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Corporate Governance Report

CORPORATE GOVERNANCE NSD Co, Ltd.

Last Update: October 30, 2026

NSD Co., Ltd.

Yoshikazu Imajo, President & CEO

Securities code: 9759

https://www.nsd.co.jp/english/

The corporate governance of NSD Co., Ltd. (the "Company") is described below.

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

1. Basic Views

The Company's basic approach to corporate governance is to earn the trust of our shareholders and investors by applying the principles and provisions of our Management Philosophy and Basic Management Policy towards accelerating decision-making, clarifying management responsibilities, enhancing and strengthening our compliance structure, and by engaging in timely and appropriate information disclosure. We believe that a firm corporate governance structure is the foundation that will enable us to secure appropriate profits and make sustainable increases to our corporate value.

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

【Prepared in accordance with the Corporate Governance Code (June 2021 Edition).】

[Supplementary Principle 2.4 (1): Ensuring Diversity in the Promotion of Core Human Resources]

The Company makes promotions to management positions based on actual capability. In addition, the Company is implementing the following initiatives to further promote women's advancement in the workplace from the viewpoint of ensuring diversity.

The Company does not currently set targets for the promotion of foreign nationals and mid-career hires to management positions because the Company promotes individuals to management positions regardless of their nationality or when they were hired.

<Initiatives for ensuring diversity>

The Company has set a target of increasing the ratio of female employees to 30% or more and the ratio of female in management positions to 20% or more by FY2030. Recruitment activities are based on the policy of ensuring that at least 50% of all new graduates hired each year are women. By increasing the ratio of female talent, the Company aims to increase the ratio of female employees in management positions and other core human resources.

<Policy on human resources development>

The Company provides career design training to employees in their fifth year with the Company and on promotion to a management position. Participants are required in the training to consider their career path and draw up a plan for taking action to further their careers. Managers and Human Resources Department ascertain the content of their plans and regularly follow-up on their progress. Going forward, the Company will continue seeking to ensure diversity by improving education and training about career development for women and mid-career hires.

<Policy on development of the in-house environment>

The Company's basic policy is to enable diverse human resources to fulfil their potential and achieve a work-life balance.

In accordance with this policy, the Company is especially focusing on Health and Productivity Management and ensuring diversity within the company, including promoting the advancement of women. For details of efforts, please refer to "III. 3. Status of Measures to Ensure Due Respect for Stakeholders" in this report and the Company's website.

Disclosure Based on each Principle of the Corporate Governance Code

【Prepared in accordance with the Corporate Governance Code (June 2021 Edition).】

[Principle 1.4: Cross-Shareholdings]

The Company does not hold the shares of other listed companies except the case where such shareholdings are judged reasonable for implementing its management strategies, such as strengthening relationships with investee companies.

The Company's Board of Directors assesses whether or not to hold each individual shareholding at least once a year, specifically examining whether the purpose is appropriate and whether shareholdings make sense in view of the Company's cost of capital. When it is no longer considered reasonable to continue holding them, the Company seeks to reduce shareholdings by such as selling them.

The Company exercises the voting rights of all stocks appropriately based on a comprehensive judgment of whether a proposal contributes to enhancement of the Company's corporate value in the medium- and long-term and whether it is in the interests of the shareholders of portfolio companies.

[Principle 1.7: Related Party Transactions]

The Company's policy on transactions with related parties such as directors, Audit & Supervisory Board members and major shareholders is that a resolution of the Board of Directors approving related party transactions must be passed based on a review of their appropriateness by the Governance Committee, which is comprised primarily of independent outside directors.

[Principle 2.6: Exercising Functions as an Asset Owner of a Corporate Pension Fund]

The Company aims to ensure pension benefits from corporate pension funds by striving for stable management of pension assets from a medium- and long-term perspective through the establishment of Investment Management Committee for corporate pension funds and the use of an external asset management consulting company.

The Investment Management Committee is made up of officers and employees of the Company with knowledge about investment management gained through working in finance departments and the like. The Committee establishes a policy investment mix and deliberates the appropriateness of individual portfolio assets in light of the opinions and advice of the asset management consulting company and also through the verification of the status of operations reported by each company deliberates the appropriateness of asset management companies.

[Principle 3.1: Enhancing Disclosure]

(1) The Company defines its management philosophy as "The NSD Group contributes to the sound development of society by pushing the boundaries of IT to create and provide new solutions beneficial to people and society, while viewing coexistence and co-prosperity with employees, customers, and shareholders as the very essence of our corporate activities" and has also developed a Medium-Term Management Plan as its management strategy and management plan. Details of these are disclosed on the Company's website and in publications such as its Annual Securities Report (in Japanese).

(2) The Company's basic views and basic policy on corporate governance are disclosed in this report ("I. 1. Basic Views") and on the Company's website and in publications such as its Annual Securities Report (in Japanese).

(3) Policies and procedures for determining the remuneration of directors are disclosed in this report (II. 1. Organizational Composition and Operation [Director Remuneration]) and in publications such as its Annual Securities Report (in Japanese).

(4) The election and dismissal of directors and Audit & Supervisory Board members are deliberated by the Governance Committee, which primarily consists of independent outside directors, based on contribution to the Company's business results and enhancement of its corporate value, knowledge and experience of management, and insights into laws and regulations and corporate ethics, and the Board of Directors decides the details of proposals for their election or dismissal to be submitted to the General Meeting of Shareholders.

(5) Explanations about the election or dismissal of directors and Audit & Supervisory Board members are disclosed in the reference materials of the Notice of Convocation of the General Meeting of Shareholders.

[Supplementary Principle 3.1 (3): Initiatives for Sustainability]

<Sustainability initiatives>

The Company recognizes sustainability initiatives as an important management issue and is driving initiatives across organizations under the leadership of the Sustainability Management Committee, which is chaired by the President & CEO.

In addition, by deepening understanding about the impact of climate change on the Company's businesses and disclosing the

impacts of climate change in areas such as governance, strategies, risk management and finances in a timely and accurate manner, the Company will enhance management transparency and also continue working to further enhance climate-related disclosures.

For details of the Company's sustainability initiatives and information disclosure based on the TCFD recommendations, please refer to the Company's website.
(https://www.nsd.co.jp/english/sustainability/)

<Human resources development strategies and measures>

The Company recognizes that people are an important and indispensable asset for supporting its business. As such, the Group positions the development of diverse human resources into true professionals as one of its most important management tasks. In order to respond to changes in the business environment, such as with the ever-advancing technologies and rapid progress in digital transformation, the Company not only conducts a range of technical training programs so that its people can acquire the leading-edge technological skills, but also provides human skills training that encourages working with autonomy. In this way, the Company enhances both the technical and human capabilities of its workforce. In addition to such training programs, the Company nurtures the growth of its people through the practice of assigning the right person to the right job. For details of the Company's human resources development strategies and policies, please refer to the Company's website.
(https://www.nsd.co.jp/english/sustainability/training.html)

In addition to such human resources development initiatives, the Company provides support to enable individual employees to fulfil their potential through initiatives to strengthen new technologies and DX-related skills such as promoting opportunities to learn new technologies through OJT, and a reward scheme for those who obtain qualifications.

In addition, the Company actively engages in M&A and mid-career recruitment activities to acquire and expand human capital and intellectual property in new fields.

[Supplementary Principle 4.1 (1): Scope of Matters Delegated to Management]

The Company stipulates matters to be resolved by the Board of Directors in the “Board of Directors’ Regulations”, and in addition to matters stipulated by laws and regulations and the Articles of Incorporation, the Board of Directors also makes important decisions regarding management, such as management policies and the Medium-term Management Plan.

Furthermore, in order to increase the agility of business execution and speed up management decision-making, the Company establishes internal rules for approval based on the nature and amount of the case, and delegates some important business execution responsibilities to the representative director and executive officers.

[Principle 4.9: Independence Criteria and Qualification for Independent Outside Directors]

The Company elects independent outside directors on the basis that they satisfy the requirements of the Companies Act, as well as that they can fulfill the function of supervising the Company's management from a neutral and objective standpoint, can actively make recommendations and proposals on the Company's management issues, and have extensive experience and deep insights in specialist fields such as corporate management, legal affairs or accounting.

In addition, the Company designates independent outside directors as individuals who satisfy the criteria for independence stipulated by Tokyo Stock Exchange, Inc. and who are unlikely to have conflicts of interest with general shareholders. For details of the independence of independent outside directors and reasons for electing them, please refer to the Notice of Convocation of the General Meeting of Shareholders, the Company's website, and on the website of Tokyo Stock Exchange, Inc.

[Supplementary Principle 4.10 (1): Approach to the Independence of the Nomination and Remuneration Committee, As Well As Its Authority and Role]

The Company has a Governance Committee (consisting of four independent outside director and one internal director) to ensure fairness, transparency, and objectivity in the Board of Directors' decision-making on matters such as the nomination of director candidates and the remuneration of directors. The Committee provides advice and recommendations to the Board of Directors based on deliberations of various matters, including the election of candidates for directors and Audit & Supervisory Board members and their dismissal, and remuneration systems for directors, and decides on matters delegated by the Board of Directors, such as decisions on levels of remuneration for directors.

[Supplementary Principle 4.11 (1): View on the Appropriate Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, and on Diversity and Appropriate Board Size]

The Company believes that, to make important management decisions and supervise business execution, its Board of Directors must be made up of directors with extensive knowledge and experience and must be diverse in terms of corporate management experience, business expertise, and legal, finance and international experience. It also believes that its Board of Directors must be of a size that enables effective and quick decision-making.

The Company's Board of Directors is made up of four internal directors (one of whom is a woman) and four independent outside directors (two of whom are women), and is diverse, with an appropriate balance of knowledge, experience, and skills, and also of an appropriate size.

The Company also believes that Audit & Supervisory Board members must have extensive experience and deep insights to ensure the Board of Directors is given good advice, and the Company has elected one internal Audit & Supervisory Board member and two independent outside Audit & Supervisory Board members (one of whom is a woman), with extensive experience of corporate management, legal affairs, and finance.

Decisions on the election of candidates for directors and Audit & Supervisory Board members are made based on deliberations in the Governance Committee, which is an advisory body to the Board of Directors.

For details of the main areas of experience and expertise of each director and Audit & Supervisory Board member, please refer to Attachment 1 "Major Areas of Experience and Expertise of Board Members (Skills Matrix)" at the end of this report.

[Supplementary Principle 4.11 (2): Concurrent Positions Held by Directors and Audit & Supervisory Board Members]

The Company's directors and Audit & Supervisory Board members apply sufficient time and effort to properly fulfil their respective roles and responsibilities at the Company even when concurrently serving as officers at other listed companies. Concurrent positions are disclosed every year in materials such as the Notice of Convocation of the Ordinary General Meeting of Shareholders and the Annual Securities Report (in Japanese).

[Supplementary Principle 4.11 (3): Analyzing and Assessing the Effectiveness of the Board of Directors]

The Company's Board of Directors conducts an analysis and evaluation of its effectiveness each year based on a questionnaire to each director and Audit & Supervisory Board member and uses the findings to improve the operation of the Board of Directors. For the fiscal year ended March 31, 2026, the Company conducted an analysis and evaluation from the viewpoint of the composition and operation of the Board of Directors and the exercise of influence over business operation, and as evidenced by improvements of comprehensive evaluation compared to the previous fiscal year, confirmed that overall, the effectiveness of the Board of Directors was achieved.

[Supplementary Principle 4.14 (2): Training Policy for Directors and Audit & Supervisory Board Members]

The Company actively provides support for directors and Audit & Supervisory Board members to increase their understanding of their roles and responsibilities by encouraging to participate in outside seminars held by Tokyo Stock Exchange, Inc., financial institutions, lawyers, audit corporations and others and paying for their expenses for doing so.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

The Company promotes dialogue with shareholders by designating the Corporate Secretary Department as the department in charge of IR and designating the President & CEO and the officer of said department.

When engaging in dialogue with shareholders, the Corporate Secretary Department collects information from the Corporate Planning Department, the Accounting & Finance Department and each business department and acts in accordance with the Disclosure Policy.

The Company holds financial results presentations for institutional investors and analysts every six months and also holds individual meetings in Japan and overseas in an attempt to promote dialogue. In addition, the Company strives to enhance information disclosure to improve understanding of its situation through its website, integrated reports, and presentation materials of financial results.

The Board of Directors is given feedback on the views and evaluations of investors gained through dialogue and this information is then used in management to help increase corporate value.

The Company has developed and complies with regulations for managing information such as the Insider Trading Regulations, and also tightens information management by limiting the people who have access to insider information.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	25/6/2026

Explanation of Actions

The Company aims for sustainable improvement in its corporate value and implements management that is conscious of the cost of capital.

ROE is used as an indicator for managing the cost of capital, and the Company aims for improvement in this indicator by increasing profitability and making substantial shareholder returns.

Operating income and EBITDA have been set as indicators of profitability, and the Company is focused on their improvement. Target values for the operating income margin and the EBITDA margin have also been set, and efforts are being put into the efficient generation of profit. As for shareholder returns, the Company's basic policy is to aim for a dividend payout ratio of 50% or more and a total return ratio of 70% or more.

The Company recognizes that its cost of capital is about 7% as of the submission date, but its ROE is significantly higher than its cost of capital which is 18.4% for the fiscal year ended March 31, 2026.

The Company also makes management judgments that are conscious of the cost of capital in its investing activities. In its M&A activities, the Company evaluates target companies using approaches and indicators according to their characteristics and judges whether to acquire them based on a comprehensive consideration of factors such as the impact of amortization of goodwill and profitability of the investment. In addition, the Company makes it a rule to hold shares of other listed companies only if the ROE (5 year average) of the investee company is higher than the Company's cost of capital, and it verifies whether individual stocks satisfy this condition every year.

The Company also sees the improvement of its stock price as an important management issue. By promoting constructive dialogue with shareholders and investors and making substantial shareholder returns, the Company endeavors to gain a fair market valuation. As a result of these initiatives, our PBR was 2.82 x in the fiscal year ended March 31, 2026.

Details of the above are also disclosed in the Company's financial results presentation materials (in Japanese and English).
(Financial results presentation materials in Japanese: https://www.nsd.co.jp/ir/irmaterial/material.html)
(Financial results presentation materials in English: https://www.nsd.co.jp/english/ir/irmaterial/material.html)

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%

Status of Major Shareholders

Update

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	9,328,900	12.38
Custody Bank of Japan, Ltd. (Trust account)	3,363,200	4.46
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	2,780,442	3.69
IPC Co., Ltd.	2,579,000	3.42
Bigeast.co.,Ltd.	2,579,000	3.42
NSD Employee Stock Ownership Association	2,272,046	3.01
The Dai-ichi Life Insurance Company, Limited	2,070,200	2.74
Nippon Life Insurance Company	1,818,422	2.41
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1,812,000	2.40
RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT (Standing proxy: Citibank, N.A., Tokyo Branch)	1,302,912	1.72

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	---
Name of Parent Company, if applicable	None

Supplementary Explanation Update

1. "Status of Major Shareholders" above was current as of September 30, 2026.
2. The above ratio is the ratio of the number of shares held to the total number of issued shares (excluding treasury stock).
3. In addition to the above, the Company holds 10,680 thousand shares of treasury stock.
4. The change report to the large volume holding report submitted by FIL Investments (Japan) Limited on October 7, 2026, states that the following shares are held as of September 30, 2026. However, as the Company is unable to confirm the actual number of shares held as of the end of interim accounting period, they are not included in the status of major shareholders above.

Name or Company Name (Number of Shares Owned, Percentage)
Fidelity Management & Research Company LLC (3,334 thousand shares, 3.88%)
FIAM LLC (1,445 thousand shares, 1.68 %)
Fidelity Management Trust Company (155 thousand shares, 0.18%)
Fidelity Institutional Asset Management Trust Company (885 thousand shares, 1.03%)
Fidelity Management & Research (Japan) Ltd. (787 thousand shares, 0.92%)

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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

The Company has no parent company and no listed subsidiaries, and there are no noteworthy matters pertinent to this report.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board

Directors

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yuriko Kajiwara	From another company								△			
Atsuhiro Kawamata	From another company											
Toru Takeuchi	From another company											
Kazumi Yoshida	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 for the Company or its subsidiary
b. Person who executes business for or a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for 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 director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yuriko Kajiwara	○	Although the Company's group has a business relationship for system development with Japan Broadcasting Corporation, which Ms. Yuriko Kajiwara worked for, the percentage of the transaction amount in the fiscal year ended March 31, 2026 was less than 0.08% of its business revenue and the consolidated net sales of the Company's group, which is immaterial and accordingly does not affect her independence.	Ms. Yuriko Kajiwara has great insight into social issues and sufficient experience in governance gained in the public broadcasting corporation. The Company believes that its corporate governance will be further reinforced with her advice for the Board of Directors and the Governance Committee from an objective, extensive and highly professional viewpoint leveraging her experience and expertise. Furthermore, Ms. Yuriko Kajiwara meets the independence requirements stipulated by Tokyo Stock Exchange, Inc. and was designated as an independent officer because it has been determined that there is no risk of a conflict of interest with general shareholders.
Atsuhiro Kawamata	○	---	Mr. Atsuhiro Kawamata has sufficient experience and great insight into management gained in Japan and overseas as a member of management of Japan Tobacco Inc. (including TableMark Co., Ltd.), and has high capability for supervision. The Company believes that its corporate governance will be further reinforced with his advice for the Board of Directors and the Governance Committee from an objective, extensive and highly professional viewpoint leveraging his experience and expertise. Furthermore, Mr. Atsuhiro Kawamata meets the independence requirements stipulated by Tokyo Stock Exchange, Inc. and was designated as an independent officer because it has been determined that there is no risk of a conflict of interest with general shareholders.
Toru Takeuchi	○	---	Mr. Toru Takeuchi has sufficient experience and great insight into management gained in Japan and overseas as a member of management of Nitto Denko Corporation, and has high capability for supervision. The Company believes that its corporate governance will be further reinforced with his advice for the Board of Directors and the Governance Committee from an objective, extensive and highly professional viewpoint leveraging his experience and expertise. Furthermore, Mr. Toru Takeuchi meets the independence requirements stipulated

			by Tokyo Stock Exchange, Inc. and was designated as an independent officer because it has been determined that there is no risk of a conflict of interest with general shareholders.
Kazumi Yoshida	○	---	Ms. Kazumi Yoshida has engaged in duties as a researcher and quantitative analyst at a think tank and a securities company, and has a broad insight in the finance field. In addition, she has sufficient experience and expertise in overall legal affairs as an attorney-at-law. The Company believes that its corporate governance will be further reinforced with her advice for the Board of Directors and the Governance Committee from an objective, extensive and highly professional viewpoint leveraging her experience and expertise. Furthermore, Ms. Kazumi Yoshida meets the independence requirements stipulated by Tokyo Stock Exchange, Inc. and was designated as an independent officer because it has been determined that there is no risk of a conflict of interest with general shareholders.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee, and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Governance Committee	5	0	1	4	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Governance Committee	5	0	1	4	0	0	Inside Director

Supplementary Explanation

We have established a Governance Committee as an advisory body to the Board of Directors to ensure fairness, transparency, and objectivity in decision-making conducted by the Board of Directors. The Governance Committee is chaired by the President & CEO and is comprised of a total of five members: the President & CEO and four outside directors. The Committee provides advice and recommendations to the Board of Directors based on deliberations of various matters, including the nomination and removal of directors and Audit & Supervisory Board members and remuneration systems for directors, and decides on matters delegated by the Board of Directors.

Audit and Supervisory Board Member

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	3

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

The audit results of the Internal Auditing Department, which is the internal audit department, are reported to the President & CEO, Audit & Supervisory Board members (including outside Audit & Supervisory Board members) and outside directors, and are also reported to the Board of Directors twice a year (first half and second half). In addition, Audit & Supervisory Board members receive reports on the results of internal audits from the Internal Auditing Department and reports of the implementation status of audits from the accounting auditor, and also seeks mutual cooperation with the Internal Auditing Department and the accounting auditors, including exchanging opinions with them.

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
Tetsuo Tamura	Lawyer													
Chieko Nishiura	CPA													

*Categories for “Relationship with the Company.”
(Use “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past; “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. A non-executive director or an accounting advisor of the Company or its subsidiaries
c. Person who executes business for or a non-executive director of the Company's parent company
d. An Audit and Supervisory Board Member of a parent company of the Company
e. Person who executes business for a fellow subsidiary
f. Person/entity for which the Company is a major client or a person who executes business for said person/entity
g. Major client of the Company or a person who executes business for said client
h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for 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 the auditor him/herself only)
k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself 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
Tetsuo Tamura	○	---	Mr. Tetsuo Tamura has sufficient experience and a wide range of expertise in overall corporate legal affairs as an attorney-at law. The Company believes that its corporate governance will be further reinforced with his advice for the Board of Directors and the Audit & Supervisory Board from an objective, extensive and highly professional viewpoint leveraging his experience and expertise. Furthermore, Mr. Tetsuo Tamura meets the independence requirements stipulated by Tokyo Stock Exchange Inc. and was designated as an independent officer because it has been determined that there is no risk of a conflict of interest with general shareholders.
Chieko Nishiura	○	---	Ms. Chieko Nishiura has sufficient experience and expertise in overall accounting as a certified public accountant. The Company believes that its corporate governance will be further reinforced with her advice for the Board of Directors and the Audit & Supervisory Board from an objective, extensive and highly professional viewpoint leveraging her experience and expertise. Furthermore, Ms. Chieko Nishiura meets the independence requirements stipulated by Tokyo Stock Exchange, Inc. and was designated as an independent officer because it has been determined that there is no risk of a conflict of interest with general shareholders.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	6

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company has designated all outside officers who fulfill the requirements for independent officers as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

To incentivize directors to improve the Company's business performance, Directors' remuneration consists of base remuneration as fixed remuneration, bonus as short-term incentive-based remuneration, and stock remuneration as medium- to long-term incentive-based remuneration.

For details, please refer to "II.1. Organizational Composition and Operation [Director Remuneration]" in this report.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

Remuneration for individual officers whose remuneration is 100 million yen, or more is disclosed in the Annual Securities Report (in Japanese). In the fiscal year ended March 31, 2026, persons falling into this category were as follows:

Yoshikazu Imajo Total remuneration of 128 million yen (fixed remuneration of 69 million yen, performance-linked remuneration of 32 million yen, and non-monetary remuneration of 26 million yen)

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Policy and details of director remuneration

The remuneration of The Company's directors is calculated based on the roles and responsibilities of each position, while also emphasizing links with performance in order to strengthen the incentive for enhancing the Company's performance. Therefore, director remuneration consists of base remuneration as fixed remuneration, bonuses as short-term incentive-based remuneration, and stock remuneration as medium- to long-term incentive-based remuneration. The ratio of incentive-based remuneration to the total remuneration of each individual director is at least 40%.

However, outside directors, who occupy a position of independence from business execution and who are responsible for the supervision of management, only receive base remuneration, which is fixed remuneration, because incentive based remuneration is not suited to their role.

<Base remuneration>

Base remuneration is paid monthly as fixed remuneration for the performance of duties.

It is paid according to the base remuneration table following the roles and responsibilities of each position.

<Bonus>

Bonuses are paid annually as short-term incentive-based remuneration for achieving the business plan for each fiscal year.

They are calculated by reflecting the performance and qualitative evaluation results in the standard bonus amount prescribed by position following the bonus calculation standards.

Performance evaluations use net sales, operating income, ordinary income, and net income (consolidated basis) as financial indicators for appropriately reflecting performance in each year under evaluation. The ratio calculated based on the rate of achievement of these targets is used as an evaluation indicator. Qualitative evaluations consider the directors' roles, implementation of responsibilities, and their activities for the year under evaluation that cannot be assessed using financial indicators.

<Stock remuneration>

Stock remuneration provides an incentive for continuously enhancing the Company's corporate value and promotes shared value between directors and shareholders. It is comprised of restricted shares issued annually per the following conditions, as medium- to long-term incentive based remuneration.

(Transfer restriction period and lifting of restrictions)

The transfer restriction period is from the day the shares are issued until the day that the Company's officer retires from any position of director, executive officer, or the equivalent ("Officer"). The transfer restriction is lifted upon the expiration of the transfer restriction period, provided that the Officer has remained in the position of an Officer throughout the transfer restriction period.

(Acquisition Without Consideration)

In case an Officer resigns or retires from the position of Officer without justifiable reason or commits an act that significantly damages the social credibility of the Company during the transfer restriction period, the Company will acquire all of the restricted shares without consideration.

Provided, however, that in case an Officer resigns or retires from the position of Officer due to death or other reasons deemed legitimate by the Board of Directors, the timing and number of shares for which to lift the transfer restriction will be reasonably adjusted.

The number of shares to be issued is calculated based on the stock remuneration threshold amount determined according to position held and the closing price of the Company's common stock on the business day preceding the resolution of the Board of Directors regarding the allocation of shares.

Provided, however, that the total number of shares to be issued to directors shall be 40,000 shares or less per year. In case of a stock split or consolidation that requires adjustment of the total number of shares, the total number will be reasonably adjusted.

Procedures for approving director remuneration

The details and procedures for approving director remuneration are stipulated in the Policy on Remuneration for Directors and Executive Officers. This policy is determined by the Board of Directors based upon deliberations held at meetings of the Governance Committee.

The Governance Committee, entrusted by the Board of Directors, approves the basic remuneration table, bonus calculation standards and standard bonus amount, and stock remuneration threshold amount based on this policy.

With regard to bonuses, executive directors conduct performance and qualitative evaluations of those eligible for payment through consultation, and formulate a plan for the amount of bonuses for each individual. The Governance Committee verifies the appropriateness of the individual payment amounts, and then the total payment amount is to be resolved at a meeting of the Board of Directors.

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

Regarding the support structure for outside directors and outside Audit & Supervisory Board members , the Company supports them in the execution of their duties through the timely and appropriate communication of information by the Corporate Secretary Department and other relevant parties.

Status of Persons who have Retired as Representative Director and President

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*) after Retiring as Representative Director and President

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*) After Retiring as Representative Director and President	-

Other Related Matters

The Company does not currently employ any former president or other officer as an advisor or consultant. The Company's Articles of Incorporation stipulate to the effect that the Company may appoint director advisors.

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

1. Corporate governance structure

<Overview of the structure>

The Company has adopted an Audit & Supervisory Board structure. In addition to the General Meeting of Shareholders and directors, our corporate bodies include the Board of Directors, the Audit & Supervisory Board, Audit & Supervisory Board members, and accounting auditors. We have also established various committees, including the Governance Committee as an advisory body to the Board of Directors, the Management Meeting and the Executive Meeting as deliberation bodies for the President & CEO, and the Sustainability Management Committee and the Risk Management Committee subordinate to the Board of Directors. To accelerate decision-making by the Board of Directors and strengthen auditory functions, we also have adopted an executive officer system to promote dynamic business execution.

For details of the Company's corporate governance structure and the members of each organization, please refer to Attachment 2 "Corporate governance structure" at the end of this report.

<Board of Directors>

The Board of Directors is comprised of eight directors, of which four are outside directors. The Board of Directors convenes, as a general rule, at least once per month to decide on important matters related to management and business execution, as well as to monitor the status of execution of duties by each director. Board of Directors meetings are attended by three Audit & Supervisory Board members, who confirm the legality of decision-making and execution of duties by directors.

<Audit & Supervisory Board and Audit & Supervisory Board members>

The Audit & Supervisory Board is comprised of one fulltime Audit & Supervisory Board member and two outside Audit & Supervisory Board members. The Audit & Supervisory Board members audit the status of the execution of duties by directors and the design and operation of the internal controls system by attending Board of Directors meetings and other important meetings as well as by examining the status of business and assets.

The Audit & Supervisory Board convenes, as a general rule, at least once per month to form audit opinions by sharing information and investigation results collected based on each Audit & Supervisory Board member’s division of duties, and to deliberate and decide on important matters related to audit.

<Governance Committee>

We have established a Governance Committee as an advisory body to the Board of Directors to ensure fairness, transparency, and objectivity in decision-making conducted by the Board of Directors. The Governance Committee is chaired by the President & CEO and is comprised of a total of five members: the President & CEO and four outside directors. The Committee provides advice and recommendations to the Board of Directors based on deliberations of various matters, including the nomination and removal of directors and Audit & Supervisory Board members and remuneration systems for directors, and decides on matters delegated by the Board of Directors.

<Management Meeting and Executive Meeting>

We have established a Management Meeting and an Executive Meeting as deliberation bodies for the President & CEO.

The Management Meeting is chaired by the President & CEO and is comprised of a total of nine members: eight directors (including four outside directors), and a full-time Audit & Supervisory Board member. The Management Meeting convenes at least once per month to deliberate and report on important matters related to management, including management plans and management strategy.

The Executive Meeting is chaired by the President & CEO and is comprised of a total of 15 members: eight directors (including four outside directors), a full-time Audit & Supervisory Board member, and six executive officers. The Executive Meeting is convened ,as a general rule, at least once per month to deliberate and report on important matters related to business execution, including budget creation and the status of implementation.

<Various committees>

The Company has established a Sustainability Management Committee and a Risk Management Committee that are subordinate to the Board of Directors, as well as a Compliance Committee and an Information Security Committee that are subordinate to the Risk Management Committee.

(a) Sustainability Management Committee

The purpose of the Sustainability Management Committee is to tackle SDGs/ESG initiatives across the organizations. The Committee is chaired by the President & CEO and is comprised of related officers and department managers.

(b) Risk Management Committee

The purpose of the Risk Management Committee is to conduct Group risk management. The Committee is chaired by the President & CEO, and is comprised of related officers, including the officer in charge of internal controls, as well as department managers.

(c) Compliance Committee

The purpose of the Compliance Committee is to respond to compliance violations and draft prevention measures. The Committee is chaired by the President & CEO and is comprised of related officers.

(d) Information Security Committee

The purpose of the Information Security Committee is to outline Group security measures and information security policies. The committee is chaired by the COO and is comprised of related officers and department managers.

2. Activities of the Board of Directors and Governance Committee (Committee Corresponding to Nomination and Remuneration Committee)

<Activities of the Board of Directors>

During the fiscal year ended March 31, 2026, the Board of Directors met 15 times and passed resolutions on management strategy, specifically the annual budget, organizational changes, the reorganization of subsidiaries, associated companies, capital policy, indicators and targets for sustainability activities, and Health and Productivity Management strategy policies. It also passed resolutions on financial strategy, specifically the financial plan, and the shareholder returns policy including dividends and share repurchase, as well as resolutions on officer personnel matters such as the election of candidates for directors and Audit & Supervisory Board members, and the appointment of executive officers. In addition, the Board of Directors monitored execution of the budget, joiners and leavers, sustainability activities and Health and Productivity Management initiatives, and issued instructions for necessary action to be taken.

The attendance of each director during the fiscal year ended March 31, 2026 is as follows.

Yoshikazu Imajo 15/15 (100%)
Hidetaka Kikawada 15/15 (100%)
Osamu Yamoto 15/15 (100%)
Mayuko Miike 11/11 (100%)
Yuriko Kajiwara 15/15(100%)
Atsuhiro Kawamata 15/15 (100%)
Kumiko Jinnouchi 15/15 (100%)
Toru Takeuchi 15/15 (100%)
Kiyokimi Yagi 15/15(100%)
Kunio Kawa 15/15 (100%)
Chieko Nishiura 15/15 (100%)

<Activities of Governance Committee>

During the fiscal year ended March 31, 2026, the Governance Committee met four times, selected candidates for directors and Audit & Supervisory Board members and submitted them to the Board of Directors, and reviewed the compensation for directors, and also verified the appropriateness of bonuses to be paid to individual officers determined by executive directors and submitted the total amount to be paid to the Board of Directors for discussion.

The attendance of each director during the fiscal year ended March 31, 2026 is as follows.

Yoshikazu Imajo 4/4 (100%)
Yuriko Kajiwara 4/4 (100%)
Atsuhiro Kawamata 4/4 (100%)
Kumiko Jinnouchi 4/4 (100%)
Toru Takeuchi 4/4 (100%)

3. Status of Audits

<Status of audits of Audit & Supervisory Board members>

The Audit & Supervisory Board consists of three members (one is full-time and two are outside) who have extensive knowledge in finance and accounting. Also, to strengthen the function of the Audit & Supervisory Board, two employees belonging to the Internal Auditing Department are appointed to concurrently serve as employees to assist the Audit & Supervisory Board members in their duties.

Based on the division of responsibilities resolved by the Audit & Supervisory Board, Audit & Supervisory Board members audited the execution of duties by directors and the development and operation of internal control systems by attending important meetings such as the Board of Directors, viewing important approval documents, inspecting business and assets, and exchanging opinions with the representative director and inside and outside directors. The Audit & Supervisory Board members also judged the appropriateness of the methods and results of the audits by the accounting auditor through the exchange of opinions in response to various information received from the accounting auditor, such as audit plan explanations, interim and full-year reporting on the status of audits, and reports of quality management inspections carried out on the accounting auditor by external organizations.

The full-time Audit & Supervisory Board member collected information and monitored and verified the status of business execution by attending important meetings such as the Board of Directors, Management Meetings, Executive Meetings, and Risk Management Committee. In addition, the member exchanged opinions with directors, conducted interviews and visited business divisions, management divisions, and subsidiaries, coordinated and exchanged opinions with the accounting auditor and the internal auditing department. The collected information and verification results are shared with the Audit & Supervisory Board and serve as the basis for forming audit opinions.

The outside Audit & Supervisory Board members (part-time) expressed objective audit opinions from a neutral and independent standpoint based on their specialized knowledge, through attending the Board of Directors' meetings and exchanging opinions with directors and accounting auditors.

When electing Audit & Supervisory Board members, the Company considers whether candidates have the insight and skills, and the independence required to perform audit duties. The Company judges that its three Audit & Supervisory Board members are individuals with expertise and experience in finance, accounting, legal affairs, and corporate management, and that each is knowledgeable in their respective fields. In addition, the Company has designated its two Outside Audit & Supervisory Board members as independence officers.

<Status of internal audits>

The Company has established an Internal Auditing Department that reports directly to the President & CEO as the organization responsible for internal audits, and 11 personnel are in charge of conducting audits of the Company's departments and affiliated companies, based on an annual audit plan and audit checklist, with "development and operation of internal control functions and compliance with laws, regulations and internal rules" as a priority audit item. Audits of compliance with laws and regulations are conducted with the help of legal advisors. The audit results are reported to the President & CEO and Audit & Supervisory Board members (including outside Audit & Supervisory Board members) and are also reported to the Board of Directors twice a year (first half and second half).

<Status of accounting audits>

The Company has appointed KPMG AZSA LLC as the accounting auditor. The certified public accountants who carried out the Company's accounting audit are Mr. Naoya Miyaki and Mr. Yoichi Ueno, and assistants for the audit work consisted of nine certified public accountants, three persons who have passed the accountant examination, and seven others. The audit schedule was not biased toward the end of the fiscal year and audits were carried out in a timely manner throughout the fiscal year. The accounting auditor engaged in the exchange of opinions as appropriate, not only on its routine accounting audits but also on other important accounting issues.

4. Exemption from Liability of Directors and Audit & Supervisory Board Members

The Company has concluded contracts for the limitation of liability, in accordance with Article 427, paragraph (1) of the Companies Act of Japan and Article 24 and Article 31 of the Company's Articles of Incorporation, with its outside directors and outside Audit & Supervisory Board members. When outside directors or outside Audit & Supervisory Board members performed their duty in good faith and without gross negligence, these contracts limit their liability to the minimum amount stipulated in Article 425, paragraph (1) of the Companies Act of Japan and exempt them from liability for amounts above the minimum liability.

3. Reasons for Adoption of Current Corporate Governance System

The current governance system is practical for our Group since our Group business domains do not branch into various sectors and because this system will enable us to build an effective and efficient governance structure that is ideal for our business scope. In addition to Audit & Supervisory Board member functions, we have also appointed multiple outside directors to strengthen and enhance management monitoring functions.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company dispatches the notice around three weeks before the date of the Ordinary General Meeting of Shareholders (around one week earlier than the date required by law). Additionally, ahead of the dispatch date, the Company takes measures for electronic provision of the materials for the Ordinary General Meeting of Shareholders on the Company's website and the website of the Tokyo Stock Exchange.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company sets a date for the shareholder meeting by avoiding days on which many shareholder meetings are usually held.
Electronic Exercise of Voting Rights	The Company introduced this from the 46th Ordinary General Meeting of Shareholders held on June 24, 2015.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company introduced this from the 46th Ordinary General Meeting of Shareholders held on June 24, 2015.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company introduced this from the 46th Ordinary General Meeting of Shareholders held on June 24, 2015.
Other	The Company discloses the results of exercise of voting rights on its website promptly after the close of the Ordinary General Meeting of Shareholders.

2. Status of IR-related Activities

Update

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company's basic policy is to disclose information fairly and in an appropriate manner and to build relationships of trust with investors and other stakeholders, and the disclosure policy is published on the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds a financial results briefing directly after announcing its full-year financial results and second quarter financial results.	Held
Regular Investor Briefings held for Overseas Investors	The Company organizes an overseas roadshow for investors about twice a year, focusing on Europe and the United States.	Held
Online Disclosure of IR Information	The Company posts summary reports of consolidated financial results, financial results presentation materials, annual securities reports (in Japanese), and other materials on its website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established the Corporate Secretary Department (nine members) as the department in charge of IR, SR, and public relations.	

Other	To clearly communicate the Company's efforts toward the sustainable enhancement of its corporate value to all stakeholders, the Company produces an integrated report each year and make it available on its website. In addition, analyst reports on the Company by Shared Research Inc. are made available on their website. These reports are created based on objective research and analysis conducted from a neutral perspective. [Analyst reports on the Company by Shared Research] English: https://sharedresearch.jp/en/companies/9759 Japanese: https://sharedresearch.jp/ja/companies/9759

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 has enacted internal rules such as the NSD Group Code of Conduct and the NSD Group Behavioral Guidelines, establishing corporate ethics and behavioral guidelines with the aim of building good relationships with all stakeholders.
Implementation of Environmental Preservation Activities and CSR Activities	1. Environmental Initiatives To create a sustainable society, the Company will, in accordance with the Group's Sustainability Declaration, systematically and continuously work to conserve the earth's environment, including tackling the problem of climate change, aiming to build a better, more prosperous global environment in collaboration with customers across various industries and business partners. For more details on the initiatives, please refer to the Company's website. (https://www.nsd.co.jp/english/sustainability/) 2. Developing Talent in IT for the Future As an initiative to develop talent to lead the way forward in information technology, the Company supports activities to foster creativity as well as programming courses for children. The Company sponsors the All Japan KOSEN Programming Contest, aimed at supplying the very best talent to the IT industry, the Kids Programming Contest, which is hosted by the General Incorporated Association Programming Club Network (PCN) around the concept of providing programming opportunities for all children, CyberSakura, an educational program aimed at fostering future talent in cybersecurity, which is hosted by the NPO L community, and a project aiming to spread an educational program "Generative AI Course", which is undertaken by the NPO Code for Everyone. 3. Support for Persons with Disabilities NSD Onepiece Co., Ltd., a special subsidiary, understands the unique characteristics of each person with a disability and provides a working environment that includes cleaning the offices of NSD group companies, providing administrative support, and producing agricultural products using hydroponics at a farm in Yamanashi. In agricultural production, the Company is also working to reduce food waste by processing non-standard crops into soup. 4. Social Contribution through a Shareholder Benefit Program The Company offers shareholder benefits that allow shareholders to select preferential products from a product catalog. With this shareholder benefit program, we have established the following donation options as a way for our shareholders to contribute.

	• Support for creating environments where children can experience cutting-edge technology • Supporting children's cafeterias • Support for decarbonized society to prevent global warming (FY2025 results)
Formulation of Policies on Provision of Information to Stakeholders	The NSD Group Code of Conduct and the NSD Group Behavioral Guidelines provide for the proactive disclosure of information in a fair and impartial manner.
Other	1. Health and Productivity Management Initiatives The Company believes that employee health is a management priority, and it strives to establish and maintain a work environment that ensures the health and safety of its employees. Through these initiatives, we aim to achieve the sustainable growth. The Chief Health & Productivity Management Officer is the President & CEO. The top officer responsible for planning and implementing initiatives is the officer in charge of human resources. The Human Resources Department promotes health and productivity management in cooperation with the Medical Healthcare Sales Department and the NSD Health Insurance Association. In particular, the NSD Health Insurance Association takes advantage of its unique characteristic as the Group's unified health insurance association in collaboration with the Company. This support extends to the health and well-being of employees and their families. The Health Promotion Office (part of the Human Resources Department) engages in health and productivity management across the organization through the efforts of industrial physicians and health nurses, who are healthcare professionals. In addition, with the aim of instilling the philosophy of health and productivity management, we have established the “Health Promotion Meeting” consisting of both managers and non-managers from our various business units and divisions. By collecting the opinions of employees, we are working to smoothly carry out health and productivity management measures. The Company engages actively in health and productivity management from the following perspectives. • Health promotion and disease prevention • Balancing work with childcare, nursing care and medical treatment • Reducing long overtime hours and creating an environment where employees can feel free to take paid leave In addition, the Company also works to support the health and productivity management Health and Productivity Management of its business partners through online seminars about health and the showcasing of examples of the Company's health and productivity management Health and Productivity Management initiatives. In recognition of such initiatives, the Company have been selected as “2026 KENKO Investment for Health” and recognized as “2026 Outstanding Organizations of KENKO Investment for Health (Large Enterprise Category/White 500)”. Moreover, the Company has drawn up a Health and Productivity Management Strategy Map clarifying the relationship between measures and effects, and is strategically implementing each initiative based on verification of their effects. For details of the Company's Health and Productivity Management Map, please refer to the Company's website. (https://www.nsd.co.jp/english/corp/pdf/health_management_strategy_map.pdf) 2. Ensuring Diversity at the Company, Including the Empowerment of Women When hiring, assigning, and promoting individuals, the Company conducts

evaluations based on actual capability, and appoints women to key positions including executive officers and managers.

Moreover, the Company is striving to build a work environment where employees can continue to work while raising children, caring for family members, and being treated for diseases, aiming to diversify ways of working and promote the achievement of a healthy work-life balance.

As a result of such initiatives, the Company has been certified with the "Eruboshi" certification as a company that is excellent in promoting women's participation in the workforce. In addition, the Company has been awarded the "Kurumin Mark" continuously since 2008, and in 2025, it was awarded the "Platinum Kurumin Mark" as an excellent childcare support company based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

3. Greater Interaction among Employees

The Company aims to create a sense of unity among employees by putting effort into improving communication within the company through initiatives such as the organization of an anniversary commemoration ceremony/kickoff meeting for all employees, sports days and recreational events at each branch office, and walking event utilizing in-house developed app.

The Company also supports volunteer activities and holds a variety of events, including e-sports, basketball, futsal, and live music performances.

IV. Matters Concerning the Internal Control System

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

(Development of internal control systems)

To ensure appropriateness in the business activities of the corporate group comprised of the Company and its affiliated companies, the Company has established the following system, in accordance with the Companies Act and the Regulation for Enforcement of the Companies Act. The main details of this system are as follows.

At the Company and its affiliated companies, regulations such as the Board of Directors' Regulations, the Administrative Authority Regulations, and the Regulations on the Segregation of Duties clarify the segregation of duties and the authority of directors, executive officers and employees and ensure that internal controls function properly within the business operations under their control.

In addition, the Company has established the NSD Group Code of Conduct and the NSD Group Behavioral Guidelines, which cover affiliated companies, raises awareness of them among all employees of the Group, and ensures that business is executed properly.

The Internal Auditing Department, which reports directly to the President & CEO, conducts internal audits with respect to all the business activities of the NSD Group, verifies that business is executed properly, and provides guidance. By making it obligatory for internal audit results, misconduct, and other important matters to be reported to the Audit & Supervisory Board members and requiring Audit & Supervisory Board members to attend important meetings such the Management Meeting, the Company has put in place a system under which the audits of Audit & Supervisory Board members are conducted effectively.

To strengthen and supplement internal controls, the Company has established a Whistleblowing and Consultation Desk in-house and at an external law firm that enables officers, employees, and other persons engaged in work for the NSD Group to make whistleblowing reports without retribution.

(Risk management system)

Under the Company's risk management system, the Risk Management Committee implements risk management across the entire company and guides and supervises departments and committees responsible for each risk in accordance with the Risk Management Regulations.

The Company always anticipates a range of risks when conducting business activities, but the Risk Management Committee selects material risks that should be addressed as a priority by the Company as a whole from among these risks and manages these risks as a priority. In response to material risks such as compliance risk and information security risk, the Company establishes various committees under the Risk Management Committee, and these committees act flexibly to provide guidance on compliance with laws and regulations and implement measures to address risks such as the leakage of confidential information including personal information.

Furthermore, if an emergency such as a serious disaster arises, the Company takes action in accordance with the Business Continuity Plan and sets up an emergency task force headed by the President & CEO to contain the situation.

(Management system for affiliated companies)

The Company has enacted the Affiliated Company Management Regulations to ensure that affiliated companies conduct business in an appropriate manner. In accordance with these regulations, decisions on certain matters at affiliated companies requires the prior approval of the Company. Also, the Company has developed a system under which information necessary to grasp the management situation of affiliated companies, events which the Company must disclose in a timely manner, and material sales information such as serious claims or problems are reported promptly to the Company by the relevant affiliated company. In addition, affiliated companies are required to elect at least one executive officer of the Company as a director or Audit & Supervisory Board member to report on the business result and status of business execution of the respective affiliated company as appropriate to the Company's Board of Directors.

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

The Company's basic policy is "We will resolutely oppose anti-social forces and will not respond to any illegal or unreasonable demands." The Company clearly states this policy in the NSD Group Code of Conduct and the NSD Group Behavioral Guidelines and has also established specific contact points and rules for dealing with anti-social forces and made these known to all employees. The Company's Transaction Regulations also stipulate that "Transactions with anti-social forces are strictly prohibited."

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

The Company does not implement anti-takeover measures based on the idea that maximizing corporate value is in the best interest of all stakeholders. If the Company adopts anti-takeover measures in the future due to changes in the environment or other factors, relevant information will be disclosed in a timely and appropriate manner.

2. Other Matters Concerning the Corporate Governance System

The Company ‘s basic policy for information disclosure is to recognize the importance of communication with society as well as shareholders and will disclose information promptly and appropriately.

The person in charge of information control (General Manager, Corporate Secretary Division) instructs the relevant department to prepare disclosure documents and disclose information through TDnet and also publishes the information on the Company’s website and seeks to raise awareness of the information regarding company information that is required to be disclosed in a timely manner under the Financial Instruments and Exchange Act and the securities listing regulations of the Tokyo Stock Exchange, Inc., as well as company information that may have a significant impact on investment decisions.

For details of the business flow for timely disclosure, please refer to Attachment 3 "Business Flow for Timely Disclosure" at the end of this report.

(Attachment 1)

Major Areas of Experience and Expertise of the Members of the Board of Directors (Skills Matrix)

		Basic Skills				Operational Skills	
		Corporate Management	Legal & Compliance	Finance & Accounting	Global Business	Technology	Operational Expertise
Directors	Yoshikazu Imajo	○	○			○	○
	Hidetaka Kikawada	○				○	○
	Osamu Yamoto	○				○	○
	Mayuko Miike	○	○				
	Yuriko Kajiwara	○	○				
	Atsuhiro Kawamata	○		○	○		
	Toru Takeuchi	○		○	○		
	Kazumi Yoshida		○	○			
Audit & Supervisory Board Members	Kiyokimi Yagi	○	○	○			
	Tetsuo Tamura		○				
	Chieko Nishiura	○	○	○			

＊：The table above indicates the main categories of skills (up to four) of ones each person holds.

Skill categories and reasons for selection

In implementing the management strategy, the Company has categorized the skills that the members of the Board of Directors of the Company should possess into “basic skills” and “operational skills.”

For the basic skills, we have selected four general skills that are necessary for effective supervision of management: corporate management, legal & compliance, finance & accounting, and global business.

For the operational skills, we have selected the skills required in consideration of the Company’s management strategy and business characteristics. Our mission is to propose and provide customers and society with IT solutions that are truly needed. For this purpose, we believe that we must have advanced technical skills to give shape to customers’ needs and a deep understanding of their business operations, and we have selected technology and operational expertise based on this belief.

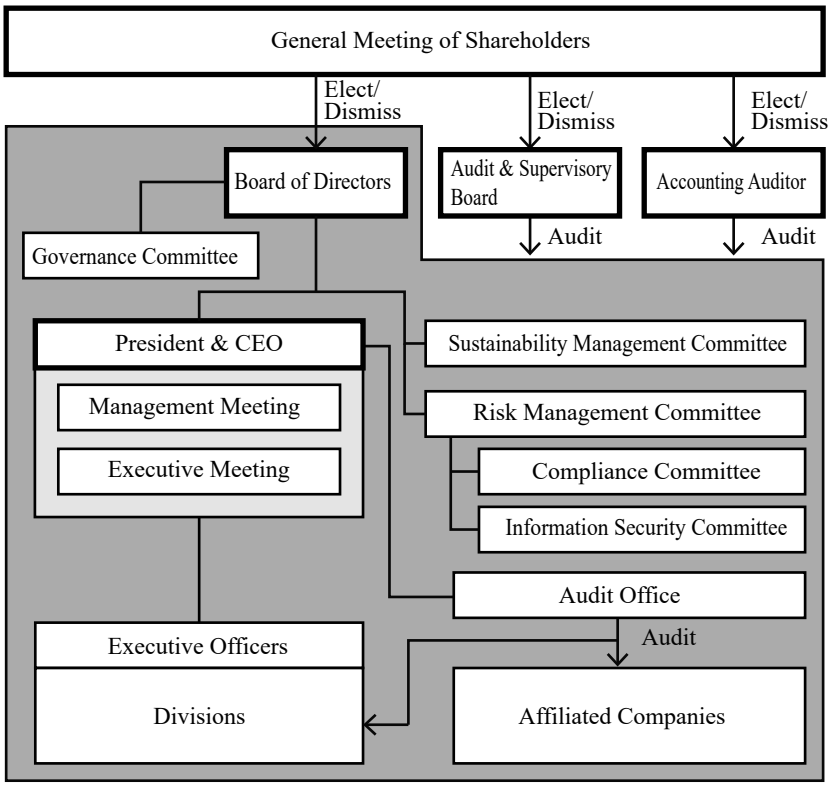
Skill requirements

Skill		Requirements
Basic Skills	Corporate Management	Experience as a director of a listed company or equivalent
	Legal & Compliance	Experience as an attorney-at-law, experience as an auditor of a listed company, or experience working in a legal or compliance department
	Finance & Accounting	Experience working as a certified public accountant or in a finance or accounting department
	Global Business	Experience working overseas
Operational Skills	Technology	Expertise in IT or experience in system development in an IT company or department
	Operational Expertise	Extensive insight into the business, products, etc. of customers or experience in system design and consulting

＊：“Experience” refers to three or more years in basic skills and five or more years in operational skills.

(Attachment 2)

Corporate Governance Structure



Structures of Each Organization

Name	Title of Representative	Board of Directors	Audit & Supervisory Board	Governance Committee	Management Meeting	Executive Meeting	Sustainability Management Committee	Risk Management Committee	Compliance Committee	Information Security Committee
Yoshikazu Imajo	President & CEO	◎		◎	◎	◎	◎	◎	◎	
Hidetaka Kikawada	Representative Director, Senior Managing Executive Officer	○			○	○		○	○	◎
Osamu Yamoto	Director, Senior Managing Executive Officer	○			○	○		○	○	○
Mayuko Miike	Director, Executive Officer	○			○	○	○	○	○	○
Yuriko Kajiwara	Director (Outside)	○		○	○	○				
Atsuhiro Kawamata	Director (Outside)	○		○	○	○				
Toru Takeuchi	Director (Outside)	○		○	○	○				
Kazumi Yoshida	Director (Outside)	○		○	○	○				
Kiyokimi Yagi	Audit & Supervisory Board Member	○	◎		○	○	○	○		
Tetsuo Tamura	Audit & Supervisory Board Member(Outside)	○	○							
Chieko Nishiura	Audit & Supervisory Board Member(Outside)	○	○							
Satoshi Kiyota	Senior Managing Executive Officer					○		○	○	○
Akio Shinno	Managing Executive Officer					○		○	○	○
Kazunori Tachibana	Managing Executive Officer					○		○	○	○
Hideyuki Fujikawa	Managing Executive Officer					○		○	○	○
Yasushi Wada	Managing Executive Officer					○		○	○	○
Related Officers and Department Managers						○	○	○	○	○

◎ : Chairperson of the organization, ○ : Members of the organization

(Attachment 3)

Workflow for Timely Disclosure

