates the corporate code of conduct.</p>
Other	<p>Please refer to this Report I. 1. “Disclosure Based on each Principle of the Corporate Governance Code” (3), for policies, targets, and current status regarding the appointment of females, foreign nationals, and mid-career hires of the Group to officers and managerial positions.</p>

IV. Matters Concerning the Internal Control System

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

As the Company's internal control system, the Board of Directors has established the "Basic Policy for Establishing Internal Control System," based on which the internal control system and risk management system are developed.

1. System for ensuring the compliance of the execution of duties by the Company's Directors and employees with laws, regulations, and the Articles of Incorporation

The Company establishes the corporate code of conduct and the standard of conduct providing more specific standards for conduct, and by repeatedly communicating this spirit to Directors and employees with the President & Representative Director taking the lead, ensures that they thoroughly understand that compliance with laws and regulations is the prerequisite of all corporate activities.

The Company establishes the compliance manual and builds a system under which understanding of laws, regulations, the Articles of Incorporation, corporate ethics, and other specific matters to be complied with is deepened and laws, regulations, and the Articles of Incorporation are complied with.

The President & Representative Director is the compliance officer and the person in charge of legal operations is the compliance secretariat. The compliance secretariat establishes the compliance manual and conducts training for deepening knowledge on compliance.

The Company understands the status of business operations through internal auditing and also, confirms that lawful and appropriate business operations are conducted based on laws, regulations, the Articles of Incorporation, and various internal rules.

The Company establishes a system where the Company's Directors or employees promptly report and consult when they find actions suspected of non-compliance with laws and regulations. In this case, persons who report or consult shall not be subject to disadvantageous treatment.

The Company resolutely stands against anti-social forces that threaten the order and safety of a civil society and rejects and eliminates all relationships with such forces. In addition, the Company takes organized measures in cooperation with the police, attorneys, and other external specialized bodies.

2. System for the storage and management of information related to the Company's Directors execution of duties

The Company has a system where information related to the Directors' execution of duties is recorded in documents (paper or electronic media) and appropriately stored and managed in accordance with laws, regulations, the Articles of Incorporation, and internal rules and policy such as the document management rules.

3. Rules related to management of risk of losses of the Company and other system

Regarding the Company's risk management system, the Company establishes the risk management committee chaired by the Director in charge of risk management to improve and promote risk management.

An analysis of management risks and consideration of measures thereof are conducted at the management meeting chaired by the President & Representative Director and attended by Directors (excluding Directors serving as Audit and Supervisory

Committee members). In the event of an emergency, we establish the countermeasure headquarters led by the President & Representative Director to quickly respond to such events and minimize damages.

4. System for ensuring the efficient execution of duties by the Company's Directors

Ordinary meetings of the Board of Directors are held once a month and extraordinary meetings of the Board of Directors are held when needed as necessary to share information and communicate, decide on important business execution, and supervise the state of each Director's execution of business.

The management meetings attended by Directors (excluding Directors serving as Audit and Supervisory Committee members) are held as necessary to conduct prior deliberations on the matters for resolution by the Board of Directors and deliberate important matters on management below the Board of Directors.

Authority and responsibilities related to the execution of duties are specified by internal rules such as the duties division rules and the job authority rules and reviewed as needed.

5. System for ensuring the appropriateness of business of the corporate group consisting of the Company and its subsidiaries

(1) System for reporting to the Company on matters related to the execution of duties by the subsidiaries' Directors

The Company's Directors concurrently serve as Director or Auditor of the subsidiaries and attend meetings of the subsidiaries' Board of Directors to receive reports on important business matters, etc.

(2) Rules related to management of risk of losses of the subsidiaries and other system

If concern about risk management is found at the subsidiaries, Directors or Auditors of such subsidiaries report to the Company's risk management committee. If receiving the report from the subsidiaries, the Company's risk management committee investigates the facts and takes necessary measures.

(3) System for ensuring the efficient execution of duties by the subsidiaries' Directors

Regarding business operations of the subsidiaries, the Business Administration Headquarters, as a division in charge, manages the subsidiaries based on the "affiliates management rules." In addition, important matters on management are deliberated at meetings of the Company's Board of Directors, while respecting the independence of the subsidiaries.

(4) System for ensuring the compliance of the execution of duties by the subsidiaries' Directors, etc. and employees with laws, regulations, and the Articles of Incorporation

The President & Representative Director of the subsidiaries is the compliance officer and the Company's person in charge of legal operations is the compliance secretariat. The compliance secretariat establishes the compliance manual and builds a system under which understanding of laws, regulations, the Articles of Incorporation, corporate ethics, and other specific matters to be complied with is deepened and laws, regulations, and the Articles of Incorporation are complied with.

The Company's person in charge of internal audit conducts internal audits of the subsidiaries' management status and business operations in cooperation with the subsidiaries' auditors and management departments.

6. Matters regarding employees who should assist with the duties of the Audit and Supervisory Committee

The person in charge of internal audit or employees of the Business Administration Headquarters assist the Audit and Supervisory Committee as needed.

7. Matters regarding independence of employees in the preceding paragraph from Directors (excluding Directors serving as Audit and Supervisory Committee members) and ensuring the effectiveness of instructions of the Audit and Supervisory Committee

If requested to assist the Audit and Supervisory Committee from the Audit and Supervisory Committee, employees who assist the Audit and Supervisory Committee are not subject to instructions and orders from Directors (excluding Directors serving as Audit and Supervisory Committee members) and their superiors regarding such request. In addition, the consent of the Audit and Supervisory Committee is required for the appointment and transfer of such employees.

8. System for reporting to the Audit and Supervisory Committee by Directors and employees of the Company and the subsidiaries and other system regarding reporting to the Audit and Supervisory Committee

The Audit and Supervisory Committee members attend meetings of the Board of Directors and also internal important meetings as necessary, receiving reports about the status of business execution from the President & Representative Director and Directors in charge of business execution.

The Audit and Supervisory Committee members may inspect important approval documents and related materials and as needed, request reports from the Company's and subsidiaries' President & Representative Director and Directors in charge of business execution.

If the Company's and subsidiaries' Directors and employees become aware of material violations against laws, regulations, or the Articles of Incorporation and illegal conducts as well as any fact that could cause material damage to the Company, they report to the Audit and Supervisory Committee without delay. Other than this case, the Audit and Supervisory Committee may request reports from the Company's and subsidiaries' Directors and employees whenever as necessary.

9. System for ensuring that persons reporting to the Audit and Supervisory Committee are not subject to disadvantageous treatment due to such reporting

The Company guarantees that the Company's and subsidiaries' Directors and employees who make reports in the preceding paragraph will not be subject to disadvantageous treatment due to such reporting and protects such whistleblowers.

10. Other system for ensuring effective audit of the Audit and Supervisory Committee

The Audit and Supervisory Committee members attend meetings of the Board of Directors and also internal important meetings as necessary, receiving reports about the status of business execution from the President & Representative Director and Directors in charge of business execution.

The Audit and Supervisory Committee works and cooperates with the person in charge of internal audit and requests inspections as necessary. In addition, it regularly exchanges opinions with the Accounting Auditor.

When the Audit and Supervisory Committee members request advance payment or reimbursement of expenses incurred for their execution of duties, the Company pays such expenses in a timely and appropriate manner, based on the request from the Audit and Supervisory Committee members.

11. System for ensuring reliability of financial reporting

In order to appropriately respond to the internal control evaluation system related to financial reporting based on the Financial Instruments and Exchange Act, the Company, under instructions of the President & Representative Director, builds an internal control system and continuously evaluates and corrects the system so that it appropriately functions.

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

The code of conduct established in the Group's compliance manual is resolutely against anti-social forces and explicitly states that we will have no dealings whatsoever with them.

Specifically, we have enacted "rules against anti-social forces" and established an internal structure for exclusion of anti-social forces led by the General Manager of the Business Administration Headquarters. As the rules prescribe, we carefully decide on new business partners and new transactions with clients, following the Group's process for checking for affiliation with such forces. We regularly perform the same check on current partners and clients.

In addition, we are a member of the Tokyo Metropolitan Police Department's Special Violence Prevention Measures Association and, in addition to attending the association's events such as training seminars, use the association, police department, legal counsel, and other outside specialist institutions to proactively collect information.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

Although we do not intend to introduce a specific system, we are aiming to create corporate value resistant to hostile takeovers by maintaining the share price at an appropriate level through proactive IR activities, etc.

2. Other Matters Concerning the Corporate Governance System

(1) Other matters regarding the corporate governance framework

We will proactively work as needed with the future expansion of our business scale.

(2) Overview of timely disclosure system

We fully recognize that the timely and appropriate disclosure of company information to investors consists of the fundamentals of the sound securities market and make efforts to improve our internal system so that we can speedily disclose accurate and fair company information, always from an investor's point of view, as follows.

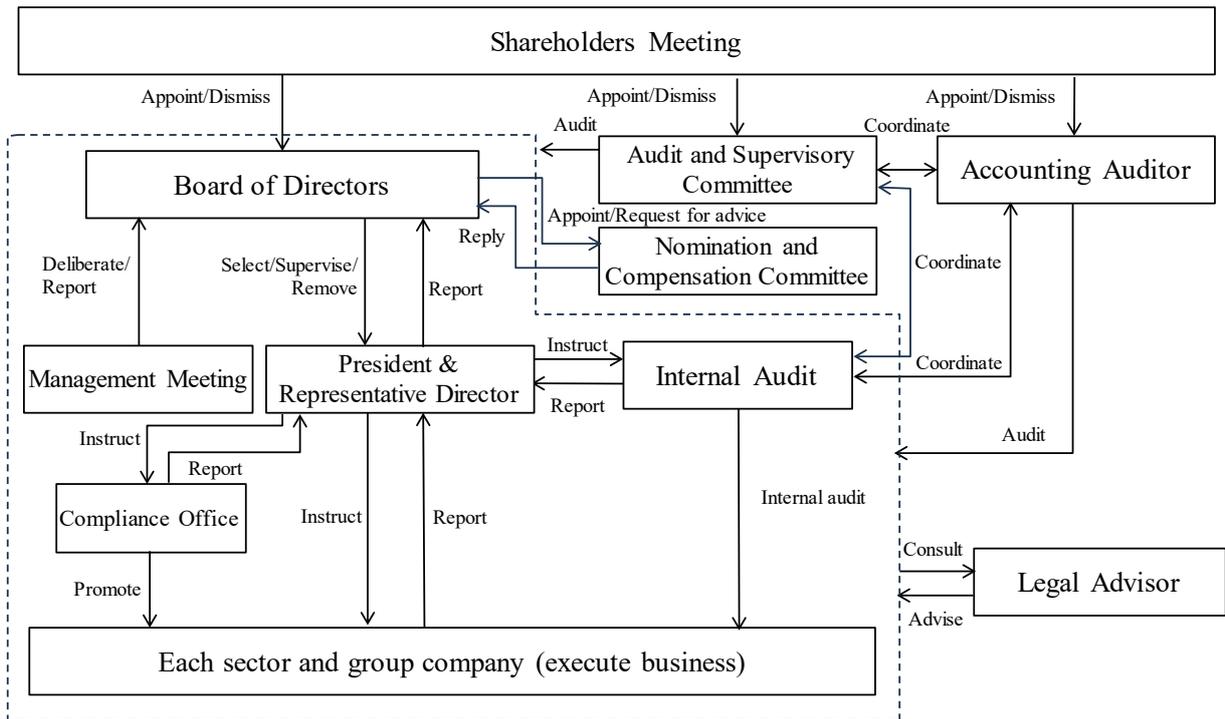
(Regarding internal system for timely disclosure)

Information handled in the Company is managed by the Executive Vice President & Director as the chief information management officer based on the “information management rules,” in cooperation with the information management officers placed in each division. For the subsidiaries, the Business Administration Headquarters, which is the department in charge of management, and the officers in charge manage information required for the business operations based on the “affiliates management rules.”

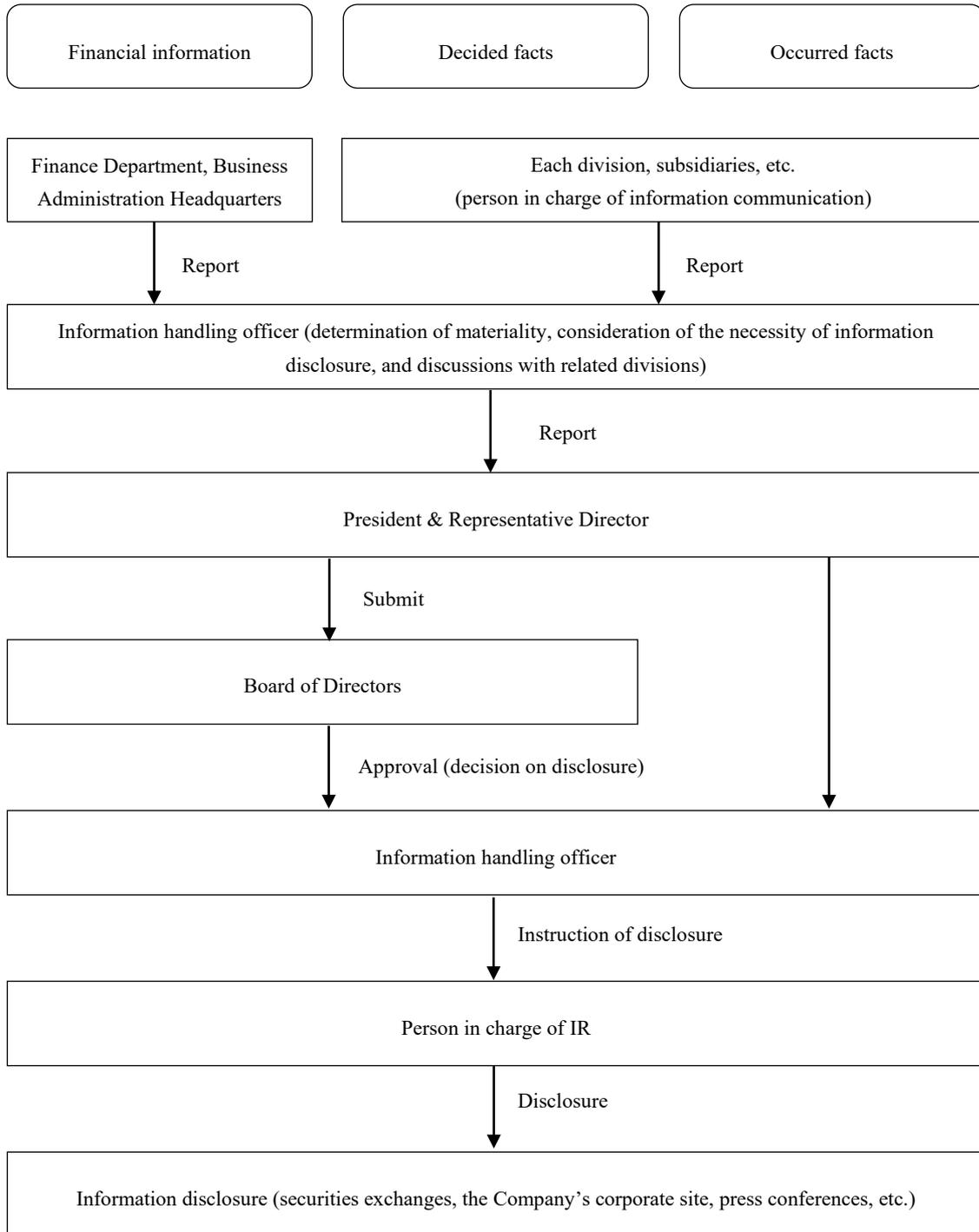
Decisions on important matters are made at ordinary meetings of the Board of Directors held once a month and extraordinary meetings of the Board of Directors held when needed. Information on decided facts and financial results is disclosed immediately after such disclosure is determined to be necessary at a meeting of the Board of Director (or the Company’s management meeting, etc. for matters not requiring the Board of Directors’ approval). Information on occurred facts is disclosed immediately if such disclosure is determined to be necessary after the information handling officer discusses with the President & Representative Director. Regarding timely disclosure work, the person in charge of IR takes charge of communication with the Tokyo Stock Exchange, Inc. and executes the Company’s timely disclosure with responsibility under directions of the Executive Vice President & Director who is the information handling officer.

(Regarding supervision and control of information disclosure)

The internal auditor belonging to the President’s office under the direct control of the President & Representative Director conducts audits of the internal system for timely disclosure and verifies its appropriateness and effectiveness. In addition, the Audit and Supervisory Committee conducts audits of the execution of duties by Directors who are not Audit and Supervisory Committee members for the development of an internal system for timely disclosure. In order to prevent insider trading, the Company has established the “rules on insider trading of shares, etc.” and strives to thoroughly familiarize the officers and employees with such rules.



(Internal system for timely disclosure)



END