

Corporate Governance

July 24, 2024

Direct Marketing MiX Inc.

Daisuke Uehara

President and CEO

Representative Executive Officer

Contact: Motoyoshi Doi, Executive Officer and CFO (81-6-6809-1615)

Securities Code: 7354

<https://dmix.co.jp/>

The corporate governance of Direct Marketing MiX Inc. (the “Company”) is described below.

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

1. Basic Views

The Company aims to be a corporate entity needed by society in order to fulfill its social responsibility as a good corporate citizen, and strives to build relationships of trust with stakeholders, including shareholders, employees and business partners.

The Company is a company with Nominating and other Committees based on the principle of the monitoring model, and it has increased management efficiency by clearly segregating execution and supervision. The Board of Directors collaborated with the Nominating Committee and the Remuneration Committee to strengthen the supervisory function over Executive Officers. In addition, the Company is working to enhance its corporate governance while ensuring sound, efficient and transparent management for sustainable growth and the enhancement of medium- to long-term corporate value.

[Reasons for Non-compliance with the Principles of Japan’s Corporate Governance Code]

[Supplementary Principle 4.1.3 Appropriate Supervision of a Succession Plan for the CEO and Other Top Executives]

At this time, the Company has not established a succession plan for its CEO. However, in order to determine the suitability of successors, the Company will consult with the Nominating Committee, the majority of whose members are outside members of the Board of Directors (and chaired by an independent outside member of the Board of Directors), and based on the committee’s findings, the Company will consider not only candidates’ track records and achievements, but also, for example, the discernment, decision-making ability and capacity to carry out one’s duties as required for top management positions.

As part of this process, the Company designates a proxy to act as convener and chairperson of general meetings of shareholders and the Board of Directors in the event of unforeseen circumstances. Through the selection, etc. of said proxy each year by the Board of Directors, the Board of Directors promotes his/her role and sense of awareness as a member of senior management and evaluates his/her suitability in terms of qualifications, management abilities and other competencies.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code]

[Supplementary Principle 1.2.4 Electronic Exercise of Voting Rights and English Translation of Convocation Notice]

The Company has introduced an electronic voting platform in order to encourage the exercise of voting rights by investors. In addition, based on the ratio of shares held by overseas investors, the Company is translating its convocation notices into English.

[Principle 1.4 Shares Held as Cross-Shareholdings]

The Company does not hold any cross-held shares.

[Principle 1.7 Related Party Transactions]

The Company receives prior approval from the Board of Directors for transactions involving conflicts of interest and competing transactions with shareholders substantially controlled by members of the Board of Directors, Executive Officers, or their close relatives, and reports on such transactions thereafter. Furthermore, these transactions are disclosed in the securities reports.

[Supplementary Principle 2.4.1 Ensuring Diversity]

- (1) The Company recognizes that hiring and appointing a diverse workforce in terms of gender, age, career history and other characteristics will provide equal employment opportunities, eliminate disparities in employee attributes, and allow for a various projects and proposals from a wide range of perspectives. The Company also believes that a multifaceted management strategy based on differing perspectives will, for example, create new forms of innovation adapted to changes in the business environment that will serve as a trigger for improved business performance and further help the Company secure a competitive advantage.
- (2) The Company secures talented personnel by recruiting and evaluating employees regardless of gender, age, nationality or other characteristics in order to leverage upon a diverse workforce in accordance with the Company's medium- to long-term staffing plan, and by establishing a human resources value chain, the Company aims to adapt its business strategy to changes in the business environment.
- (3) The Company has historically employed a large number of mid-career hires, and as such they comprise the majority (90% or more) of its management staff.
- (4) The Company recognizes that its talent is an important management resource, and in order to promote sustainable growth, it is essential for the Company to secure and develop talented human resources. To this end, the Company not only educates employees through job-specific and new hire trainings on a regular basis each year, but also strives to raise morale and help employees manifest their latent abilities through HR systems adapted to changes in the environment and by assigning the right people to the right positions. In addition, in order to leverage upon a diverse workforce, the Company promotes diversity, and works to enhance corporate value by recruiting, evaluating and promoting employees regardless of gender, age, nationality or other characteristics.

[Principle 2.6 Functioning as Asset Owner of Corporate Pension Funds]

There are no applicable matters to disclose as the Company does not have a corporate pension fund scheme.

[Principle 3.1 Enhancement of Information Disclosure]

- (1) The Company discloses its management philosophy at the URL below.
<https://dmix.co.jp/>
- (2) The Group's basic views on corporate governance are set forth in this report under I. 1. Basic Views.
- (3) With regard to individual remuneration for members of the Board of Directors and Executive Officers, the Remuneration Committee, chaired by an independent outside member of the Board of Directors and comprised of a majority of independent outside members of the Board of Directors, has established the Policy for Determining Individual Remuneration, etc. of Members of the Board of Directors and Executive Officers. Matters related to remuneration for Members of the Board of Directors and Executive Officers, including said policy, are disclosed under (i) Policy for Determining Individual Remuneration, etc. of Members of the Board of Directors and Executive Officers in Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof below.
- (4) The content of proposals submitted to general meetings of shareholders regarding the selection and dismissal of members of the Board of Directors is determined by the Nominating Committee, which is chaired by an independent outside member of the Board of Directors and comprised of a majority of outside members of the Board of Directors.

[Supplementary Principle 3.1.2 Provision of English Language Disclosures]

Bearing in mind the number of foreign shareholders, the Company has prepared an English language version of its website and prepares financial results, financial results briefings and other materials to disclose information in English.

[Supplementary Principle 3.1.3 Disclosures Related to Sustainability]

- (1) The Company recognizes that the response to ESG and the SDGs in relation to sustainability is a key management issue, and believes that appropriately responding to diverse issues, such as social and environmental issues, will bring benefits to society at large and lead to the enhancement of the Company's medium- to long-term corporate value. Based on these beliefs, the Company established the Sustainability Committee with the President and CEO, Representative Executive Officer as chairperson in order to promote sustainability management from the perspective of SX (sustainability transformation). The Company has also formulated a basic policy and identified materiality items (key issues) in addition to proceeding with diligent work to achieve targets, such as a ratio of female members of the Board of Directors of 30% (2030) and zero CO₂ emissions (2030).

Under these conditions, Customer Relation Telemarketing Co., Ltd., a core operating company of the Group, received an award of excellence in July 2022 through the "Osaka Prefecture Lively Male and Female Business Operator Awards," through which Osaka Prefecture awards business operators who proactively work to promote women's advancement.

These measures are akin to the "three-way satisfaction" approach (good for the seller, good for the buyer, and good for the world), and in recent years the Company has also played a role in social infrastructure, including contract work for COVID-19 vaccine reservations.

- (2) The Company maintains and promotes the health of its employees by providing periodic medical examinations and holding Safety and Health Management Committee meetings every year as an investment in its human capital. In addition, to enhance communication skills and other abilities which are a foundation of the Company's business, education is provided through training such as job-specific and new hire trainings. The Company is also striving to improve its working environment to raise morale and so that employees can fully demonstrate their abilities through diverse working patterns that take work-life balance into consideration as well as performance-based management systems, etc.
- (3) The Company's strategy in terms of intangible assets is to enhance its corporate image and ensure credibility by primarily focusing on trademark registration in order to strengthen its brand building and to protect and utilize its logo with the aim of creating value in line with its business activities.
- (4) Meanwhile, the Company is working to build a crisis management system that aims for the best and prepares for the worst as a business continuity planning (BCP) measure. Alongside taking appropriate action in the case of unforeseen events such as typhoons, torrential rains and earthquakes, the Company is promoting AI-based digital transformation (DX) at contact centers and striving to decentralize its business bases in order to minimize damage, loss, and loss of trust due to natural disasters and other calamities.
- (5) With regard to the impacts of climate change, the Company presumes that contact centers may be shut down, offices may be closed, business operations may be suspended, and other issues may arise due to building damage, system failures, degradation of telecommunication systems and the like.
- (6) On the other hand, the Company is promoting AI-based DX at contact centers and is striving to decentralize its business bases in preparation for natural disasters, pandemics and other unforeseen events. The Company therefore expects these measures to lead to increased sales and expanded communication channels when such an event should occur, and anticipates that they will consequently contribute to its business performance through upticks in call volumes at contact centers and other increases in outsourced operations.
- (7) Regarding information disclosure based on the TCFD framework, the Company is working to achieve net-zero CO₂ emissions from electricity use, etc., after taking into consideration the characteristics of the Company's business and other factors.
- (8) It is difficult to reasonably foresee the impact that said risks and profit opportunities would have on business performance in terms of the amount of damage, lost profits and incidental gains.

[Supplementary Principle 4.1.1 Scope of Matters Delegated to Management]

As a company with Nominating and other Committees, representative Executive Officers and others delegated authority by the Board of Directors make important decisions on business execution, enhancing corporate value through flexible business development.

[Principle 4.9 Independence Standards and Qualifications for Independent Outside Members of the Board of Directors]

In selecting candidates for independent outside members of the Board of Directors to be submitted to general meetings of shareholders, the Nominating Committee makes its decisions based on the Criteria for Independence of Outside Members of the Board of Directors in Matters relating to Independent Executives below. The reasons for nomination are disclosed in the convocation notice of the general meeting of shareholders and in this report.

[Supplementary Principle 4.10.1 Independent Nominating and Remuneration Committees]

As a company with Nominating and other Committees, the Company has established an independent Nominating Committee and Remuneration Committee.

[Principle 4.11 Preconditions for Ensuring Effectiveness of the Board of Directors]

The Company appoints independent outside members of the Board of Directors through comprehensive consideration of each candidate's character, insight, past experience in important positions, legal expertise, managerial ability at other companies, practical experience, performance, personal connections in the business community and other factors. In terms of diversity, three of the eleven Members of the Board of Directors are women and five are independent outside members. The opinions, advice and other recommendations received from these independent outside members of the Board of Directors strengthen the Board of Directors' management supervision function by enhancing the transparency and credibility of the Board while also stimulating it.

[Supplementary Principle 4.11.1 Diversity of the Board of Directors]

- (1) Candidates for member of the Board of Directors submitted to general meetings of shareholders are selected by the Nominating Committee, which is comprised of a majority of independent outside members of the Board of Directors. Said candidates for member of the Board of Director are selected in consideration of the Company's management strategy, medium- to long-term plans and priority issues while comprehensively taking into consideration each individual's abilities, experience, expertise and other qualities.
- (2) The Company strives to optimize the Board of Directors as a whole by ensuring that each individual fulfills his/her roles and responsibilities.
- (3) Skills and experience possessed by each member of the Board of Directors with respect to the categories required for members of the Board of Directors by the Company are as follows:

Name	Position in the Company	Mgmt.	Ind.	B.Stgy.	Fin.	Leg.	Pers.	Sus.
Yuki Kobayashi	Member of the Board of Directors	○	○	○			○	○
Daisuke Uehara	Member of the Board of Directors	○	○	○			○	
Motoyoshi Doi	Member of the Board of Directors		○	○	○	○	○	○
Atsuhiko Ikeda	Member of the Board of Directors		○	○	○	○		
Kensaku Mizutani	Outside Member of the Board of Directors	○	○	○			○	
Masami Mishima	Outside Member of the Board of Directors	○		○	○	○		
Toshio Miyake	Outside Member of the Board of Directors	○		○			○	
Kenjiro Maeda	Outside Member of the Board of Directors	○	○	○				
Yuka Matsubara	Outside Member of the Board of Directors				○	○	○	○
Emi Yoneda	Outside Member of the Board of Directors	○			○		○	○
Kanako Ito	Member of the Board of Directors	○	○	○				

Mgmt. Management experience
 Ind. Industry knowledge
 B.Stgy. Business strategy
Fin. Finance and accounting
 Leg. Legal affairs and risk management
Pers. Personnel, labor and human resource development
 Sus. Sustainability

(4) Criteria for election of members of the Board of Directors

For the composition of the overall Board of Directors of the Company, its basic policy is that the Board of Directors should be composed of a majority of outside members and at least 20% of female members of the Board of Directors in light of diversity. Under this policy, based on the policies and criteria for selecting candidates for members of the Board of Directors and in consideration of matters such as the business environment and management strategy of the Company, the Nominating Committee appoints as internal members of the Board of Directors (including those who concurrently serve as Executive Officers) candidates who have the expertise in areas such as industry trends, finance and accounting, legal affairs and compliance and human resources strategy, and the abilities and other qualities for handling management issues, and as outside members of the Board of Directors the courageous persons who provide proper advice and opinions on matters such as building internal control systems and managing risks from an external perspective based on the management experience or the insight and experience as experts such as attorneys at law and certified public accountants.

[Management experience]

Has knowledge, experience and abilities related to corporate management and organizational operations and can make proper and quick management decisions such as promptly reacting to environmental changes.

[Industry knowledge]

Is well versed in industry trends, has extensive knowledge and experience, and also grasps market trends accurately and is insightful and forward-looking.

[Business strategy]

Can read business environmental changes and customers' needs accurately and formulate strategic business plans quickly that are suitable for the Company's actual circumstances such as revising business portfolios.

[Finance and accounting]

Has insight, experience and abilities related to finance and accounting and is also qualified as a certified public accountant or tax accountant.

[Legal affairs and risk management]

Has knowledge, experience and abilities related to risk management, compliance and corporate governance and is also qualified as an attorney at law.

[Personnel, labor and human resource development]

Has insight and experience related to the development and securing of diverse human resources that are an important management resource of the Company, diversity promotion and human resources strategy.

[Sustainability]

Has knowledge and experience related to non-financial statements such as environment, society and governance and can also offer opinions for the Company to take initiatives toward realizing a sustainable society.

[Supplementary Principle 4.11.2 Concurrent Positions Held by Executives]

The status of members of the Board of Directors and Executive Officers holding concurrent positions is listed in the matters related to company executives section of the Company's convocation notice of the annual general meeting of shareholders and the status of executives section of the Company's securities report.

[Supplementary Principle 4.11.3 Evaluation of the Effectiveness of the Board of Directors]

In order to improve the Board of Directors as a whole, the Company surveys all members of the Board of Directors, analyzes the responses, and interviews each of them to identify areas for improvement and issues. The required countermeasures are then discussed by the Board of Directors. The results of the evaluation of the Board of Directors show that the Board of Directors is fulfilling its roles and responsibilities, etc., indicating that it is largely functioning properly and that its effectiveness has been ensured.

Going forward, the Company will work so that the Board of Directors can function even better, such as by improving issues, as part of the PDCA cycle.

[Supplementary Principle 4.14.2 Policy of Members of the Board of Directors Training]

- (1) The Company provides information such as industry trends at the Board of Directors and other meetings in order to deepen understanding of its line of business and contribute to smooth and appropriate business execution.
- (2) The Company has outside members of the Board of Directors with expertise in law, accounting, taxation and other areas who instruct on laws and regulations and provide related knowledge at the Board of Directors and other meetings.
- (3) Members of the Board of Directors who are members of the Audit Committee receive necessary training to improve their auditing skills as part of the Company's efforts to ensure proper auditing, including studies through the Japan Audit & Supervisory Board Members Association.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

- (1) The Company places importance on dialogue in order to build a relationship of trust with its shareholders, with its Executive Officer and CFO among others actively engaged in dialogue (interviews) with shareholders and investors.
- (2) Discussing the Company's management policy, financial strategies and other matters through dialogue (interviews) promotes understanding of the Company and increases its fan base, which also helps it acquire stable shareholders and establish a desirable shareholder composition.

[Measures for Carrying Out Management with an Awareness of Capital Costs and Stock Prices (English Documents Disclosed)]

The Company has set a target for ROE, an indicator of the return on capital, with the aim of continuously enhancing corporate value. For the specific target values and the status of measures, please refer to the following and other materials disclosed on the Company's website.

Financial results briefing (FY12/2023), p. 30

<https://www.release.tdnet.info/inbs/ek/140120240213534923.pdf>

2. Capital Structure

Foreign Shareholding Ratio	20% to less than 30%
----------------------------	----------------------

[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Integral 3 Limited Partnership	16,818,700	36.57
Twenty-three seven Inc.	4,151,600	9.02
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,401,400	7.39
Innovation Alpha L.P.	2,669,800	5.80
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT	2,331,300	5.06
Custody Bank of Japan, Ltd. (Trust Account)	1,875,800	4.07
Integral Corporation	1,152,000	2.50
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	632,306	1.37
GOVERNMENT OF NORWAY	577,700	1.25
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	538,700	1.17

Controlling Shareholder (except for Parent)	—
Parent	None

Supplementary Explanation

—

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	December
Type of Business	Services
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	Less than 10

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

—

5. Special Circumstances Which May Have Material Impact on Corporate Governance

—

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

1. Organizational Composition and Operation

Organization Form	Company with nominating and other committees
-------------------	--

[Members of the Board of Directors]

Maximum Number of Members of the Board of Directors Stipulated in Articles of Incorporation	11
Term of Office Stipulated in Articles of Incorporation	1 year
Chairmanship of the Board	Other member of the Board of Directors
Number of Members of the Board of Directors	11

[Matters Relating to Outside Members of the Board of Directors]

Number of outside members of the Board of Directors	6
Number of outside members of the Board of Directors designated as independent executives	5

Relationship of Outside Members of the Board of Directors with the Company (1)

Name	Attribute	Relationship with the Company*										
		a.	b.	c.	d.	e.	f.	g.	h.	i.	j.	k.
Kensaku Mizutani	From another company							○				
Masami Mishima	CPA/Certified public tax accountant											
Toshio Miyake	From another company											
Kenjiro Maeda	From another company											
Yuka Matsubara	Attorney at law											
Emi Yoneda	CPA											

* Categories for “Relationship with the Company”

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Non-executive members of the Board of Directors or executive of the parent of the Company
- c. Executive of a fellow subsidiary of the Company
- d. Party whose major business partner is the Company or an executive thereof
- e. Major business partner of the Company or an executive thereof
- f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- h. Executive of a business partner of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
- i. Executive of a corporation to which outside executives are mutually appointed (the director himself/herself only)
- j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)
- k. Other

Relationship of Outside Members of the Board of Directors with the Company (2)

Name	Committee to Which the Director Belongs			Designation as Independent Executive	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Kensaku Mizutani	○					Kensaku Mizutani is well versed in business analysis, economic trends and other fields through his extensive management experience and insight, and offers opinions and advice on management improvements, business reform and others. He has been appointed as an outside member of the Board of Directors because he is expected to continue contributing to strengthening the supervisory functions of the Board of Directors from an outside viewpoint.

Name	Committee to Which the Director Belongs			Designation as Independent Executive	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Masami Mishima			○	○		<p>Masami Mishima has specialized knowledge and extensive experience as a certified public accountant and certified public tax accountant and is well versed in corporate accounting, and therefore offers opinions and advice on financial reform, managerial accounting and others. He has been appointed as an outside member of the Board of Directors because he is expected to continue contributing to strengthening the supervisory functions of the Board of Directors from an outside viewpoint.</p> <p>Furthermore, Mr. Mishima does not violate the independence criteria set by Tokyo Stock Exchange, Inc., and satisfies the Criteria for Independence of Outside Members of the Board of Directors established by the Company.</p> <p>In light of the above, the Company has determined that he is an outside member of the Board of Directors who presents no risk of a conflict of interest with general shareholders, and has designated him as an independent officer.</p>

Name	Committee to Which the Director Belongs			Designation as Independent Executive	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Toshio Miyake			○	○		<p>Toshio Miyake has deepened his knowledge of finance and accounting through audits of the Company and its subsidiaries. He has been appointed as an outside member of the Board of Directors because he is expected to continue contributing to strengthening the supervisory functions of the Board of Directors from an outside viewpoint.</p> <p>Furthermore, Mr. Miyake does not violate the independence criteria set by Tokyo Stock Exchange, Inc., and satisfies the Criteria for Independence of Outside Members of the Board of Directors established by the Company.</p> <p>In light of the above, the Company has determined that he is an outside member of the Board of Directors who presents no risk of a conflict of interest with general shareholders, and has designated him as an independent officer.</p>

Name	Committee to Which the Director Belongs			Designation as Independent Executive	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Kenjiro Maeda		○		○		<p>Kenjiro Maeda has gained extensive experience and insight as well as familiarity with overall management. He has been appointed as an outside member of the Board of Directors because we expect that the knowledge and managerial experience he has built up over many years will allow him to contribute to strengthening the auditing and supervisory functions of the Board of Directors from an objective outside perspective.</p> <p>Furthermore, Mr. Maeda does not violate the independence criteria set by Tokyo Stock Exchange, Inc., and satisfies the Criteria for Independence of Outside Members of the Board of Directors established by the Company.</p> <p>In light of the above, the Company has determined that he is an outside member of the Board of Directors who presents no risk of a conflict of interest with general shareholders, and has designated him as an independent officer.</p>

Name	Committee to Which the Director Belongs			Designation as Independent Executive	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Yuka Matsubara			○	○		<p>Yuka Matsubara is a lawyer specializing in corporate legal affairs. She has outstanding expertise and insight and has also worked at financial institutions. She has been appointed as an outside member of the Board of Directors because she is expected to contribute to strengthening the supervisory functions of the Board of Directors by providing advice and recommendations from a legal perspective on issues such as ensuring compliance and risk management.</p> <p>Furthermore, Ms. Matsubara does not violate the independence criteria set by Tokyo Stock Exchange, Inc., and satisfies the Criteria for Independence of Outside Members of the Board of Directors established by the Company.</p> <p>In light of the above, the Company has determined that she is an outside member of the Board of Directors who presents no risk of a conflict of interest with general shareholders, and has designated her as an independent officer.</p>

Name	Committee to Which the Director Belongs			Designation as Independent Executive	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Remuneration Committee	Audit Committee			
Emi Yoneda	○	○		○		<p>Emi Yoneda has expertise in finance and accounting as a certified public accountant and has also been involved in managing companies and other organizations. She has extensive insights regarding diversity and is serving as the director of Japan Professional Football League (J.League). She has been appointed as an outside member of the Board of Directors because she is expected to contribute to strengthening the supervisory function of the Board of Directors by providing advice and recommendations on issues such as sustainable management and human resources development from a wide range of perspectives.</p> <p>Furthermore, Ms. Yoneda does not violate the independence criteria set by Tokyo Stock Exchange, Inc., and satisfies the Criteria for Independence of Outside Members of the Board of Directors established by the Company.</p> <p>In light of the above, the Company has determined that she is an outside member of the Board of Directors who presents no risk of a conflict of interest with general shareholders, and has designated her as an independent officer.</p>

[Committees]

Committee's Composition and Chairperson's Attributes

	Total Committee Members	Full-time Members	Inside Members of the Board of Directors	Outside Members of the Board of Directors	Chairperson
Nominating Committee	3	0	1	2	Outside Member of the Board of Directors
Audit Committee	3	1	0	3	Outside Member of the Board of Directors
Remuneration Committee	3	0	1	2	Outside Member of the Board of Directors

[Executive Officers]

Number of Executive Officers	6
------------------------------	---

Status of Concurrent Position

Name	Representative Authority	Concurrent Position Held by Member of the Board of Directors			Concurrent Position as Employee
			Nominating Committee Member	Remuneration Committee Member	
Daisuke Uehara	Yes	Yes	×	○	No
Motoyoshi Doi	No	Yes	×	×	No
Kanako Ito	No	Yes	×	×	No
Yoshiaki Tanaka	No	No	×	×	Yes
Masato Kagawa	No	No	×	×	Yes
Ryutaro Kagawa	No	No	×	×	Yes

[Auditing Structure]

Appointment of Member of the Board of Directors and/or Employees to Support Duties of the Audit Committee	Appointed
---	-----------

Matters Related to the Independence of Such Members of the Board of Directors and/or Employees from Executive Officers

The Company has established an Internal Audit Office as an organization supporting the Audit Committee, and personnel matters related to said staff members (appointment, reassignment and evaluation) are decided based on the views of the Audit Committee.

Cooperation among Audit Committee, Financial Auditor and Internal Audit Department

The Audit Committee exchanges information on the results of audits with the Financial Auditor and maintains a relationship of close mutual collaboration with the Internal Audit Office, the Company's internal audit department. The Audit Committee and the Internal Audit Office collaborate closely on audits, with the Internal Audit Office conducting operational audits based on the annual internal audit plan and supporting the Audit Committee in its duties. The Internal Audit Office reports on the status of internal audits and problems, etc. discovered through audits to the Audit Committee on a continual basis. In addition, they share issues, etc. from internal audits and Audit Committee audits as necessary, mutually proposing necessary countermeasures and remedial actions.

[Independent Executives]

Number of Independent Executives	5
----------------------------------	---

Matters relating to Independent Executives

<Criteria for Independence of Outside Members of the Board of Directors>

The Company has established criteria for determining independence and considers persons who do not fall under any of the following matters to be independent outside members of the Board of Directors.

1. A person who executes business of the Group (the Company or its consolidated subsidiaries; the same hereinafter) or who has executed business of the Group in the past ten years
2. A party whose major business partner is the Group (major business relationship refers to cases where the transaction amount between that company, etc. and the Group accounts for 1% or more of the consolidated net sales or transaction amount of both parties) or a person who executes business thereof
3. A party who has a major business relationship with the Group (major business relationship refers to cases where the transaction amount between that company, etc. and the Group accounts for 1% or more of the consolidated net sales or transaction amount of both parties) or a person who executes business thereof
4. A major shareholder of the Company (a shareholder holding 10% or more of the total voting rights) or a person who executes business thereof, or a party in which the Group is a major shareholder
5. A person who executes business of an organization or a corporation that has received large donations, loans or guarantees from the Group
6. A person who executes business of a company involved in mutual dispatch of directors to and from the Group
7. An attorney at law, a certified public accountant, a consultant or other such person who receives money or other assets of ¥10 million yen or more from the Group other than executive remuneration (if the person receiving such assets belongs to a corporation, partnership or other organization, then such organization that receives money or other assets in transactions with the Group worth 1% or more of the consolidated net sales or transaction amount of both parties and ¥10 million yen or more)
8. For 2. through 7. above, a person for whom the conditions have been applicable for any of the past five fiscal years.
9. Spouse or relative within the second degree of a person who falls under any of items 1. through 8. above

[Incentives]

Implementation of Measures to Provide Incentives to Members of the Board of Directors and/or Executive Officers	Introduction of performance-based remuneration, Introduction of share options plan, and others
---	--

Supplementary Explanation

The Company has introduced shares with transfer restrictions and share options in order for members of the Board of Directors and Executive Officers to share in the benefits and risks of stock price fluctuations with shareholders and to motivate them more than ever to contribute to stock price appreciation and increased corporate value.

Recipients of share options	Executive Officers, Employees
-----------------------------	-------------------------------

Supplementary Explanation

The Company grants share options to the Group's Executive Officers (including Members of the Board of Directors Serving as Executive Officers) and employees with the aim of increasing the sense of participation in management and enhancing corporate value.

[Remuneration for Members of the Board of Directors and Executive Officers]

Disclosure of Individual Remuneration	No individual disclosure
---------------------------------------	--------------------------

Supplementary Explanation

The Company discloses the total amount of remuneration for and number of internal members of the Board of Directors, outside members of the Board of Directors, and Executive Officers in its convocation notice of the annual general meeting of shareholders and securities report.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
--	-------------

Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

(i) Policy for Determining Individual Remuneration, etc. of Members of the Board of Directors and Executive Officers

A. The Remuneration Committee, which consists of three members of the Board of Directors (of which two are independent outside members), sets the Policy for Determining Individual Remuneration, etc. of Members of the Board of Directors and Executive Officers.

B. Remuneration System

(A) Executive Officers (including Members of the Board of Directors Serving as Executive Officers)

- Remuneration, etc. for Executive Officers consists of base compensation and performance-based remuneration.
- Base compensation is determined through comprehensive consideration of position, role, job responsibilities and other factors.
- Performance-based remuneration is determined in accordance with performance in the previous fiscal year, and consists of monetary compensation comprising annual incentives and non-monetary compensation comprising medium- to long-term incentives. Monetary compensation comprising annual incentives is determined in accordance with the level of achievement for targets including revenue, operating profit and profit attributable to owners of parent, which are related to the consolidated operating results planned at the beginning of the fiscal year and serve as important management indicators.
- For information on these results, please refer to [5] Changes in the Status of Assets and Profit/Loss in the Notice of the 7th Annual General Meeting of Shareholders (Japanese only).
- Base compensation is paid as a set amount on monetary compensation.
- The ratio of base compensation and performance-based remuneration within the total amount of remuneration, etc. is determined based on position, role, tenure and other factors, with base compensation ranging from 0% to 70% and performance-based remuneration ranging from 30% to 100%.
- Non-monetary compensation comprising medium- to long-term incentives consists of share acquisition rights (share options) and restricted share-based remuneration.
- The ratio of monetary compensation and non-monetary compensation within performance-based remuneration is determined based on position, role, tenure and other factors, with monetary compensation ranging from 0% to 40% and non-monetary compensation ranging from 60% to 100%.

(B) Members of the Board of Directors (excluding Members of the Board of Directors Serving as Executive Officers) and outside members of the Board of Directors

Remuneration for members of the Board of Directors consists solely of base compensation in light of their duties and is paid on a monthly basis.

[Supporting System for Outside Members of the Board of Directors]

The Company has established Executive Offices for the Board of Directors, Nominating Committee, Audit Committee and Remuneration Committee which provide outside members of the Board of Directors with prior explanations and information to assist them in the smooth execution of their duties.

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination, Remuneration Decisions (Overview of Current Corporate Governance System)

1. Board of Directors

The Company's Board of Directors consists of eleven members (of whom six are outside members and three are female members). Alongside determining the Company's basic management policies, the Board of Directors delegates authority to Executive Officers and supervises the execution of duties by said Executive Officers.

2. Nominating Committee

The Company's Nominating Committee consists of three members of the Board of Directors (of whom two are outside members). By having outside members of the Board of Directors comprise the majority, the Company has established a structure that ensures the appropriateness of nominations. The matters discussed at Nominating Committee meetings concern decisions on the details of proposals for the selection and dismissal of members of the Board of Directors submitted to the general meetings of shareholders. Further, a full-time executive office has been established to ensure prompt and appropriate committee operations.

3. Audit Committee

The Company's Audit Committee consists of three independent outside members of the Board of Directors. The Company has appointed members with different areas of expertise as it believes this composition will enable the committee to perform audits from a variety of perspectives. The matters discussed at Audit Committee meetings concern the audit and supervision of the execution of duties by members of the Board of Directors and Executive Officers, and decisions on the details of proposals for the appointment and dismissal of the Financial Auditor submitted to the general meetings of shareholders. Further, the Internal Audit Office serves as the executive office supporting the Audit Committee and ensures prompt and appropriate committee operations.

4. Remuneration Committee

The Company's Remuneration Committee consists of three members of the Board of Directors (of which two are independent outside members), has a structure that evaluates business execution in an equitable manner and ensures the appropriateness of remuneration. The matters discussed at Remuneration Committee meetings concern decisions on the basic policy for remuneration, etc. for members of the Board of Directors and Executive Officers, as well as decisions on individual remuneration amounts and the specific calculation methods thereof. Further, a full-time executive office has been established to ensure prompt and appropriate committee operations.

5. Executive Officers

Executive Officers are responsible for making decisions regarding business execution and executing said decisions in accordance with the basic policies established by the Board of Directors.

3. Reasons for Adoption of Current Corporate Governance System

In order to promote sound and highly transparent management that is thoroughly compliant, pursue economic performance and efficiency, and fulfill its corporate social responsibility through fair and legal business operations, the Company has strengthened the segregation of supervision and execution by adopting the structure of a company with Nominating and other Committees and established a robust corporate governance system. The Company also has a system in place in which the Audit Committee, Financial Auditor, and Internal Audit Office maintain a relationship of close collaboration and conduct audits from their own perspectives in order to prevent business-related risks from materializing and detect and remedy issues at an early stage.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Shareholders Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholders Meeting	The Notice of the 7th Annual General Meeting of Shareholders held on March 22, 2024, was sent out on March 4 (18 days prior to the date of the meeting). The start date of measures for electronic provision was February 27, which was the date that the Company posted the notice on its website and the website pertaining to matters to be provided in an electronic format.
Scheduling AGMs Avoiding the Peak Day	—
Allowing Electronic or Magnetic Exercise of Voting Rights	Voting rights can be exercised via the Internet.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in the electronic voting platform operated by ICJ, Inc.
Providing Convocation Notice in English (Translated Partially)	The Company prepares English language versions of its convocation notices (access notices), Reference Documents for the General Meeting of Shareholders, financial results and other materials, which it posts on its website and the Tokyo Stock Exchange website.
Other	—

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company posts the disclosure policy on the Company's website.	
Holding Regular Investor Briefings for Individual Investors	The Company holds investor briefings for individual investors as needed.	Yes
Holding Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results presentation meeting, etc. for analysts and institutional investors as needed.	Yes
Holding Regular Investor Briefings for Overseas Investors	The Company holds small meetings on its financial results, management strategies and other matters as needed in addition to participating in conferences, etc. held by securities companies, etc. as appropriate.	Yes
Posting IR Materials on Website	The Company posts financial results, securities reports, financial results briefings, convocation notices, press releases and other materials.	
Establishment of Department and/or Manager in Charge of IR	Corporate Communication Department	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	<p>1. The Company proactively promotes information sharing and communication in order to build relationships of trust with its shareholders, employees, customers, business partners and other stakeholders with the aim of achieving sustainable growth and enhancing corporate value over the medium- to long-term.</p> <p>2. From the perspective of diversity management, the Company endeavors to leverage upon diverse talent, hiring, training and evaluating employees without regard to gender, nationality, age or other characteristics.</p>
Implementation of Environmental Preservation Activities, CSR Activities, etc.	<p>The Company works to develop society by solving environmental problems and social issues. In addition, as part of the enhancement of corporate value, it has established the Sustainability Committee, formulated a basic policy and identified materiality items (key issues) in addition to making effort to achieve SDGs, such as zero CO₂ emissions (2030) and a ratio of female members of the Board of Directors of 30% (2030), through dialogue with stakeholders, etc. Details regarding sustainability initiatives are posted on the Company's website. (https://dmix.co.jp/en/sustainability/)</p>
Formulation of Policies for on Information Provision to Stakeholders	<p>In order to build good relationships with stakeholders, the Company will swiftly and adequately disclose information such as management plans, management strategies and management issues, as well as strive to share information to contribute to constructive dialogue with shareholders, investors and other stakeholders.</p>

IV. Matters Related to Internal Control System

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

(1) Matters related to Audit Committee

(i) Matters related to Members of the Board of Directors and/or employees to support duties of the Audit Committee

The Audit Committee strives to fulfill its supervision function over management primarily from the perspective of operational audits. In addition, the Internal Audit Office has been established independent of business execution divisions to support the Audit Committee in the smooth and proper performance of its duties. The Audit Committee investigates and analyzes the effectiveness and operational status of the internal control system in collaboration with the Internal Audit Office in order to conduct systematic audits. It also focuses on ensuring legality and appropriateness such as by monitoring the Company's business divisions and subsidiaries.

(ii) Matters related to independence from Members of the Board of Directors and/or Executive Officers in the preceding item and matters related to ensuring effectiveness of Audit Committee instructions to Members of the Board of Directors and/or employees in the preceding item

Members of the Audit Committee selected by the Audit Committee (the "appointed Audit Committee members") conduct their own on-site audits, and in order to enhance the effectiveness of audits, conduct systematic audits in collaboration with other members of the Audit Committee or the Internal Audit Office. Reassignments and human resource evaluations of such staff members are done at the advice and recommendation of the Audit Committee.

(iii) System for Members of the Board of Directors (excluding those who serve on the Audit Committee), Executive Officers and employees to report to the Audit Committee, and system for members of the Board of Directors, Audit & Supervisory Board Members and employees of subsidiaries, or persons who have received a report from them, to report to the Audit Committee

The Audit Committee continually receives reports from members of the Board of Directors, Executive Officers, as well as Group executives and employees on a recurring basis or as needed in order to conduct effective audits.

In addition to conducting on-site audits of the Company's business divisions and subsidiaries, the appointed Audit Committee members attend information-sharing meetings, sales meetings, and other important meetings to gather information and exchange opinions and share information with other Audit Committee

members and the Internal Audit Office. Meanwhile, members of the Board of Directors, Executive Officers, as well as Group executives and employees requested to provide necessary information related to the execution of their duties by said Audit Committee members respond to such requests in a prompt and proper manner, and report to the Audit Committee as appropriate.

- (iv) System to ensure that persons who have made a report from the preceding paragraph are not subject to disadvantageous treatment for making said report

In the event that a member of the Board of Directors, Executive Officer or employee makes a report to the Audit Committee in order to prevent violations of laws and regulations, misconduct and the like from occurring, the Company will not retaliate against said reporter or otherwise treat the reporter in a disadvantageous manner.

- (v) Matters related to procedures for prepayment or reimbursement of expenses incurred arising from execution of duties by Audit Committee members (limited to those related to the execution of Audit Committee duties) and policy regarding the processing of expenses or debts arising from other such execution of duties. When members of the Audit Committee request prepayment, etc. of expenses necessary for their duties, the Company processes such expenses and debts in a prompt manner.

- (vi) Other systems to ensure audits by the Audit Committee are conducted effectively

In order to conduct effective audits, the Company has established the Internal Audit Office which reports to the Audit Committee on inspections and evaluations of the effectiveness and operational status of internal audits and the internal control system, while also conducting on-site audits of the Company's business divisions and subsidiaries.

(2) Matters related to Executive Officers

- (i) System to ensure that Executive Officers and employees comply with the law, regulations and Articles of Incorporation in the execution of their duties, and system to ensure appropriate operations in the corporate group made up of the Company and its subsidiaries

As a company with Nominating and other Committees, the members comprising the Audit Committee have voting rights at the Board of Directors. Audits by the Audit Committee include not only legal audits but also adequacy audits, thus enabling a wide range of audits across all aspects of management.

In order to enhance the supervisory function of the Board of Directors, the Company also strives to prevent illegal activity and ensure legality and appropriateness through monitoring, etc. by the Risk and Compliance Committee, strengthening the management supervision function.

In addition, in accordance with the Company's Affiliate Management Regulations, etc., meetings of the Board of Directors of subsidiaries attended by the Company's members of the Board of Directors and others are held once every three months. By receiving reports, etc. on important information such as on the business status and projected performance of subsidiaries through close communication and cooperation between parent and subsidiary, the Company strives to enhance corporate governance.

- (ii) System for the storage and management of information related to the execution of duties by Executive Officers

Documents and information related to the duties of Executive Officers are properly stored and managed based on the Company's Document Management Rules and Information Security Regulations.

- (iii) Regulations and other systems related to managing risk of loss

In order to prevent crises and respond appropriately in the event of unforeseen circumstances, the Company has formulated the DmMiX Group Code of Conduct that outlines standards of conduct for executives and employees of the Company and Group companies, and established Risk Management Regulations in addition to putting in place the Risk and Compliance Committee. The Risk and Compliance Committee works to ensure that the Group's crisis management system functions effectively, such as by identifying inherent risks through risk investigation, analysis, and so on and reporting to the Board of Directors on the probability of these risks materializing.

In addition, the Internal Audit Office works to prevent crises through educational activities on compliance with laws and regulations, such as regular e-learning programs for all employees, in accordance with the Risk Management Regulations and Internal Audit Regulations.

- (iv) System to ensure efficient execution of duties by Executive Officers

The Company is a company with Nominating and other Committees based on the principle of the monitoring model, and it clearly segregates the roles of the Board of Directors, which makes decisions on management policies, and those of Executive Officers, who execute business.

Moreover, decisions regarding business execution can be largely delegated to Executive Officers, thus enhancing management efficiency through agile business development supported by prompt decision making.

(3) Operational status of systems to ensure appropriate business operations

In addition to the systems above, meetings of the Board of Directors (held 17 times) were held as important gatherings, and the Company endeavored to prevent illegal activity and ensure legality through the actions of the following meetings and committees and the Internal Audit Office. As previously stated, however, an incident involving improper conduct by a Company subsidiary was discovered. The Company is using the discovery of this incident as an opportunity to rebuild Group internal control systems in order to prevent any recurrence. In addition, the Company is conducting compliance training to raise awareness of legal compliance and corporate ethics in accordance with the recommendations of the Special Investigation Committee and is reinforcing internal audit systems and taking other company-wide measures to ensure that Group-wide internal control systems function properly.

- (i) The Nominating Committee (held 4 meetings) formulates the policies on the selection and dismissal of members of the Board of Directors to submit to the general meeting of shareholders, and the standards for selection/dismissal, etc., and determines the content of proposals. The Audit Committee (held 18 meetings) audits the execution of duties, etc. by members of the Board of Directors and Executive Officers as appropriate in addition to determining audit policies, audit plans and other guidelines. The Remuneration Committee (held 6 meetings) determines the policy for determining the content of individual remuneration, etc. of members of the Board of Directors and Executive Officers as well as the details, monetary amount, etc.
- (ii) The Sustainability Committee (held 4 meetings) comprises outside members of the Board of Directors who possess knowledge in the field of sustainability. This committee carries out adequate discussions regarding the Company's current situation and identifies sustainability issues. It also identifies materiality items after categorizing earnings opportunities and risks and works to enhance corporate value from a medium- to long-term perspective that takes ESG and SDGs into consideration.
- (iii) The Risk and Compliance Committee (held 12 meetings) identifies inherent risks and reports to the Board of Directors on the probability of these risks materializing, striving to detect and prevent violations of laws and regulations, misconduct and the like from occurring at an early stage.
- (iv) The Internal Audit Office reports directly to the President and CEO, Representative Executive Officer, and is also building dual reporting lines including appropriate reporting to the Board of Directors and the Audit Committee to ensure that internal audits function effectively.
- (v) In order to deepen understanding of compliance among executives and employees of the Company and subsidiaries, the Company works to ensure that information on preventing insider trading and information leaks, safeguarding information security, and other aspects of legal compliance is well known through examinations that utilize e-learning programs, training, reminders, etc.
- (vi) With regard to Group companies, we take measures to ensure that Group-wide internal control systems are functioning effectively including conveying the Company's management policies to the senior management of subsidiaries, gathering information from the Company's executives who concurrently serve as executives of subsidiaries, dispatched employees, and other sources, and taking other action to continuously monitor the status of business of subsidiaries.
- (vii) In order to reduce excessive working hours as part of efforts to promote work reforms, the Company has made the management and supervision of working hours more stringent and implemented various training programs, including labor management and mentor trainings. In addition, the Company is working to maintain and promote employee health, including through awareness raising among executives and employees and measures to promote the use of paid leave.

2. Basic Views on the exclusion of antisocial forces and related measures

The Company takes a firm stance against anti-social forces that threaten social order and the safety of civil society, and it shall not have any association with such groups or individuals. In the event that such groups or individuals come into contact with the Company, the Company will immediately respond in a systematic manner and firmly reject any unreasonable or illegal demands in cooperation with the police and related organizations. In addition, in preparation for unforeseen circumstances, the Company acquires information and pays attention to trends related to anti-social forces, and in the unlikely event that it has some form of association with anti-social forces unbeknownst to it, the Company will cooperate with the police and other relevant institutions to promptly terminate the relationship.

V. Other

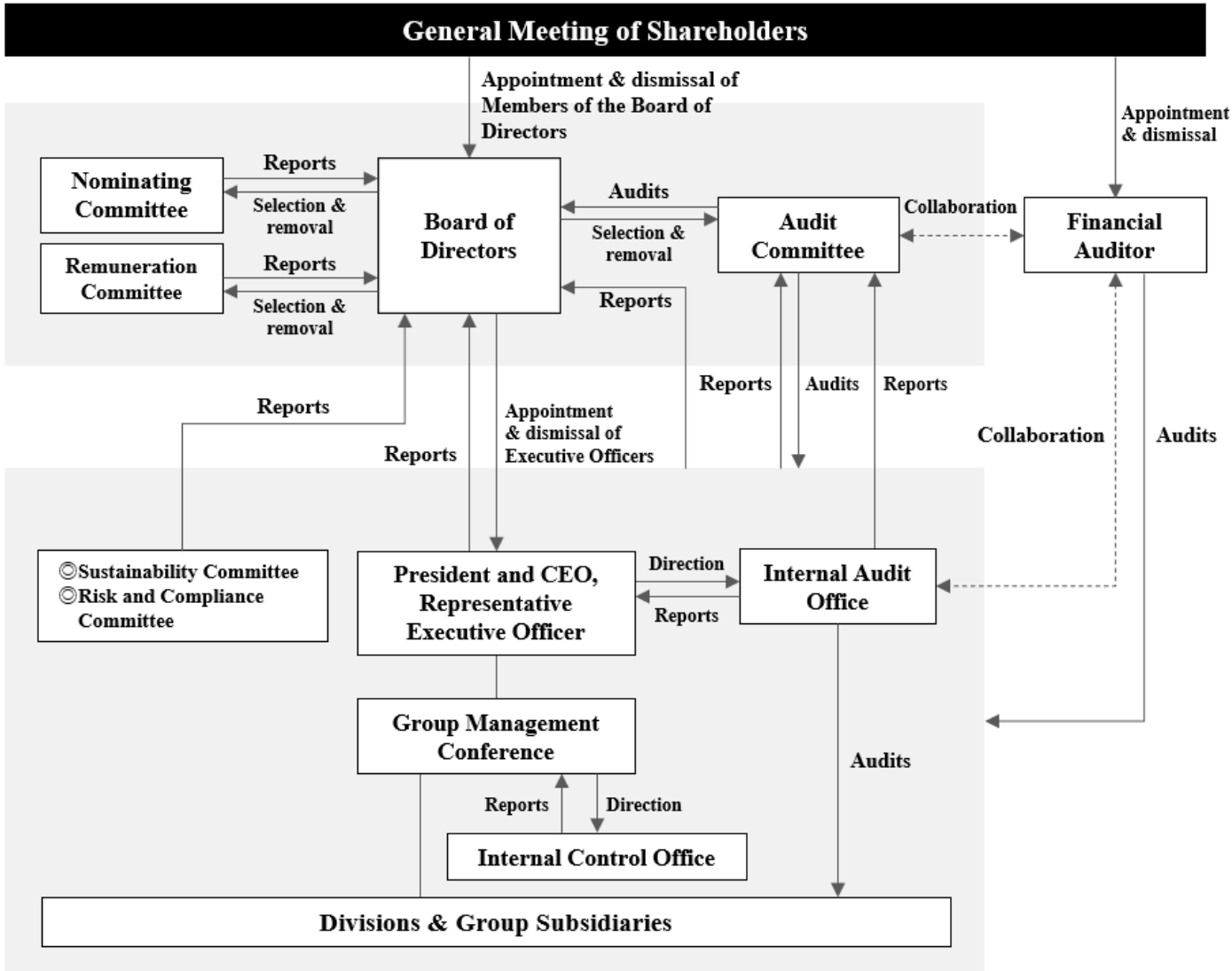
1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
------------------------------------	-------------

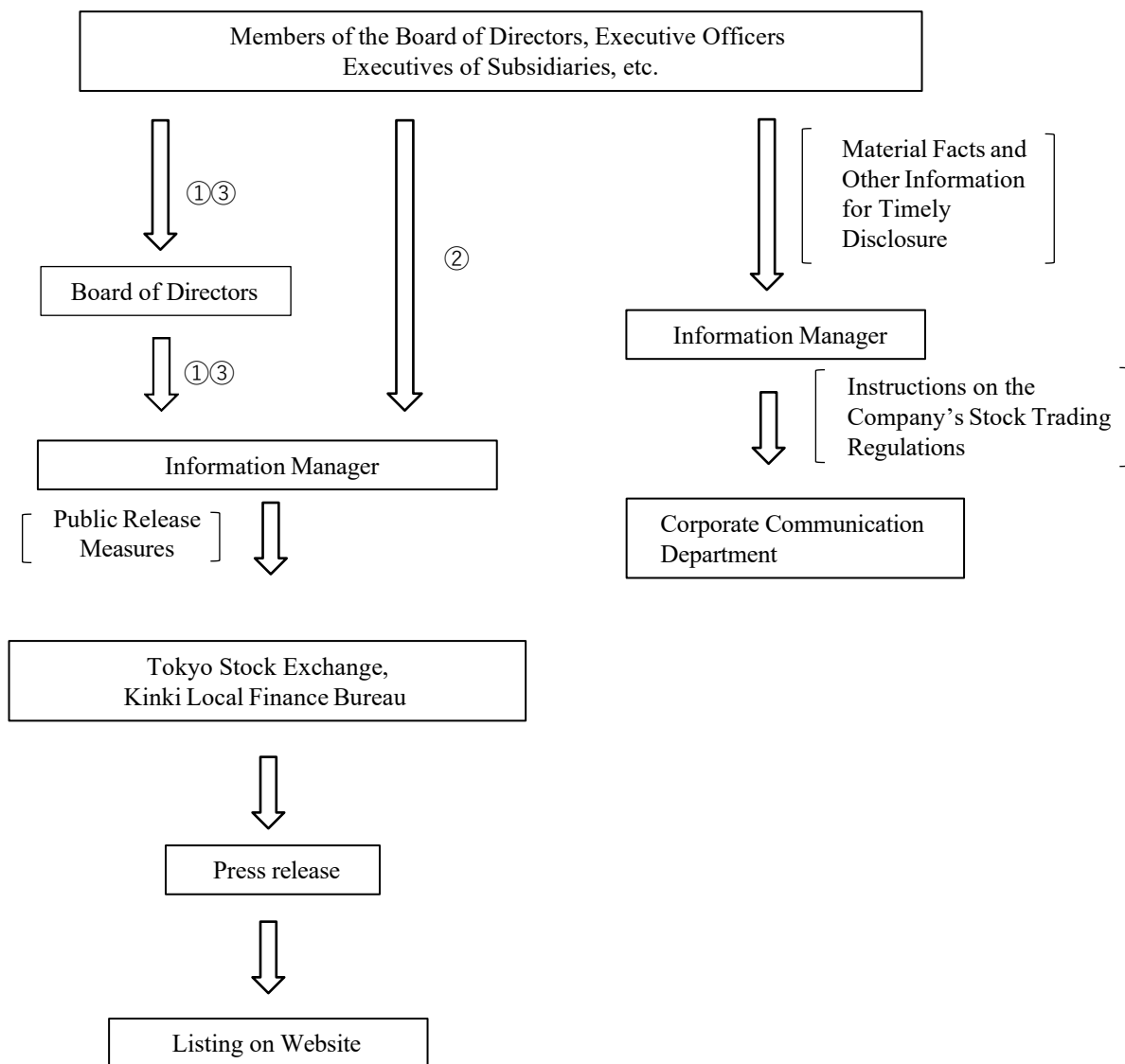
2. Other Matters Concerning Corporate Governance System

The Company has adopted a basic stance of transparency, fairness and timeliness, and discloses information in accordance with the Financial Instruments and Exchange Act and other laws and regulations, as well as the timely disclosure rules stipulated by the stock exchange. The Company also strive to disclose information not covered by the timely disclosure rules and other regulations in a fair and proactive manner in order to meet the requests of shareholders, investors, securities analysts and other stakeholders to the greatest possible extent. Material information generated by the Company and Group companies is consolidated by the information manager and is properly disclosed as necessary.

[Diagram] Corporate Governance System



[Diagram] Internal System for Timely Disclosure of Corporate Information



- ※ ①Decided Facts
- ②Occurred Facts
- ③Financial Information