

Policy on Determination of Details of Individual Remuneration for Directors
(excluding directors who are Audit Committee Members)

1. Basic Policy

The remuneration system for the Company's directors (excluding directors who are Audit Committee members; the same applies hereinafter) should function effectively as a medium to long term incentive for continuous growth of corporate performance and sustainable corporate value enhancement and enable the Company to attract and retain excellent human resources to realize these goals, while promoting value sharing with shareholders. The basic policy is to set appropriate remuneration standards based on the roles and responsibilities required of each director, and consists of fixed monetary compensation and stock-based compensation.

For Yo Nagami, who newly assumed the position of Representative Director, President and CEO in 2023, the proportion of stock-based compensation will be set at the highest possible level in the expectation that he will exercise strong leadership in achieving discontinuous growth towards the realization of the Company's vision, "BETTER SYSTEMS, BETTER WORLD."

2. Policy on Determination of Basic Remuneration Amount

Fixed monetary compensation shall be determined in accordance with each director's responsibilities and contribution to corporate performance and building of medium to long term corporate value. For executive directors, the weight is on decision-making and execution aspects to achieve discontinuous growth towards the realization of the Company's vision. For non-executive directors, the emphasis is on monitoring aspects (check and balance) to ensure sound and multifaceted risk-taking from an independent standpoint in order to realize the Company's vision. Furthermore, fixed monetary compensation is to be paid at a fixed monthly amount.

3. Policy on Determination of Details and Amount or Number of Non-Monetary Compensation and Calculation Method Thereof

(1) Representative Director, President and CEO

For the Representative Director, President and CEO, with the aim of promoting further value sharing with our shareholders, in the expectation that he will exercise strong leadership in achieving discontinuous growth towards the realization of the Company's vision, and for the purpose of further promoting value sharing with shareholders, the Company will issue Post-Delivery Restricted Stock Units (RSU). The rights to the shares are granted only when certain conditions are met each year and the rights for the portion granted for the fiscal year (87,700 shares*) are vested as compensation for the performance of his duties during the 10 fiscal years from the first year in office.

The conditions under which the RSU for each fiscal year are to be delivered are that the director shall continuously hold office as Representative Director, President and CEO until the end of the relevant fiscal year and that he shall achieve the performance condition of over 15% growth YoY in consolidated gross profit. In the fiscal year where the performance conditions were not fulfilled, RSU for the fiscal year shall expire and no shares shall be issued unless the Board of Directors, by resolution, deems it justifiable to recognize growth that could be considered equivalent thereto.

* 0.15% of the Company's 58,476,092 total outstanding shares as of July 31, 2023 (1.5% for 10 years)

(2) Directors excluding Representative Director, President and CEO

For directors excluding Representative Director, President and CEO, Restricted Stock (RS) will be granted annually on an ongoing basis in order to provide incentive to sustainably increase corporate

value and to motivate contribution to the increase of the Company's stock price and corporate value. In calculating the number of RS to be granted, in addition to the factors considered in the preceding paragraph, the Company's stock price level shall be taken into account, and the ratio of fixed monetary compensation to RS shall be approximately 2:1, assuming a monetary valuation based on the Company's stock price at the time of determination. In principle, RS for each fiscal year is considered and determined by the first Board of Directors meeting following the Annual General Meeting of Shareholders, and the restriction period for transfer is 3 years.

4. Method of Determining Remuneration for Individual Directors

To strengthen fairness, transparency, and objectivity of procedures related to the remuneration of directors and to enhance corporate governance, the Company has established a voluntary Remuneration Committee, the majority of which are independent outside directors. The details of remuneration for each individual director are drafted after deliberation by the Remuneration Committee, and are resolved at the Board of Directors' meeting. Furthermore, the remuneration for directors who are members of the Audit Committee is determined through consultation with the Audit Committee.

5. Other Important Matters

With respect to Yo Nagami, who assumed the position of Representative Director, President and CEO on August 1, 2023, (i) paid stock options with stock price and performance conditions set by the Remuneration Committee will be allocated and delivered at fair compensation, and (ii) the Company's shares will be purchased by him through market transactions or over the counter transaction with a major shareholder, thus providing strong incentives to create shareholder value for the Company. For (ii), all or part of the purchase funds shall be loaned to the Representative Director, President and CEO by resolution of the Board of Directors of the Company. Furthermore, paid stock options are also issued to directors (excluding the Representative Director, President and CEO). As these stock options are subscribed to by each director based on his or her own investment decisions, they do not constitute remuneration under the Companies Act, but are significant in establishing corporate governance to realize the Company's vision.

Enacted: March 11, 2021

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