

Last Update: July 26, 2024

TENPOS HOLDINGS Co., Ltd.

Atsushi Morishita, CEO and Representative Director

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Securities code: 2751

<https://www.tenpos.co.jp/>

The corporate governance status of TENPOS HOLDINGS (the “Company”) is described as follows.

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

1. Basic Views

<Invest in growing sectors as 100-year company>

The Company's basic approach to corporate governance is to establish a sound management system that can respond quickly to changes, efficient, complies with laws & regulations, and social ethical standards. With the vision of "increasing the survival rate of small and medium-sized restaurants from 45% to 90% in the next five years," the company is developing its business in the three areas of product sales, information services, and food & beverage, with a focus on used kitchen equipment sales, targeting restaurants.

The core business of product sales has not only expanded through the opening of new stores, but has also transformed into a total business that engages customers from upstream, including the introduction of properties for restaurants and interior decoration work, while utilizing business alliances with other industries and bringing in a diverse range of human resources. In addition, the information service named "Dr. Service" has been providing a series of services to create new demand, such as for inbound services. In the food and beverage business, we welcomed Yamato Corporation (now Yamato Sakana Co., Ltd.) to the group through M&A last fiscal year, which greatly expanded the scale of our business.

We will continue to invest aggressively in M&A and business alliances to transform ourselves into a ¥200 billion company that achieves our vision by integrating the diverse human resources and corporate culture acquired through business alliances and M&A, and by pursuing the next phase of business expansion with a sense of speed.

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

【Code 1-2-4】Electronic exercise of voting rights, English translation of convocation notices

At present, the Company has not offered electronic exercise of voting rights (e.g., the electronic voting platform) or translated the convocation notice into English as the ratio of the institutional shareholders are extremely small. On the other hand, the Company has translated Financial Statements, financial presentation materials and Corporate Governance Report into English. We will take measures when we deem necessary, based on the shareholders percentage and other factors in the future.

【Code 2-4 Ensuring Diversity, Including Active Participation of Women】

Since the Company embodies diversity by accepting a large number of seconded employees, including foreign

nationals, from Gurunavi Inc., the Company has not set the targets for the ratio of mid-career hires or non-Japanese employees. This is because the Company determined that it isn't appropriate to set the target for Tenpos's employees only, given the large number of seconded ones. Details and the Companies' HR policy are described in "Disclosure Based on Each Principle of the Corporate Governance Code" Code 2-4(1).

【Code 4-1-2 Roles and Responsibilities of the Board, Mid-term Business Plan】

The Company currently do not formulate a mid-term plan.

This is because the company has set 200 billion as its next goal. To achieve this goal, we are trying to do activities that cannot be represented by a stacked budget. We will utilize various means, such as M&A and business alliances, in the process of transforming ourselves from a kitchen equipment sales company into a comprehensive service industry (services required by restaurant workers, including finance, real estate information provision, sales promotion, design, interior work, and temporary staffing) in the food service industry.

【Code 4-1-3 Role and Responsibility of the Board, Engagement in the succession plan for the CEO】

The Company's Board considers the development of candidates for CEO and other positions to be an important matter, but has not currently prepared a clearly articulated succession plan.

However, for the past four years, we have been conducting monthly "executive training" for directors and senior managers of our subsidiaries to develop human resources who will lead our group in the future. As for steak restaurant 'Asakuma', a Standard Listed subsidiary, the current CEO has been chosen by election of the six participants in a six-month "competition for the CEO's position" by the executives and employees.

【Code 4-3-3 Role and Responsibilities of the Board, Dismissal of the CEO】

The Company's Board has not established specific criteria for the dismissal of the CEO. When a situation arises in which the dismissal of the CEO is objectively considered appropriate, such as when the CEO has violated laws, regulations, or the Articles of Incorporation, or when the CEO has caused significant damage to corporate value, the Company's Board, with the attendance of outside directors and outside auditors, will fully deliberate and decide whether the CEO should be dismissed.

【Code 4-10, 4-10-1 Involvement and advice of the Committee on Nomination and Remuneration】

The company has not yet established a voluntary nomination and compensation committee. As the compensation of the CEO, who is the founder, is less than 30 million yen, the compensation committee is considered unnecessary. At the same time, at the 30 Annual General Meeting of Shareholders, the number of Independent Outside Directors was increased from one to two. These Outside Directors and Statutory Auditors are involved in the "competition for the CEO's position" and evaluate the candidates.

Disclosure Based on the Principles of the Corporate Governance Code

The Company believes that it is important to enhance the transparency and public nature of management by accelerating decision-making, clarifying management responsibility, enhancing and strengthening the compliance system, and disclosing information in a timely and appropriate manner.

【Code 1-4 Cross-Shareholdings】

As of the date of submission of this report, the Company holds only one unlisted stock, and the amount held is extremely small. It is our policy not to hold stocks without business alliances or other rational business decisions. We will make a comprehensive judgment of the appropriateness and rationality of holding stocks, taking into account their contribution to business growth, growth potential from a medium- to long-term perspective, and investment efficiency in terms of risk/return, etc. If the need for holding stocks declines, we will reduce our holdings as appropriate. Based on this policy, we sold one listed stock between May 2024 and the submission of this report.

【Code 1-7 Related Party Transactions】

When the Company engages in transactions (related-party transactions) with officers, major shareholders, etc., the Board shall, in advance, establish appropriate procedures and disclose the framework for such transactions in accordance with the materiality and nature of the transaction in order to ensure that such transactions do not harm the Company or the common interests of shareholders and do not give rise to any such concerns. In addition, the Board will endeavor to monitor (including approval of transactions) in accordance with such procedures. In the event of a related party transaction, the details of the transaction will be disclosed in the annual securities report and other relevant documents.

【Code 2-4 Ensuring Diversity, Including Active Participation of Women】

Based on the recognition that the existence of diverse perspectives and values reflecting different experiences, skills, and attributes within the company can be a strength for sustainable growth of the company, the Company abolished the mandatory retirement age system and have been actively hiring mid-career employees based on their experience and abilities regardless of gender, nationality, or age as we expand our business.

The Company has also established an open recruitment system for managerial positions and have in place a system that provides opportunities for a diverse range of human resources to play an active role.

Currently, there is one female director (10% of the Board of Directors), and one female CEO in a group company. Regarding Tempos Busters, the core company of the group, 5 of the 43 store managers are female.

The ratio of female store managers increased from 10% last year to 11.6% this year, and we will continue to actively train and promote female core personnel to achieve our goal of 15%. The ratio of mid-career hires

among full-time employees at Tempos Busters is approximately 9.8%, and 4.1% are foreign nationals. We

have accepted over 100 seconded employees (including foreign nationals) from Gurunavi, Inc. for a group of 838 employees. Their wealth of experience and know-how, which is not available in our group, has generated synergies between the two parties and has been put to good use in management.

【Code 2-5-1 Whistleblowing】

The Company has established and operates a hotline as a means for employees to directly provide information on suspicious activities. The contact points are the Internal Audit Office and the Administration Department, and reports are made to the Board and the Board of Statutory Auditors as appropriate. In addition, the Company gave a guidance of how to use it and posted it on the intranet web site.

【Code 2-6 Role of Corporate Pension Funds as Asset Owners】

As of the date of this report's update, there is no corporate pension in the company.

【Code 3-1 Full Disclosure】

In addition to appropriate disclosure in accordance with laws and regulations, the Company discloses and proactively disseminates the following items (in addition to items required to be disclosed under each principle of this Code) from the perspective of ensuring transparency and fairness in corporate decision-making and achieving effective corporate governance.

1. Company's goals (management philosophy, etc.), management strategies, and management plans
The management philosophy of the Company, which aims to become a "business scientist," is stated on the Company's website. The Company's management policy is described in its financial statements and annual securities report.
*Japanese sites only
(Company's website) <https://tenpos.co.jp/profile/>
(Management philosophy: <https://www.tenpos.co.jp/company/philosophy.html>)
(Company Presentation Materials) <https://www.tenpos.co.jp/ir/lib/seminar/>
(Key Initiatives) https://www.tenpos.co.jp/ir/finance/priority_policy.html
2. Basic views and guidelines on corporate governance
The Company discloses its basic stance on corporate governance, capital structure, and other basic information in "1. Basic Stance on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information" in this report.
3. Board policies and procedures in determining the remuneration of the senior management and directors
The Board has established a policy regarding this matter. The Board has also confirmed that the policy is consistent with the policy for determining the individual compensation of the Board for the current fiscal year as approved by the Board. Details of the policy are disclosed in the Notice of the 31th Ordinary General Meeting of Shareholders.
4. Board policies and procedures in the appointment/ dismissal of the senior management and the nomination of directors and *Kansayaku* candidates
In appointing senior executive management and candidates for the Board, the Company selects candidates based on a comprehensive judgment of their ethics, capability, experience, personality, insight, and whether or not they understand and practice the Company's management philosophy and contribute to improving the Company's corporate value. CEO and founder Mr. Atsushi Morishita is also involved in monthly talent development program to evaluate candidates.
Independent outside directors include persons with management experience at other companies.

5. Explanations with respect to the individual appointments/ dismissals and nomination based on 4.
The reasons of nomination of individual candidates of Directors and Statutory Auditors are described in the Notice of the Ordinary General Annual Shareholders' Meeting of the company.

<https://www.tenpos.co.jp/ir/irlib/meeting/>

【Code 3-1-2 Providing English Language Disclosures】

The Company publishes an English-language version (simplified version) of its financial statements and earnings release materials. In consideration of the ratio of overseas investors among our shareholders, the company will continue and enhance to disclose materials in English.

【Code 3-1-3 Disclosure of sustainability initiatives】

In disclosing its management strategy, the Company discloses its own sustainability initiatives in its Securities Report from the perspectives of governance, strategy, and risk. With our customers, we aim to promote sustainable business practices and address climate change issues through our recycling business. By providing hardware and software to the industry, we have also set a goal to "increase the survival rate of restaurants from 45% to 90% in five years" and are developing product sales, information and service, and food and beverage businesses to support this goal. Going forward, we will formulate a management plan that will make us even more aware of the impact of climate change and other factors on our business activities and earnings.

In investing in human resources to support our business activities, we have been conducting monthly "Directors' Training" for directors and senior managers of our subsidiaries since FY 2018 to develop human resources who will be responsible for the future of our group. In addition, to develop talent for "Dr. Tenpos," which is one of our key strategies, we have been providing training to 250 employees for 5 hours per week, 240 hours per year, and we are also practicing the strengthening of on-site capabilities. Also, we have accepted more than 100 employees on secondment from Gurunavi and utilizing their experience and know-how in our management. Inc. The Company is actively investing in human resources.

In terms of investments in intellectual property, the Company have been registered several trademarks, including the "Dr. Tenpos" mentioned above. We have positioned the Dr. Tempos business as one of the pillars of our growth strategy.

【Code 4-1-1 Roles and Responsibilities of the Board, The scope of delegation to management】

The Company's Board determines matters to be decided in accordance with laws, regulations, and the Articles of Incorporation in accordance with the "Rules of the Board of Directors.

In addition, the "Detailed Rules of the Board" defines the criteria for Board' resolutions and reporting matters and clarify the scope of decisions to be made by the Board.

【Code 4-2-1 Roles and Responsibilities of the Board, Remuneration Systems】

The Company's Board designs the compensation system and determines specific compensation amounts in accordance with objective and transparent procedures to ensure that the compensation of the management team functions as a sound incentive for sustainable growth. In doing so, the Company appropriately sets the ratio of

compensation linked to medium- to long-term business performance and the ratio between cash compensation and compensation of company stock (stock options and Restricted Stocks).

【Code 4-3-2 Roles and Responsibilities of the Board, Appointment and Dismissal of the CEO】

Recognizing that the appointment of the CEO is the most important strategic decision in the company, the Company's Board has established a process for appointing a qualified individual and spends sufficient time and resources in accordance with procedures that are objective, timely, and transparent.

Specifically, once every four to five years, we hold a "competition for the CEO's position" at the group subsidiaries. The competition takes about six months and involves a selection of capable individuals from within the company and sometimes from outside the company, who compete to demonstrate their abilities in accordance with five or so predetermined themes. Based on these processes, the Board will be involved in the selection of the appropriate person to serve as the CEO of the Group.

【Code 4-3-4 Roles and Responsibilities of the Board, Internal Control and Risk Management】

Our group has always been strived for business based on the spirit of a venture company. However, in order to maintain sustainable growth while adapting to rapid changes in the business environment, we believe it is important to strengthen our internal management system.

In accordance with the Company's Rules of Compliance and Rules of Risk Management, the Board appropriately supervises the operations of the internal control system by receiving reports from the Compliance and Risk Management Committee which reviews group-wide compliance issues and risk management. In addition, the Company is implementing prompt, flexible, and appropriate responses to changes in the business environment in order to ensure the Group's stable and continuous profitability in the future, including risk management in M&A and infectious disease.

【Code 4-8 Effective Use of Independent Directors】

The Company currently has two outside directors, and in the future, in order to contribute to the sustainable growth of the Company and enhance its corporate value over the medium to long term, we will consider appointing at least one-third or more independent outside directors based on a comprehensive consideration of the business characteristics and the environment surrounding the Company and other factors in designing the organization.

【Code 4-8-2 Effective Use of Independent Directors】

The Company's independent outside directors communicate with management and cooperate with the Statutory Auditors. In addition, based on the results of audits by the statutory auditors, independent outside directors holds discussions and contacts with the Internal Audit Office on an irregular basis, and exchanges opinions and information with the accounting auditors as necessary to ensure cooperation.

【Code 4-8-3】Securing independence from controlling shareholders

Atsushi Morishita, Representative Director of the Company, owns a majority of the total number of shares issued by the Company, including companies in which his close relatives and close relatives, etc., own a majority of the voting rights, and thus constitutes a controlling shareholder. However, in transactions with the controlling shareholder, as with other transactions, transparency is maintained, the interests of minority shareholders are respected, proper procedures are followed, and there are no special circumstances that would have a material impact on corporate governance. In the event of an important transaction or action that conflicts with the interests of the controlling shareholder and minority shareholders, a special committee composed of independent persons, including independent outside directors, will be established to fairly deliberate the matter.

【Code 4-9 Independence Standards and Qualification for Independent Directors】

The Company refers to the independence standards established by the financial instruments exchanges as the Company's criteria for determining independence. In addition, the Board endeavors to select as candidates for independent outside directors who can be expected to contribute to candid, active, and constructive deliberations of the Board.

【Code 4-11-1 Preconditions for Board and *Kansayaku* Board Effectiveness, Diversity】

The Company's Board appoints directors by identifying the skills they should possess in light of the Company's management strategy, and by considering the balance of knowledge, experience, and abilities, diversity, and size of the Board as a whole. The so-called skills matrix, which lists the knowledge, experience and abilities of each director, is disclosed in the Notice of the 31th Ordinary General Meeting of Shareholders. Independent outside directors include those with management experience at other companies.

【Code 4-11-2 Preconditions for Board and *Kansayaku* Board, Ensuring Directors' and Auditors' Time】

The Company's outside directors, outside Statutory Auditors, and other directors and Statutory Auditors devote the time and effort required to properly fulfill their roles and responsibilities to their duties as directors and Statutory Auditors. From this perspective, we limit the number of directors and Statutory Auditors who concurrently serve as directors or Statutory Auditors of other listed companies to a reasonable range, and disclose the status of such concurrent positions in the Notice of the Ordinary General Meeting of Shareholders each year.

【Code 4-11-3 Evaluation of the Effectiveness of Board of Directors】

During the 31st term, the Company's Board of Directors analyzed and evaluated the effectiveness of the Board in the form of a questionnaire to the directors and statutory auditors. The results of the survey showed that while the Board of Directors was highly evaluated for its speedy decision-making, there was a need for further discussion on themes such as the Group's overall management strategy, including M&A, management plans for the following fiscal year, and human resource strategies for the Group. We will create opportunities to discuss these themes at the Board of Directors meetings in order to enhance the effectiveness of the Board of Directors.

【Code 4-12 Active Board Deliberations】

At almost every meeting of the Company's Board, all directors speak, including those raised by outside directors, and the Company strives to foster an atmosphere that respects free and vigorous and constructive discussion and exchange of opinions.

【Code 4-14-2 Director and *Kansayaku* Training】

With regard to the Company's training policy for directors and Statutory Auditors, the Company holds study sessions as needed, especially when there are important amendments to laws and regulations or changes in accounting rules. In addition, for outside directors and outside Statutory Auditors, we provide opportunities to deepen their understanding of our business, including explanations of our business and site visits to our business frontlines.

【Code 5-1, 5-1-1, 5-1-2 Dialogue with Shareholders】

In addition to promoting the timely and appropriate disclosure of management information, the Company has established an IR system to reflect the opinions of shareholders and investors in its management and to provide opportunities for dialogue.

The CEO oversees all aspects of dialogue with shareholders and provides opportunities for direct dialogue with investors at earnings announcements and other events. In general, accounting and finance, sales, and IR staff work together under the direction of the Director and General Manager of the Administration Department to prepare materials and engage in dialogue to a reasonable extent.

【Code 5-2 】

As the Company's medium- to long-term management goal, the Group aims to become a company with sales of 200 billion yen and a market capitalization of 200 billion yen, and in order to achieve this goal, we will

- ① Acceleration of new store openings of Tenpos Busters, the core company of the Group
- ② Expansion of information service business
- ③ Expansion of business scale and business domain through M&A
- ④ Diversify human resources and increase competitiveness through business alliances (utilize know-how of employees seconded from Gurunavi)

The Company has set the above as its major strategies, and aims to expand sales and profits, with an emphasis on maintaining an ordinary income margin of 10% or more.

In the promotion of M&A , we have acquired Yamato Co., Ltd. in September 2023 and are making steady progress toward our goal of 50 billion yen in sales in the food and beverage business.

【Toward realizing the capital costs conscious management】

The company's cost of shareholders' equity is 7.9%. In contrast, ROE is 14.3%, well above the cost of shareholders' equity. Compared to the previous year (ROE 11.1%), the improvement was mainly due to improved profitability and an increase in long-term debt through acquisitions. In addition, the price to book ratio (PBR) has remained above 2x since the end of the fiscal year ending April 2020.

Going forward, the Company will continue to focus on allocating management resources to the above four measures with the aim of maintaining and improving these capital efficiency-conscious indicators. The Board of Directors will play a central role in discussing, confirming, and reviewing the specific details of these measures, and will disclose them on our website.

(Priority measures) https://www.tenpos.co.jp/ir/finance/priority_policy.html

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Asashio Ltd.	2,107,797	17.58
Atsushi Morishita	1,850,500	15.44
FUKUSHIMA GALILEI CO., LTD.	960,000	8.01
MARUZEN CO., LTD.	510,000	4.25
Tomoko Hasegawa	444,100	3.70
Masato Morishita	442,800	3.69
Akiko Yamada	424,000	3.53
Kiyoko Morishita	422,000	3.52
Kazumitsu Morishita	376,000	3.14
TENPOS HOLDINGS Employees' Stock Ownership Association	110,253	0.92

Name of Controlling Shareholder, if applicable (excluding Parent Company)	Atsushi Morishita
Name of Parent Company, if applicable	N/A

Supplementary Explanation

The Company holds 2,326,107 shares of treasury stock but is excluded from the above list of major shareholders because it has no voting rights.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Standard Market
Fiscal Year-End	April
Business Sector	Wholesale Trade
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more and fewer than 1,000
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion

Number of Consolidated Subsidiaries as of
the End of the Previous Fiscal Year

10 or more and fewer than 50

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

Atsushi Morishita, a representative director of the Company, owns a majority of the total number of shares issued by the Company, including companies in which his close relatives and close relatives, etc., own a majority of the voting rights, and is therefore a controlling shareholder. However, in transactions with the controlling shareholder, as with other transactions, transparency is maintained, the interests of minority shareholders are respected, proper procedures are followed, and there are no special circumstances that would have a material impact on corporate governance. There are no special circumstances that would have a material impact on corporate governance.

In the event of an important transaction or action that would cause a conflict of interest between the controlling shareholder and the minority shareholders, a special committee composed of independent persons, including independent outside directors, will be established to fairly deliberate the matter.

In light of the importance of the rights of shareholders, the Company takes care to ensure that the exercise of such rights is not effectively hindered. In particular, with regard to special rights granted to minority shareholders against listed companies and their officers (such as injunctions against illegal acts and the right to file representative suits), the Company will give due consideration to the issues and concerns that may arise in ensuring the exercise of such rights.

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

(1) Group Management Policies

The Company's investment in group companies is based on the principle of holding all shares directly or indirectly, and it aims to make its subsidiaries wholly owned subsidiaries as much as possible until such time as they can operate independently and decide to be listed on the stock exchange.

The group subsidiaries are small in size, but they utilize the group's strengths to develop their own sales methods and products. We consider listing as one of the possible measures for those subsidiaries whose independence is confirmed to be intact and whose growth based on such originality is expected to lead to greater growth.

(2) On the other hand, there is one group company, Asakuma Co., Ltd. (hereafter Asakuma), that remains listed because it is deemed reasonable to maintain a high degree of independence in view of the uniqueness of the group company's business, its brand power in the relevant business area, its unique corporate culture, and the speed of decision making, etc.

A) Asakuma Co., Ltd. ... Tokyo Stock Exchange Listing Market: Standard

The Company holds 62.18% of the voting rights (as of April 30,2024)

B) Significance of having a listed subsidiary

The Company's group is engaged in the business of selling goods to restaurants and in the Dr. Tempos business, which supports restaurants. As a company that manages restaurants, mainly in the restaurant business, "ASAKUMA" possesses the restaurant management know-how required for the Dr. Tempos business.

From this perspective, we believe that owning the company contributes to maximizing the corporate value

of our group as a whole and has sufficient synergy effects.

In addition, we believe that maintaining the company as a listed company is sufficiently rational because it contributes to maintaining and improving the motivation of the company's employees and recruiting excellent human resources.

(3) Measures to Ensure the Effectiveness of the Governance System of the Listed Subsidiary

Given the risk of conflict of interest between the Company and general shareholders of the listed subsidiary, we have established an effective governance system through the following measures to ensure independent decision-making by "Asakuma".

A) The final decision-making body for management decisions at "Asakuma" is its Board, and "equality of shareholders," which is the basis of governance for listed companies, is ensured.

In order to comply with disclosure obligations, etc., we require "Asakuma" to report in advance only those matters that (1) relate to the exercise of voting rights at the general meeting of shareholders, (2) affect our timely disclosure, or (3) have a material impact on our consolidated financial statements.

B) From the viewpoint of protecting minority shareholders, "Asakuma" appoints four independent outside directors (two outside directors and two outside statutory auditors) who are free from any possibility of conflict of interest with general shareholders, and in making the appointments, it refers to the criteria for independence of the Tokyo Stock Exchange and other relevant standards.

C) "ASAKUMA" is positioned as a group company that manages restaurants within the group and provides the group with know-how, etc. on restaurant management, but its business activities are not similar to those of other businesses belonging to the group, so the independence of management decisions regarding its business activities is ensured. In addition, we believe that the rights of general shareholders are protected because the prices and terms and conditions of transactions with our group in "Asakuma" are determined by a resolution of the Board of "Asakuma," taking market prices and other factors into consideration. Transactions between Asakuma and the Group are disclosed in the "Notes on Transactions with Related Parties" in the Notice of Convocation of Asakuma.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	7
Election of Outside Directors	Elected

Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shinji Nishikawa	From another company											
Fuyuki Ishizaki	Lawyer											

*Categories for "Relationship with the Company".

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

- a. Person who executes business of the Company or a subsidiary
- b. Person who executes business or a non-executive director of a parent company
- c. Person who executes business of a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e. Major client of the Company or a person who executes business for such client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Shinji Nishikawa		✓		Mr. Shinji Nishikawa has extensive knowledge and experience in entrepreneurship and corporate management as the founder of Assist Inc. He has no special interest in the Company and there is no risk that he may have a conflict of interest with general shareholders.
Fuyuki Ishizaki		✓		Mr. Fuyuki Ishizaki has long been involved in legal affairs as an attorney at law, mainly for general companies and restaurants. We have elected him as an outside director because we expect him to supervise the Company's management based on his extensive knowledge and broad insight, and to utilize his knowledge

				and experience in the management of the Company. He is appointed as an independent director because he has no special interest in the Company and there is no risk of a conflict of interest with general shareholders.
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Not Established
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Audit and Supervisory Board Member*

*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Company has established an Internal Audit Office under the direct control of the CEO, which conducts audits based on the operational audit plan in cooperation with the Statutory Auditors. The Internal Audit Office audits compliance with laws and regulations and the effectiveness of internal controls, and reports to the CEO. The Internal Audit Office holds regular meetings with the Statutory Auditors and quarterly meetings with the accounting auditor.

The Audit & Supervisory Board consists of one full-time auditor and two part-time auditors, two of whom are outside auditors, to audit management from a highly independent and objective standpoint. In addition, they attend Board meetings to supervise the execution of duties by directors, and hold monthly Board of Statutory Auditors meetings to share audit information, enabling them to supervise risk management, compliance, ensuring the reliability of business and financial reporting, internal controls, and safety measures.

Statutory Auditors receive audit plans in advance from the accounting auditor, exchange opinions on audit policies, and receive regular reports from the accounting auditor on audit methods and results.

Statutory Auditors, accounting auditors, and the Internal Audit Office, the internal audit division, exchange information on the content of audits and issues facing the Company on a quarterly basis.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2

Number of Independent Audit and Supervisory Board Members

2

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Nobuyuki Higuchi	From another company													
Yoichi Masuda	From another company													

*Categories for "Relationship with the Company".

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

- a. Person who executes business of the Company or a subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business or a non-executive director of a parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Nobuyuki Higuchi	✓	No experience working for the Company	Mr. Nobuyuki Higuchi is appointed as an outside corporate auditor because he possesses the ability to perform auditing duties for the Company based on his many years of experience in business management and planning operations. Since there is no special interest relationship with the Company and there is no risk of a conflict of interest with general shareholders, the Company has determined that

			the independence of the director is sufficiently secured, and has designated him as an independent director.
Yoichi Masuda	✓	No experience working for the Company	Mr. Yoichi Masuda has long served as Representative Director of Daiichi Computer Service Co. He has no special interest in the Company and there is no risk of a conflict of interest with general shareholders. We have determined that his independence is sufficiently secured, and have designated him as an independent director.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	4
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Stock Options Scheme
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Persons Eligible for Stock Options	Inside Directors / Employees / Subsidiaries' Directors // Subsidiaries' Employees / Other
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Supplementary Explanation for Applicable Items

The Company selects grantees of stock options for the purpose of increasing their motivation and morale to improve the Company's consolidated performance and to contribute to the medium- to long-term enhancement of the corporate value of the Company and its subsidiaries. The details of SO are disclosed in the Notice of the 31st Ordinary General Meeting of Shareholders and all rights of SO for current directors were granted prior to their appointment as directors.

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The Company discloses the total amount of remuneration paid to Directors and Statutory Auditors of the Company separately for outside directors and outside Statutory Auditors, respectively.

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

The Company's BoD has established a policy for determining the remuneration for individual directors. The specific details of the policy are disclosed in the Business Report "Matters Concerning the Policy for Determining the Content of Individual Remuneration for Directors" in the Notice of the 31st Ordinary General Meeting of Shareholders.

Support System for Outside Directors and/or Outside Audit and Supervisory Board Members

Support for the provision of information, etc. to outside directors and outside statutory auditors is provided by the Company's Administration Department. In addition, prior to the Board meetings, the agenda items, and report materials are notified to all BoD members, including outside directors and outside Statutory Auditors, so that they are fully aware of the agenda.

Number of Persons Holding Advisory Positions (<i>Sodanyaku</i> , <i>Komon</i> , etc.) After Retiring as Representative Director and President, etc.	N/A
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2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Business Execution

The Board of the Company, as a decision-making body for the supervision of business execution and important management matters, meets once a month in principle, and extraordinary meetings are held as necessary to speed up management decision-making. In addition, the Company's directors hold a strategy meeting once a month, attended by senior management of the Company's group, to ensure compliance, ensure the reliability of business and financial reporting, and enhance internal controls from the perspective of risk management.

(2) Auditing and Supervision

A) Each statutory auditor of the Company, in cooperation with the Internal Audit Office, monitors and verifies the internal control system. The Audit & Supervisory Board monitors the execution of duties by directors, etc., by attending meetings of the Board and meetings of the Audit & Supervisory Board, as well as by visiting and inspecting subsidiaries and the Company's stores and hearing from the Internal Audit Office. The Audit & Supervisory Board consists of one full-time auditor and two part-time auditors, two of whom are outside auditors, to audit management from a highly independent and objective standpoint. The Audit & Supervisory Board consists of three members, including one full-time Statutory Auditor and two part-time Statutory Auditors.

B) The Internal Audit Office, which reports directly to the President, has been established to ensure the legitimacy of business execution and compliance with laws and regulations, as well as to improve internal control functions. The Internal Audit Office discusses audit plans and policies with the Audit & Supervisory Board in advance, collaborates with the Statutory Auditors' audits, and focuses on the improvement of internal control systems. In addition, the Company receives advice as necessary from a law firm with which it

has entered into a legal advisory contract.

C) The Company has engaged Daiyu LLC as its accounting auditor to conduct regular accounting audits, and in the course of these audits, the Company receives advice on management issues and other matters. In addition, the Company provides all information and data to the accounting auditor to create an environment that facilitates prompt and accurate audits.

The names of the certified public accountants who audited the Company's operations are as follows: -

Mr. Shinichiro Kamota, Daiyu Audit LLC, Partner, Operating Partner

Mr. Hiroyuki Takei, Daiyu Audit LLC, Partner, Managing Partner

From the fourth quarter of the fiscal year ending April 30, 2023, the certified public accountant who performed the services has been replaced by Mr. Hiroyuki Takei from Ms. Takako Ochi.

The number of years each of them has been auditing the Company is 7 years or less.

There are no conflicts of interest between the Company and the above auditing firms or operating partners.

(3) Nomination and compensation decisions

A) The Company has not established a Nomination Committee or Compensation Committee.

B) However, the Company's policy for determining individual remuneration, etc. for each director is to determine an appropriate amount of remuneration within the range of remuneration determined at the general meeting of shareholders in accordance with the Remuneration Regulations for Directors, taking into consideration the abilities, responsibilities and future corporate value enhancement required of the Company's directors, their positions and years in office, and their past career and The Company determines the appropriate amount of remuneration while taking into consideration his/her career history, duties, and other relevant factors.

3. Reasons for Adoption of Current Corporate Governance System

The Company has established the General Meeting of Shareholders, the Board, the Audit & Supervisory Board, and the Independent Auditor as the organs under the Companies Act. The Company's outside directors play the roles of strengthening supervision over business execution and providing a wide range of advice on corporate management, etc. They are independent from any risk of conflict of interest with general shareholders, and have experience in corporate management, etc. and deep insight. In addition to the establishment of the Audit & Supervisory Board and the appointment of the above-mentioned outside directors, we believe that our corporate governance is functioning adequately under the current system, but we will continue to make improvements to establish an optimal corporate governance system in light of changes in the business environment. We have chosen the current corporate governance system because we recognize that the mutual cooperation of these various bodies will ensure the soundness, efficiency, and transparency of management.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Company holds the General Shareholders Meeting in July, which defers from the other Japanese companies.
Other	Notice of Convocation of the General Meeting of Shareholders is posted on the Company's website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company discloses corporate information in a timely and appropriate manner to enhance the soundness, efficiency and transparency of our corporate activities.	
Regular Investor Briefings held for Individual Investors		Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The meeting is held twice a year, once for the main financial results and once for the second quarter financial results, at the Securities Analysts Association of Japan.	Held
Regular Investor Briefings held for Overseas Investors		Not Held
Online Disclosure of IR Information	(1) Financial Results, (2) Presentation Materials, and (3) Timely Disclosure Materials are posted on the IR Information page of the Company's website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Public Relation team is in charge	
Other		

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company's Compliance Management Rules, Risk Management Rules, Internal Reporting Rules, and other internal rules stipulate respect for the position of stakeholders, including those outside the Company
Implementation of Environmental Preservation Activities and CSR Activities, etc.	As a dealer of used kitchen equipment, etc., we are actively engaged in reduce, reuse, and recycle activities that do not waste resources. In addition, we thoroughly promote activities to reduce CO2 emissions, including on-site energy-saving activities in our business activities.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company discloses corporate information in a timely and appropriate manner to enhance the soundness, efficiency and transparency of our corporate activities.
Other	

IV. Matters Concerning the Internal Control System

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

The Company and its subsidiaries (hereinafter referred to as the "Group") have established the following basic policy for the development of a system to ensure the appropriateness of the Group's operations (hereinafter referred to as "internal control") in accordance with the Companies Act and the Company Enforcement Regulations.

1. System to ensure that the execution of duties by directors and employees complies with laws, regulations, and the Articles of Incorporation
 - ✓ The Tempos Holdings Administration Department (hereinafter referred to as the "Administration Department") shall oversee compliance initiatives across the board and provide education mainly through the Administration Department in order for employees to act in compliance with laws, the Articles of Incorporation, and social norms, including the Corporate Ethics Code and other compliance regulations.
 - ✓ The Administration Department shall audit the status of compliance. These activities shall be reported to the Board and the Board of Statutory Auditors in a timely manner. A hotline shall be established and operated as a means for employees to directly provide information on legally questionable conduct, etc.
2. Matters concerning the storage and management of information related to the execution of duties by directors
 - ✓ In accordance with laws and regulations, the Articles of Incorporation, and the Rules of the Board, information related to the execution of duties by the directors of the Group shall be recorded and stored in documents or electromagnetic media (hereinafter referred to as "documents"). The Group's directors or Statutory Auditors shall have access to these documents at all times in accordance with laws, regulations, the Articles of Incorporation, the Rules of the Board, and the Standards for Audits by Statutory Auditors, etc.
 - ✓
3. Regulations and other systems for loss risk management
 - ✓ With regard to risks related to compliance, environment, disaster, quality, information security, etc., the respective departments in charge shall establish rules and guidelines, conduct training, prepare and distribute manuals, etc., in turn, and the Administration Department shall monitor the status of risks across the organization and take company-wide actions.
 - ✓ With respect to newly arising risks, the Board of Tempos Holdings shall promptly appoint a director who will be responsible for responding to such risks.
4. System to ensure the efficient execution of duties by directors
 - ✓ The Board of TEMPOS HOLDINGS shall establish company-wide objectives to be shared by all directors and employees of the Group, and the director in charge of operations shall work based on the specific objectives of each department to achieve these objectives.
 - ✓ The Board of Tempos Holdings periodically reviews the progress and encourages improvements.

5. System to ensure the appropriateness of business operations of the corporate group consisting of the Company and its subsidiaries
 - ✓ Directors responsible for the business of each subsidiary of the Group are appointed and given the authority and responsibility to establish legal compliance and risk management systems, which are promoted and managed across the board by the Administration Department of the Head Office.
6. Matters concerning the system for employees to be assigned to assist Statutory Auditors when requested by statutory auditors, and matters concerning the independence of such employees from directors
 - ✓ The employees who receive a request from the Statutory Auditors to assist them in their audit duties shall not receive any instructions or orders from the directors, internal audit staff, etc. with respect to such request.
7. System for Directors and employees to report to Statutory Auditors and other systems for reporting to Statutory Auditors
 - ✓ Directors and employees shall establish a system to promptly report to Statutory Auditors, in addition to legally required matters, matters that may have a significant impact on the Company or the Group, the status of internal audits, and the status and details of reporting through the Compliance Hotline.
 - ✓ With respect to the method of reporting (reporter, recipient of report, timing of report, etc.), reports on periodic store checks and management checks shall be utilized.
8. Other systems to ensure that audits by Statutory Auditors are conducted effectively
 - ✓ Periodic meetings shall be held between Statutory Auditors and the President, the General Manager of the Administration Department, the General Manager of the Internal Audit Department, and the accounting auditor to exchange opinions.

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

The Company regards efforts to block relationships with antisocial forces that adversely affect social order and sound business activities as a matter of compliance with laws and regulations and risk management necessary to ensure the appropriateness of its business operations. The Company takes a firm stand against antisocial forces and has established a system to block any relationship with such forces. For example, when entering into a contract with a business partner, the Company includes a clause that the business partner must represent and warrant that it is not an antisocial force and that the contract can be terminated if it is found that the business partner is an antisocial force. In addition, employees are required to submit a "Written Agreement Concerning Representation and Assurance of Non-Antisocial Forces" when they join the company.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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2. Other Matters Concerning the Corporate Governance System

Timely Disclosure System

The status of our internal system for timely disclosure of corporate information is as follows.

◆Disclosure Policy

In order to provide fair and accurate information to shareholders and investors, the Company discloses information and other important information in a timely manner in accordance with the timely disclosure rules

stipulated by the Tokyo Stock Exchange (hereinafter referred to as the "Timely Disclosure Rules"). The Company discloses information and other material information to the public in a timely manner in accordance with the Timely Disclosure Rules ("Timely Disclosure Rules") established by the Tokyo Stock Exchange to provide shareholders and investors with fair and accurate information. We also proactively disclose information on our corporate group when we deem it useful.

◆Disclosure Method

Information subject to the Timely Disclosure Rules is disclosed through TDnet after prior explanation to the Tokyo Stock Exchange in accordance with the Rules, and is also posted on the Company's website.

◆Internal System

Information is consolidated and managed by the Administration Department including its subsidiaries' information. If the General Manager of the Group Administration Department, who is responsible for handling information, becomes aware of any information regarding the company's business, operation or performance that may have a material impact on investment decisions as stipulated in the Securities Listing Regulations, he or she reports it to the Representative Director and discusses the matter with the relevant departments. Such disclosure materials are prepared by the Administration Department in accordance with laws, regulations, and rules, and are promptly disclosed. Disclosure materials are submitted to the Representative Director after discussion with the relevant departments, and are disclosed in a timely and appropriate manner upon resolution of the Board. The Company has the following systems in place for the disclosure of corporate information, depending on the content of the corporate information.

1. Decision-making Facts

In principle, important decisions are made at the regular monthly meetings of the Board, and when necessary, extraordinary meetings of the Board are held via the Internet to expedite decision-making. In accordance with the Timely Disclosure Rules, the information-handling manager takes the lead in examining whether or not disclosure of material facts that have been decided is necessary, and when disclosure is required, efforts are made to promptly carry out the disclosure. In addition, Statutory Auditors attend meetings of the Board, and the Company receives audits and advice from accounting auditors and attorneys as necessary, in an effort to disclose accurate and fair corporate information.

2. Occurrence of Facts

When a material fact occurs, the person in charge of the relevant department submits a report to the Board on the matter. Compliance-related matters are discussed at the monthly meeting of division managers, followed by discussion and reporting to the Board. The General Manager of the Group Administration Department, who is responsible for handling information, takes the lead in reviewing whether to disclose material facts reported to him or her in accordance with the Timely Disclosure Rules, and if disclosure is necessary, the Company strives to promptly disclose such information. In addition, we strive to disclose accurate and fair corporate information, receiving audits and advice from accounting auditors and lawyers as necessary.

3. Information on Settlement of Accounts

Information related to financial results is discussed between the Administration Department and the President based on the figures submitted by each subsidiary every week for the current month's landing forecast. The need to revise earnings forecasts is then discussed at all times, and the figures are prepared for release in the month following the quarterly, interim, and year-end closing dates. The accounting auditor's audit is conducted in parallel with the quarterly, interim, and year-end closing operations of the departments in charge of finance and accounting. All disclosed information regarding financial results is deliberated and approved by the Board,

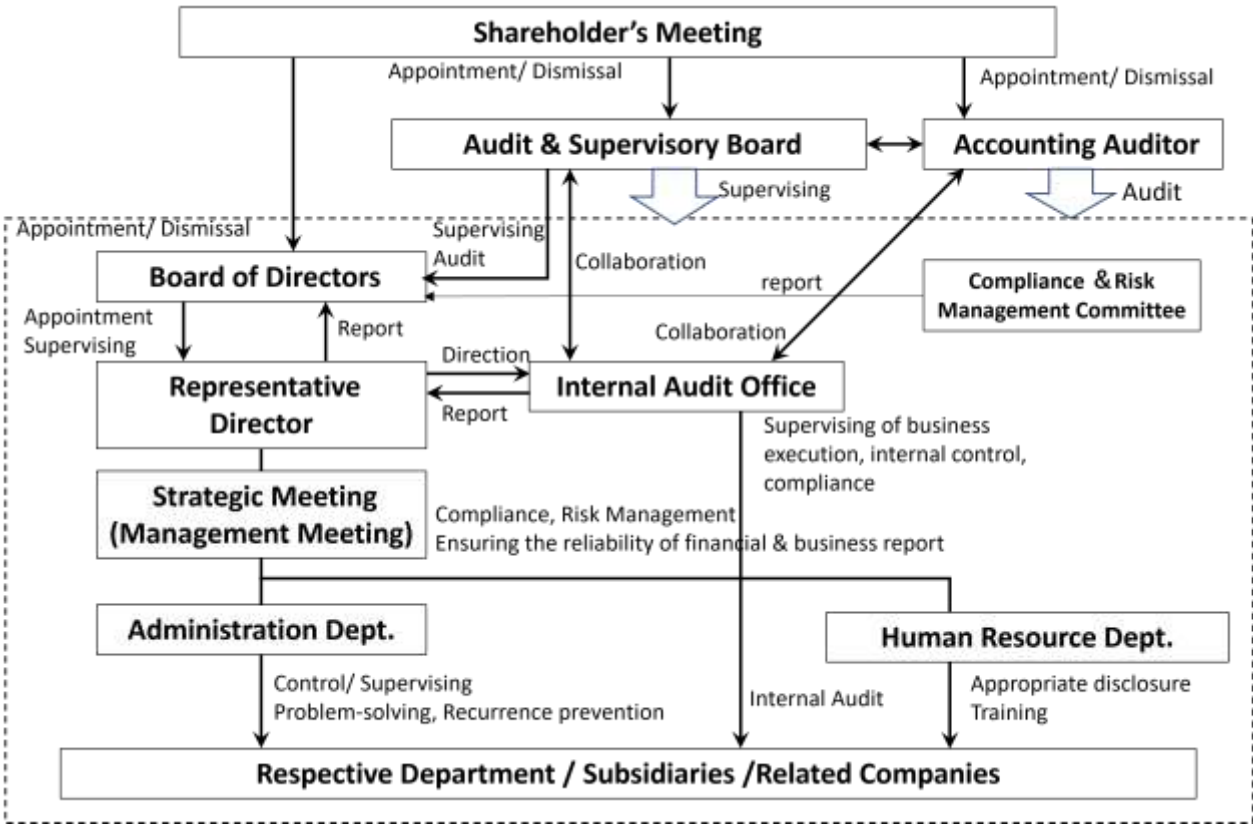
and financial results are disclosed on the date of the relevant Board meeting. The Statutory Auditors attend the meetings of the Board, and the Statutory Auditors separately exchange opinions with the accounting auditor on a regular basis. The Internal Audit Office also systematically conducts audits covering all departments. Through the establishment of these systems, we are striving for prompt, accurate, and fair disclosure of financial information.

■Information Management

For the management of the Group's information assets, the Company has established rules and regulations that form the core of information management, such as "Internal Information Management Rules" and "Rules for Handling Personal Numbers and Specified Personal Information," based on the "Security Policy," and thoroughly manage information through management lines, while also implementing IT controls for business processes that are particularly important for internal control. In addition, IT controls are in place for business processes that are particularly important for internal control.

■Enlightenment and Guidance

The Company believes that it is essential for all officers and employees of our corporate group, including top management, to recognize the importance of corporate governance in order to enhance its effectiveness. To this end, the Administration Department is taking the lead in establishing a corporate governance system that includes all group companies and in providing enlightening guidance. In addition, from a risk management perspective, the Board, line organizations, the Internal Audit Office, and the department in charge of legal affairs conduct monitoring in order to prevent accidents from occurring and to prevent their recurrence.



END