

Corporate Governance Report

Last Update: December 23, 2022

HENNGE K.K.

Kazuhiro Ogura

Representative Director, Chief Executive Officer

Contact: +81-3-6415-3660

Securities Code: 4475

<https://hennge.com/global/>

The corporate governance of HENNGE K.K. (the “Company”) is described below.

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

1. Basic Views

The Company and its subsidiaries (the “Group”) believe that the establishment of corporate governance is essential to ensure the transparency and fairness of corporate management and encourage continuous growth. Specifically, the Group believes that under the governance structure described below, the occurrence of misconduct can be prevented by applying effective internal check functions, and through the maintenance and continuation thereof. In addition, through the fulfillment of individual roles and responsibilities of Directors, Audit & Supervisory Board members, and employees, the Group will gain the trust of shareholders and other stakeholders, and enhance its social credibility, thereby promoting continuous growth.

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

The Company complies with all of the General Principles of the Corporate Governance Code.

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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[Status of Major Shareholders]

Name/Company Name	Number of Shares Owned	Percentage (%)
Kazuhiro Ogura	8,226,600	25.31
Kazuaki Miyamoto	4,102,200	12.62
Yoshiki Nagatome	3,733,400	11.49
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,386,100	4.26
Japan Securities Finance Co., Ltd.	716,600	2.20
Custody Bank of Japan, Ltd. (Trust Account)	635,400	1.96
VCN Group Inc.	600,000	1.85
HENNGE Employees Shareholding Association	365,336	1.12
SBI Securities Co., Ltd.	355,803	1.09
DZ PRIVATBANK S.A. RE INVESTMENTFONDS (Standing proxy; MUFG Bank, Ltd.)	348,500	1.07

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation

The following information is the supplementary explanation for “Status of Major Shareholders” shown above.

- This information is based on the shareholder registry as of September 30, 2022.
- The Company holds 276 shares of treasury stock and the percentage above is calculated by subtracting the number of treasury stock from the total number of shares issued.
- During the period from April 1, 2022 to the end of the Company’s last fiscal year, the following corporate entities have filed Large Shareholding Reports and Change Reports in relation to them with the Director General of the Kanto Local Finance Bureau, which state that these corporate entities hold the Company’s shares. However, this information is not reflected in the above table, as the Company has not confirmed the information in the shareholder registry.

Filing Date	Name of Document	Filer	Number of Shares Owned	Shareholding Percentage (%)
June 7, 2022	Change Report	Fidelity Investments (Japan)	2,732,500	8.41

3. Corporate Attributes

Listed Stock Market and Market Section	Growth Market of the Tokyo Stock Exchange
Fiscal Year-End	September
Type of Business	Information and communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	From 100 to less than 500
Net Sales (Consolidated) for the Previous Fiscal Year	Less than ¥10 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

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

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office of Directors Stipulated in Articles of Incorporation	2 years
Chairperson of the Board of Directors	President
Number of Directors	6

Appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Independent Outside Directors	1

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Mio Takaoka	From another company												○
Michiko Kato	From another company												

* Categories for "Relationship with the Company"

* "○" indicates that the director currently falls or has recently fallen under the category;

"△" indicates that the director fell under the category in the past

* "●" indicates that a close relative of the director currently falls or has recently fallen under the category;

"▲" indicates that a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Executive or non-executive director of a parent company of the Company
- c. Executive of an affiliate (subsidiary of the Company's parent company) of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit & supervisory board member
- g. Major shareholder of the Company (if the major shareholder is a legal entity, an executive of the legal entity)
- h. Executive (the director himself/herself only) of a client or supplier of the Company (which does not correspond to any of d., e., or f.)
- i. Executive (the director himself/herself only) of an entity, where outside directors/outside members of the audit & supervisory board are mutually appointed with the Company
- j. Executive (the director himself/herself only) of an entity that receives a donation from the Company
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mio Takaoka	—	Ms. Takaoka is in charge of the fund established by DNX Ventures, a venture capital company, as a Partner of DNX Ventures, which the Company has invested in. In addition, she owns 200 shares of the Company's common stock as Restricted Stock, but has no personal, capital,	One of the Company's growth strategies is to consistently seek and create new products by combining new product development activities, investment activities, M&As, and other activities. Her comments and suggestions from an objective standpoint based on her wealth of experience are beneficial for the Company to accelerate the realization of its growth strategies and enhance the supervisory function over its management. Therefore, the Company has determined that she is qualified to serve as an Outside Director of the Company, and has elected her as an Outside Director. Ms. Takaoka has experience and insight on administrative divisions in general in addition to experience and insight on general aspects of investment. Therefore, the Company expects that

		business, or other interest in the Company other than this.	her opinions, suggestions, and judgments regarding business development and internal controls in general from a broader perspective with a sense of balance will contribute to the enhancement of the Company's corporate value over the medium- to long-term.
Michiko Kato	○	Ms. Kato owns 200 shares of the Company's common stock as Restricted Stock, but has no personal, capital, business, or other interest in the Company other than this.	One of the Company's growth strategies is to consistently seek and create new products by combining new product development activities, investment activities, M&As, and other activities. The Company believes that her valuable opinions and suggestions from an independent and objective standpoint based on her wealth of experience will accelerate the Company's growth strategies as well as bring a new business management perspective to the Company. Therefore, the Company has elected her as an Outside Director. Ms. Kato has experience and insight on corporate finance as a Director and CFO in addition to experience and insight on general aspects of investment. Therefore, the Company expects that her opinions, suggestions, and judgments especially regarding business development that leverages the Company's financial strength will contribute to the enhancement of the Company's corporate value over the medium- to long-term. The Company also recognizes that her independence has been assured, given that there are no personal, capital, or business relationships or other special interests between Ms. Kato and the Company. Accordingly, due to the absence of any risk of conflicts of interest with general shareholders, the Company has designated her as an Independent Director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not established
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[Audit & Supervisory Board Members]

Establishment of the Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	3
Number of Audit & Supervisory Board Members	3

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Section

As a general rule, Audit & Supervisory Board members, the Accounting Auditor, and the Internal Audit Section hold a three-party auditing meeting each quarter to exchange and share information necessary for audits.

Appointment of Outside Members of the Audit & Supervisory Board	Appointed
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Number of Outside Members of the Audit & Supervisory Board	2
Number of Independent Outside Members of the Audit & Supervisory Board	2

Outside Members of the Audit & Supervisory Board's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Akenobu Hayakawa	From another company													
Kunihiro Onai	From another company													

* Categories for "Relationship with the Company"

*"○" indicates that the audit & supervisory board member currently falls or has recently fallen under the category;"△" indicates that the audit & supervisory board member fell under the category in the past

* "●" indicates that a close relative of the audit & supervisory board member currently falls or has recently fallen under the category;"▲" indicates that a close relative of the audit & supervisory board member fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Executive or non-executive director of a parent company of the Company
- d. Audit & supervisory board member of a parent company of the Company
- e. Executive of an affiliate (subsidiary of the Company's parent company) of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
- i. Major shareholder of the Company (if the major shareholder is a legal entity, an executive of the legal entity)
- j. Executive (the audit & supervisory board member himself/herself only) of a client or supplier company of the Company (which does not correspond to any of f., g., or h.)
- k. Executive (the audit & supervisory board member himself/herself only) of an entity, where outside directors/outside members of the audit & supervisory board are mutually appointed with the Company
- l. Executive (the audit & supervisory board member himself/herself only) of an entity that receives a donation from the Company
- m. Others

Outside Members of the Audit & Supervisory Board's Relationship with the Company (2)

Name	Designation as Independent Members of the Audit & Supervisory Board	Supplementary Explanation of the Relationship	Reasons of Appointment
Akenobu Hayakawa	○	Mr.Hayakawa owns 200 shares of the Company's common stock as Restricted Stock, but has no personal, capital, business, or other interest in the	Mr. Hayakawa has a high level of insight, in addition to professional knowledge and extensive experience with regard to corporate legal affairs as an attorney. The Company has determined that he can be expected to continue to provide useful advice and recommendations to the Company from an independent and objective standpoint based on such knowledge and experience to further reinforce the

		Company other than this.	Company's audit functions, and therefore the Company has elected him as an Outside Audit & Supervisory Board member.
Kunihiro Onai	○	Mr. Onai owns 200 shares of the Company's common stock as Restricted Stock, but has no personal, capital, business, or other interest in the Company other than this.	Mr. Onai has a high level of insight, in addition to professional knowledge and extensive experience in the fields of corporate accounting and tax accounting as a certified tax accountant. The Company has determined that he can be expected to continue to provide useful advice and recommendations to the Company from an independent and objective standpoint based on such knowledge and experience to further reinforce the Company's audit functions, and therefore the Company has elected him as an Outside Audit & Supervisory Board member.

[Independent Directors/Independent Members of the Audit & Supervisory Board]

Number of Independent Directors/Independent Members of the Audit & Supervisory Board	3
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Matters relating to Independent Directors/Independent Members of the Audit & Supervisory Board

On the basis of the criteria which Tokyo Stock Exchange has settled on, the Company has established the "Independence Criteria for Outside Officers" and has posted it on the website of the Company.

You can see the criteria of the Company at the URL following;

<https://henge.com/global/ir/cg/>

[Incentives]

Incentive Policies for Directors	Others
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Supplementary Explanation

The Company has adopted a restricted stock remuneration plan in order to provide an incentive to motivate Directors and Audit & Supervisory Board members to sustainably enhance the corporate value of the Company, while encouraging the further sharing of value with the shareholders.

Recipients of Stock Options	—
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Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure
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Supplementary Explanation

As there are no officers receiving remuneration of an aggregate amount exceeding ¥100 million, the total amount of Directors' remuneration is disclosed, rather than individual amounts.

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

The basic remuneration of Directors is determined within the total amount of remuneration determined by resolution of the 9th Annual General Meeting of Shareholders held on December 26, 2005. The amount of stock remuneration is determined within the total amount of remuneration determined by resolution of the 25th Annual General Meeting of Shareholders held on December 23, 2021.

The Company has established a policy on determining individual Directors' remuneration, etc., as follows.

1. Basic Policy

1) Remuneration system

The remuneration system of the Company's Directors (including Outside Directors, the same shall apply hereinafter) comprises basic remuneration, which is fixed monetary remuneration and restricted stock remuneration, which is non-monetary remuneration. Going forward, if the Company sizes up that performance-linked remuneration would function as an incentive to motivate each Executive Director to continuously improve business performance in the medium- to long-term and continuously enhance corporate value, the Company adopts a remuneration system that combines this type of remuneration.

2) Remuneration levels

In terms of the remuneration levels of the Company's Executive Directors, the Company aims for levels capable of securing and maintaining talented human resources who will lead the medium- to long-term growth of the Company or the Group. In terms of the remuneration levels of the Company's Outside Directors, in order to ensure the appropriateness of business operations of the Group, the Company aims for levels capable of securing and maintaining talented human resources who have the expertise in finance, accounting, legal affairs, etc. and can reflect proper opinions in management from the perspective of shareholders, and who have the expertise necessary to realize the Group's medium- to long-term growth strategies and can lead the medium- to long-term growth of the Group.

2. Policy on determining calculation methods and timing of payment or conditions of basic remuneration, which is fixed monetary remuneration

The Company determines the basic remuneration of the individual Directors, by comprehensively taking into account the comparison with peer companies and other companies of similar size as well as the Company's business performance and financial conditions, and based on the individual's responsibilities and contribution to the business performance, and accordingly, pays a fixed amount each month.

3. Policy on determining details and amount or the number, and calculation methods of restricted stock remuneration, and the timing of vesting or conditions of such remuneration, which is non-monetary remuneration.

The Company provides Directors with restricted stock remuneration within the maximum amount of remuneration separately approved from basic remuneration at the General Meeting of Shareholders, at a certain time each year (principally, promptly after the Annual General Meeting of Shareholders), with the purpose of appropriately providing them with incentives to improve business performance in the medium to long-term. The amount of restricted stock remuneration to be provided is determined by comprehensively taking into account the individual Director's position, responsibilities, and business performance, etc. within the range of not being excessive compared with the basic remuneration.

4. Policy on determining proportion of the amount of basic remuneration, which is fixed monetary remuneration, and amount of restricted stock remuneration, which is non-monetary remuneration to the amount of individual Directors' remuneration

The Company determines the proportion of remuneration by comprehensively taking into account the individual's responsibilities and contribution to the business performance to ensure the appropriate proportion, with the aim of setting the proportion of each type of remuneration for each Executive Director at 70% for basic remuneration and 30% for stock-based remuneration, and the proportion of remuneration for each Outside Director at 85% for basic remuneration and 15% for stock-based remuneration.

5. Matters relating to determination of individual Directors' remuneration amount

The Company's individual Directors' remuneration amount is determined by the Representative Director, Chief Executive Officer, upon being delegated the authority based on a resolution of the Board of Directors, to determine the specific details, in accordance with the policy.

[Supporting System for Outside Directors and/or Outside Members of the Audit & Supervisory Board]

Support for Outside Directors and Outside Members of the Audit & Supervisory Board is generally provided by the Business Administration Division. As a general rule, the agenda to be discussed by the Board of Directors is notified to Outside Directors and Outside Members of the Audit & Supervisory Board three business days prior to the meeting. In addition, the agenda documents are shared through electronic means, with explanations provided, as necessary.

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

1) Directors and the Board of Directors

The Company's Board of Directors comprises six Directors, two of whom are Outside Directors. The Outside Directors are elected from among talented human resources possessing experience that will contribute to the management of the Group, in an effort to promote a system that is capable of management decision-making from a wider perspective, and management oversight by a third party.

In order to ensure efficient and speedy decision-making, the Board of Directors holds periodic meetings once each month, as well as extraordinary meetings as necessary, in accordance with the Company's Articles of Incorporation and relevant laws and regulations, functioning as management's decision-making and supervisory organization.

Members of the Board of Directors include the Representative Director, Chief Executive Officer, Kazuhiro Ogura, who serves as the chairman of the Board, Directors Kazuaki Miyamoto, Yoshiki Nagatome, and Haruo Amano, as well as Outside Directors Mio Takaoka, and Michiko Kato.

2) Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company's Audit & Supervisory Board comprises three members, including one standing member and two part-time members (Outside Members of the Audit & Supervisory Board). The Standing Member of the Audit & Supervisory Board attends important internal meetings in addition to the Board of Directors meetings, and audits the performance of duties of Directors. The three Audit & Supervisory Board members also participate in the Board of Directors meetings and express necessary opinions, as appropriate.

The Audit & Supervisory Board members effectively and efficiently fulfill their respective audit functions, by reporting to and sharing with the Audit & Supervisory Board the details of audits, in accordance with the Audit & Supervisory Board members' annual audit plan. In addition, the Audit & Supervisory Board members cooperate with the Accounting Auditor and the personnel in charge of internal audits, share information necessary for the auditing of the Group, and enhance the effectiveness of the audits.

The Audit & Supervisory Board members include Fumiaki Goto (Full time), Akenobu Hayakawa (Part time/Outside Members of the Audit & Supervisory Board), and Kunihiro Onai (Part time/Outside Members of the Audit & Supervisory Board).

3) Internal Audit Division

The internal audits of the Group are conducted by two internal audit personnel, headed by the Internal Audit Section. The internal audit personnel conduct audits regarding the Group's status of compliance with laws and regulations as well as business activities, in accordance with the internal audit plan. The internal audit personnel confirm whether these business activities adhere to the Group's management policies, internal rules, and various systems, and are being carried out appropriately, effectively, and efficiently. The internal audit results are reported to the Representative Director, Chief Executive Officer, while specific advice and recommendations are provided to the audited divisions for business improvement. In addition, the internal audit personnel confirm the status of improvement via subsequent follow up, on a later date.

The internal audits are witnessed by the Standing Member of the Audit & Supervisory Board, and the internal audit results are reported to the Accounting Auditor as part of efforts to share information.

4) The Executive Officer System and the Board of Executive Officers

The Company has adopted an executive officer system to ensure flexible decision-making as well as the efficiency of business execution.

Executive officers are elected by the Board of Directors and execute their respective duties based on the division of duties determined by resolution of the Board of Directors. The Company has also established the Board of Executive Officers as a meeting body, where executive officers discuss important matters regarding management, report on the execution of duties by executive officers, and exchange information among officers.

The Board of Executive Officers comprises the Representative Director, Chief Executive Officer, Kazuhiro Ogura, who serves as the chairman of the Board, Directors Kazuaki Miyamoto, Yoshiki Nagatome, and Haruo Amano, as well as Executive Officers Shota Kawaminami, Go Nakakomi, Tomorou Miyake, Toshihiro Takasu, Kenichi Minoura, Sechi Tomura, and Ryo Kobayashi.

5) Overview of the Limitation of Liability of Officers and the Agreements to Limit Liability

To ensure that officers can perform the roles expected of them during the execution of their duties, the Company, pursuant to Article 426, Paragraph 1 of the Companies Act, has provided in its Articles of Incorporation that it may limit the liabilities of Directors (including former Directors) and Audit & Supervisory Board members (including former Audit & Supervisory Board members) for damages due to negligence, within the amount stipulated in laws and regulations, by resolution of the Board of Directors.

In addition, the Company, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, has entered into agreements with two Outside Directors and three Members of the Audit & Supervisory Board (including two of whom are Outside Auditor) to limit the liabilities for damages stipulated in Article 423, Paragraph 1 of the same act.

The limit of liabilities for damages based on these agreements is the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the Outside Director and/or Members of the Audit & Supervisory Board have performed their duties in good faith, without gross negligence.

3. Reasons for Adoption of the Current Corporate Governance System

The Company is the company with the Audit & Supervisory Board, and the Company has established its corporate governance system centered on the Board of Directors and the Audit & Supervisory Board. The Board of Directors holds active deliberations, and by appointing two outside directors, the Company has incorporated diverse perspectives into its management and enhanced the monitoring function of its directors. In addition, by electing a full-time member of the Audit & Supervisory Board, who has long served and has had comprehensive knowledge of the Company as an outside auditor and outside director of the Company, and two Outside Members of the Audit & Supervisory Board, the Company has ensured effective and independent audit and enhanced the audit function.

Furthermore, the Company has established an Internal Audit Section in charge of internal audits and the section has cooperated with the Audit & Supervisory Board and Accounting Auditors. Concerning the Company's business execution, the Company has introduced an Executive Officer System to enhance and improve the efficiency of flexible decision-making and business execution systems, and Executive Officers are responsible for business execution in their respective divisions and subsidiaries.

In light of the above, the Company has determined that the effectiveness of corporate governance is assured, and accordingly has adopted the current governance structure.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures for Vitalization of the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The Company endeavors to dispatch the Notice of Convocation at the earliest possible date and the Company posts promptly the information to be stated in the Notice of Convocation through the website operated by the

	Tokyo Stock Exchange and the Company's website, as soon as the convocation is resolved at the Board of Directors, and prior to mailing of the Notice of Convocation.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	Given that the Company's fiscal year-end is at the end of September, it holds its General Meeting of Shareholders each year in December, unlike other listed companies which hold their General Meeting of Shareholders in June. Going forward, the Company will endeavor to avoid holding its General Meeting of Shareholders on peak days, so that more shareholders will be able to attend.
Allowing Electronic Exercise of Voting Rights	The Company allows the exercise of voting rights by electronic means in order to enhance the convenience of shareholders in exercising their voting rights and to improve the exercise rate.
Efforts to encourage participation in the electronic voting platform and other efforts to improve the environment for the exercise of voting rights for institutional investors	Although the Company does not currently take part in an electronic voting platform, going forward it will consider the possibility of participation, in light of its shareholder composition and the expenses entailed by participation in such a platform.
Providing Notice of Convocation in English	The English version of the Notice of Convocation is posted on the Company's website. https://hennge.com/global/ir/info/

2. IR Activities

	Supplementary Explanation	Explanation by the Representative
Preparation and Publication of Disclosure Policy	The Disclosure Policy is posted on the Company's website. https://hennge.com/global/ir/investor/dp.html	-
Regular Investor Briefings for Individual Investors	The Company has irregularly held and is to hold presentation meetings for individual investors several times a year, to explain its services, business model and growth strategies, etc.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds presentation meetings for analysts and institutional investors, to explain the status of business management, business performance, management policies, performance forecasts, etc. For your information, the Company held its presentation meetings for analysts and institutional investors regarding the each quarterly financial results for the fiscal year ended September 30, 2022 as of the submission date of this report as follows; i. 1st quarter of the fiscal year ended September 30, 2022 Date; February 10, 2022 Means of Execution; Held online, video distribution on demand, and script posting on the Company's website	Yes

	<p>ii. 2nd quarter of the fiscal year ended September 30, 2022 Date; May 12, 2022 Means of Execution; Held online, video distribution on demand, and script posting on the Company's website</p> <p>iii. 3rd quarter of the fiscal year ended September 30, 2022 Date; August 10, 2022 Means of Execution; Held online, video distribution on demand, and script posting on the Company's website</p> <p>iv. 4th quarter of the fiscal year ended September 30, 2022 Date; November 11, 2022 Means of Execution; Held online, video distribution on demand, and script posting on the Company's website</p>	
Regular Investor Briefings for Overseas Investors	<p>The Company posts video and script with financial results briefing materials in English on its website. And the Company holds individual meetings (including conference calls) for overseas institutional investors to explain the status of business management, business performance, management policies, performance forecasts, etc.</p>	Yes
Posting of IR Materials on Website	<p>The Company posts documents, including its quarterly financial results, securities reports (in Japanese), quarterly reports (in Japanese), materials for timely disclosure (in Japanese), and various presentation materials on its website. https://hennge.com/global/info/investors/</p>	-
Establishment of Department and/or Manager in Charge of IR	The Business Planning & Analysis Division is in charge of IR.	-

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company, in accordance with its awareness of the importance of announcing timely and appropriate company information to stakeholders, including customers, shareholders, and investors, engages in accurate disclosures by means of its website and other media.
Implementation of Environmental Conservation Activities, CSR Activities, etc.	<p>The Company is promoting the use of paperless documents, including internal rules, approval documents, contract documents, etc. The Company is pushing forward with initiatives to conserve resources in its business activities.</p> <p>In addition, by purchasing the "Green Electricity Certificate," the Company has converted the equivalent of 100% of its annual electricity consumption for the lighting of the head office (approximately 300,000 kWh; *Annual electricity consumption from October 2021 to September 2022) to green electricity, and has been engaged in initiatives to spread renewable energy, prevent global warming, and reduce its environmental burden.</p>
Development of Policies on Information Provision to Stakeholders	In order to disclose timely and appropriate information to stakeholders, including customers, shareholders, and investors, the Company has established the "Disclosure Policy" as its basic policy on disclosures. The Company discloses information to its stakeholders based on this policy.

IV. Matters Related to the Internal Control System

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

The Company recognizes the establishment of an appropriate internal control system as one of the crucial responsibilities of the Board of Directors. Accordingly, the Company has established the basic policy on the development of systems to ensure the appropriateness of business operations (“Basic Policy on the Establishment of the Internal Control System”), as follows.

1. System to ensure that business execution by Directors and employees complies with laws and regulations, and the Articles of Incorporation
 - (1) The Board of Directors shall comprise Directors including Outside Directors, determine important matters in accordance with laws and regulations, the Articles of Incorporation, and the “Board of Directors Rules,” and supervise the business execution of Directors.
 - (2) Directors shall supervise their designated business operations based on the respective roles determined by the Board of Directors, and in accordance with laws and regulations, the Articles of Incorporation, resolutions of the Board of Directors, and internal rules.
 - (3) The executive officer system shall be adopted to strengthen the decision-making function of the Board of Directors and to improve the efficiency of business execution. Executive officers shall execute their designated duties, as delegated by the Board of Directors and the Representative Director, based on the decisions of the Board of Directors.
 - (4) The “Basic Policy on Compliance” and the “Compliance Rules” (hereinafter, collectively referred to as the “Compliance Rules, etc.”) shall be established, and compliance-oriented management shall be practiced in order to ensure that all Directors and employees will always be aware of their corporate social responsibility, and act in compliance with social norms as well as written laws, regulations and rules.
 - (5) A Director in charge of compliance shall be elected in accordance with the “Compliance Rules, etc.,” and a Compliance Committee chaired by the Director in charge of compliance shall be established. By periodically convening the Compliance Committee and cooperating with the Whistleblowing Hotline, violations of laws and regulations by Directors and employees, as well as the possibility of occurrence of such violations shall be monitored, investigated, supervised, and managed.
 - (6) In the event of a compliance violation, a system led by the Compliance Committee for reporting to the Representative Director, Chief Executive Officer, the Board of Directors, and the Audit & Supervisory Board, and a system for consulting and reporting to the corporate attorney, as necessary, shall be established.
2. System to retain and manage information concerning business execution by Directors
Important management documents, confidential information, and personal information shall be appropriately recorded, retained, and managed in accordance with laws and regulations, the provisions of the “Document Management Rules,” the “Information Security Management Rules,” and other rules.
3. Rules and other systems for managing the risk of loss
The “Risk Management Rules” and the “Crisis Management Rules” shall be established in order to prevent the materialization of risks. In addition, a system shall be established to take prompt and appropriate measures in the event that risks materialize.
4. Systems to ensure efficient business execution by Directors
 - (1) To ensure efficient business execution by Directors, matters relating to the operation of the Board of Directors shall be provided in the “Board of Directors Rules.” In addition, the Board of Directors meetings shall be held once each month, with extraordinary meetings held as necessary.
 - (2) Directors shall utilize IT and make efforts to promptly and accurately grasp management information.
5. Systems to ensure the appropriateness of business operations of the corporate group, comprising the Company and its subsidiaries

- (1) Regarding matters relating to the business execution by subsidiaries' Directors, etc., the appropriateness of business operations shall be ensured by periodically receiving reports on the subsidiaries' management status at the Company's Board of Directors meetings.
 - (2) Regarding the risk items provided in the "Risk Management Rules," the subsidiaries' Board of Directors shall conduct assessments, as necessary, to prevent the materialization of risks. In addition, a system shall be established to take prompt and appropriate measures in the event that risks materialize.
 - (3) The Company's Audit & Supervisory Board members shall give due consideration to whether the subsidiaries' internal control systems have been properly developed, and exercise their statutory rights, as necessary, to investigate the subsidiaries and take other actions.
 - (4) The personnel in charge of internal audits shall perform periodic and ad hoc internal audits of subsidiaries, and promote the development of internal controls, while providing instructions regarding improvement measures, as well as support and advice on implementation.
6. Matters related to employees who support Audit & Supervisory Board members in cases where the Audit & Supervisory Board members request employees to support them in their duties; matters relating to the independence of such employees from Directors; and systems to ensure the effectiveness of instructions given to such employees
- (1) If Audit & Supervisory Board members request supporting staff, employees to support their duties shall be determined following an exchange of opinions between Directors and Audit & Supervisory Board members.
 - (2) If employees to support Audit & Supervisory Board members are provided, such employees shall not be subject to the commands and orders of Directors or other superiors regarding requests by the Audit & Supervisory Board members.
 - (3) Personnel transfers and disciplinary actions concerning employees who support the duties of Audit & Supervisory Board members shall require the prior consent of the Audit & Supervisory Board members.
7. Systems for Directors and employees to report to Audit & Supervisory Board members
- (1) The Company's Directors and employees, and its subsidiaries' Directors and employees shall promptly report on the status of business execution when requested by Audit & Supervisory Board members.
 - (2) The Company's Directors and its subsidiaries' Directors shall immediately report to Audit & Supervisory Board members when facts that could potentially cause significant damage to the Company or its subsidiaries are discovered.
 - (3) The Company shall establish a system whereby the Company's employees and its subsidiaries' employees can report to Audit & Supervisory Board members through the Whistleblowing Hotline or other channels, when facts that could potentially cause significant damage to the Company or its subsidiaries are discovered.
 - (4) The Company shall establish a system to ensure that persons who have reported to Audit & Supervisory Board members, as described above, shall not be treated unfairly.
 - (5) The Director in charge of compliance shall appropriately report the facts that were reported through the Whistleblowing Hotline to Audit & Supervisory Board members, without delay.
8. Systems to ensure effective audits by Audit & Supervisory Board members, and other matters
- (1) Audit & Supervisory Board members may attend and express opinions at the Board of Directors meetings and other important meetings in order to grasp important decision-making processes and the status of business execution. Audit & Supervisory Board members may also inspect documents requesting important approvals and other important documents relating to business execution, and request explanations, as necessary, from Directors and employees.
 - (2) If Audit & Supervisory Board members make requests to the Company for payment of expenses, including advances arising from the execution of their duties, in accordance with Article 388 of the Companies Act, the Company shall promptly process such expenses or liabilities.

2. Basic Views on Eliminating Anti-Social Forces and the Progress of System Development

The Company has established the “Basic Policy on Anti-social Forces (ASF) and Rules on Countermeasures” and the “Manual on the Investigation of Anti-social Forces (ASF).” In addition, the Company is also a member of the Shibuya Area Council for Countering Special Violence, in order to gather and share relevant information.

V. Other

1. Adoption of Anti-Takeover Measures

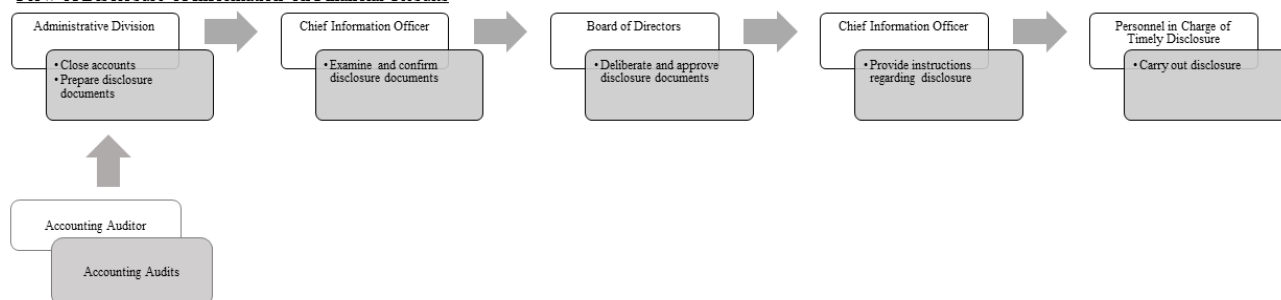
Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

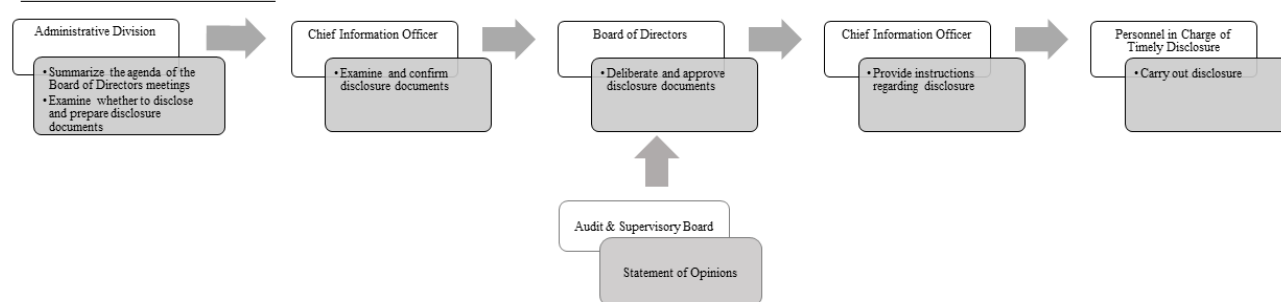
2. Other Matters Concerning the Corporate Governance System

The Flow of the Company’s Procedures for Timely Disclosures

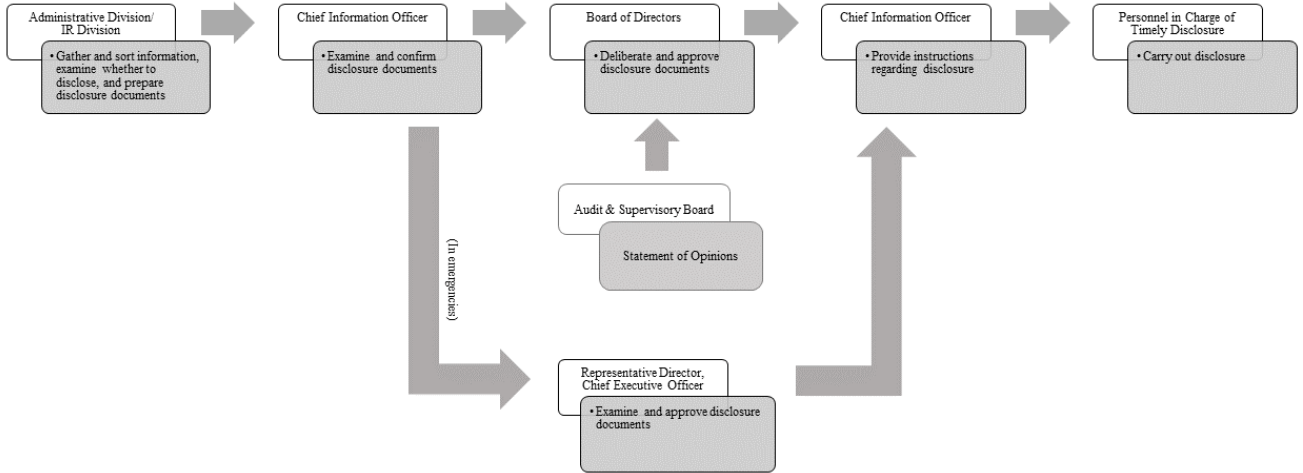
Flow of Disclosure of Information on Financial Results



Flow of Disclosure on Decisions



Flow of Disclosure on the Occurrence of Material Facts



Schematic diagram of Corporate Governance of the Company

