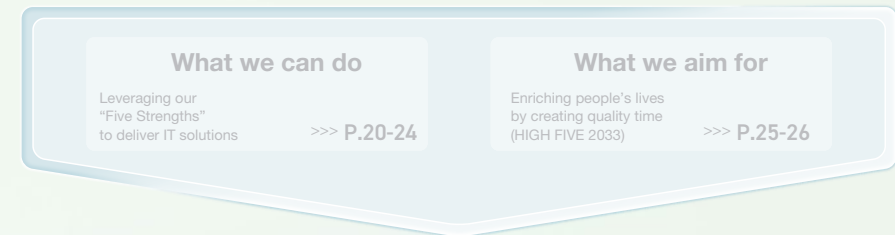


Value Creation Story (Part 3)

Why is ITFOR's management sustainable?

(i) What Can ITFOR Do? What Are We Aiming For?



(ii) How Will We Move Forward Toward Our "Ideal Vision"?



(iii) Why Is ITFOR's Management Sustainable?



Financial capital strategy

Message from the CFO

Speedy, accurate investment and proactive returns to employees and shareholders. On these two themes, ITFOR is moving into a new growth stage.

Katsuo Nakayama

Director and Executive Officer
General Manager of Management Division



Capital allocation

Executing shareholder returns and investments in an amount exceeding cash flow

Under the fourth three-year medium-term management plan, the Company announced targets of JPY 28.0 billion in net sales and JPY 4.8 billion in operating profit, together with a policy to carry out shareholder returns and investment on a scale exceeding cash flow.

Behind this financial policy is the cash on hand the Company has steadily built up while maintaining a no-loan management stance. In addition to JPY 8.8 billion in cash flows from operating activities, we plan to deploy JPY 3.06 billion from cash on hand over three years for investments in businesses, human resources, and internal capabilities, as well as for shareholder returns.

In fiscal 2024, the first year of the plan, we executed approximately JPY 4.7 billion, or approximately 40% of the total plan. Existing divisions began to add new solutions and offerings and are steadily delivering results. Having completed this “seed-sowing phase,” we will now shift to a stage where larger investments nurture entirely new businesses.

Leveraging advanced technologies such as AI and blockchain, and venturing into business domains the Company could not have envisioned alone, we will co-create new value through cooperation with external partners. These initiatives will enable services that go beyond our traditional scope, enhance customer experience, and contribute to solving

social issues.

Our goal is portfolio management that reliably produces multiple “success stories.” Not every investment will succeed, but we will absorb failures, take appropriate risks, and pursue growth. To that end, we are building a speedy and accurate investment decision – making framework.

Business and human resources investment

Aiming to create new demand in the inbound market through CVC investment

In fiscal 2024, in business investment, our core businesses focused on new package development in the financial field, patent strategy, and support for standardization of municipal systems. For new businesses, projects are underway on new software via VVP (Visionary Ventures Projects), R&D on the electronic end-of-life planning note “Digital Safe” (tentative name), and new products using payment technologies. Some of these are expected to generate short-term returns, while others will bear fruit in several years; we will pursue a balanced mix and connect them to growth.

Through our CVC, we invested in Vacan, inc. and Payke, Inc. and, by leveraging synergies among the two companies and the Company, we will create new demand by providing seamless pathways and experiences for inbound visitors.

Regarding human resource investment, as an indispensable initiative for the Company's growth strategy, we are actively promoting the

Financial capital strategy

recruitment of new graduates and experienced personnel. While engineers remain the core, we are cultivating planning, sales, and administrative personnel with IP literacy, aiming to build a diverse human-resource portfolio.

Returns to employees

Introduction of a new restricted stock-based compensation program to promote employee and corporate growth

As returns to employees, the Company is continuously implementing enhanced training, base pay increases, and salary raises. In addition, from fiscal 2024, the Company introduced a restricted stock-based compensation program (RS trust) for all employees. Under the former stock option program, eligible employees were limited, creating concerns over fairness and motivation.

Under the new program, a certain number of shares are granted annually to each employee's personal securities account according to position and company performance, a design that both supports asset formation and functions in part like a retirement benefit. While the shares are transfer-restricted, they can be transferred as the employee's own assets upon retirement.

This initiative aims to improve retention, encourage employees to become supportive shareholders, and foster ownership in driving corporate growth. Different from an employees' shareholding association, employees of

the Company can benefit directly from stock price appreciation of the Company, making this an ITFOR-style initiative linking employee returns, asset formation, and corporate growth, a core measure in human capital management.

Shareholder returns

Dividend increase planned for fiscal 2025
Stability and growth through share buybacks

Since listing, the Company has never reduced dividends and has maintained stable dividends. Under the medium-term management plan, we target a dividend payout ratio of 50% and a total return ratio of 70% or more. In fiscal 2024, the Company paid its first interim dividend, with JPY 25 at interim and JPY 25 at year-end for a full-year total of JPY 50, up JPY 10 YoY, for a dividend payout ratio of 46.3%. From December through the following February and March, we repurchased a total of 670,900 shares and cancelled 700,000 shares at the end of March, resulting in a total return ratio of 77.3%.

In fiscal 2025, we plan to increase the dividend from JPY 50 to JPY 60, with an expected dividend payout ratio of 53%, while maintaining a total return ratio of 70% or more. In addition, the policy aims to stabilize and boost the share price through share buybacks. This consistent stance of shareholder returns has also been recognized by media such as



Human resources investment as a pillar of the Company's growth strategy
Hiring diverse human resources to become a company where people want to continue working

Nikkei Veritas, and serves as evidence of the soundness and transparency of our financial management.

We also stepped up dialogue with institutional investors, increasing meeting count from 38 in fiscal 2023 to 52 in fiscal 2024. We will continue to raise our targets in stages and enhance IR to improve corporate value.

In addition to the outlook for increased revenue and profit, through these measures we hope that our investors will hold our shares over the long term.

ITFOR in 10 years

Deliver new value to society with innovative services and technologies

ITFOR is committed to regional revitalization, working closely with customers nationwide to

provide solutions that address local challenges.

Although the JPY 70.0 billion net sales target in "HIGH FIVE 2033" is more than triple our current scale, with our extensive customer base, technical capabilities, and agility in new technologies, this is a fully achievable challenge. We are thus shifting in earnest into a phase of "creating a new future through large-scale investments."

To reach a growth stage unattainable by incremental steps alone, we will accelerate the implementation of innovative services and technologies and deliver new value to customers and society. Through these challenges, we aspire to forge the next 10 years together with our employees and shareholders.

Please look forward to ITFOR's future.

Human resources strategy



Masamichi Ejiri

General Manager of Personnel Affairs Department, Management Division

The sources and potential for growth discovered from the perspective of experience in different industries

I joined a company in the automobile industry as a new graduate, engaged in the field of human resources for approximately 20 years, and in May 2024 changed jobs to ITFOR. Although my career has been just over one year, precisely because I come from a different industry, I can clearly see ITFOR's "unshakable

(Message from the General Manager of Personnel Affairs Department)

Supporting the execution of our management strategy from the perspective of "human resources."

strengths" and "potential that should be unleashed."

The greatest strength is our sincere, highly engaged employees. Our open, cheerful culture improves the quality of value delivered to customers, driving high customer satisfaction and stable growth. The fact that we posted zero new-graduate attrition over the past two years is emblematic of this culture, and we must continue to cherish and preserve it.

At the same time, I sensed that employees' individual potential and personnel affairs measures are not yet fully linked to the company-wide growth strategy, dots that remain unconnected. President Sakata, who assumed the position this June, also holds the view that "ITFOR still has overwhelming potential that has not yet been fully demonstrated," and I strongly share this sentiment.

My mission is to apply my experience to unlock this potential and convert it into organizational strength. It comes down to leading continuous growth from the perspective of personnel affairs.

Two keys to accelerate growth

I believe there are two main keys to unlocking the potential of employees and accelerating corporate growth.

The first key is "improving the mobility of internal human resources." Long-term customer relationships embody the Company's strength of "YORISOU CHIKARA" – The Strength to Support, but remaining fixed in the same duties limits growth opportunities and increases the risk of person-dependent knowledge.

Going forward, we intend to create a framework that balances employees' autonomous career development with the company's growth strategy, and through strategic career support and job rotation, we hope to cultivate comprehensive capabilities that, for example, can propose cross-selling by combining multiple solutions. It may take time to shift away from our traditional approach, but this is a theme with solid promise, and I would very much like to work on it.

The second key is "strategic development of next-generation leaders." Human resources with a management perspective, who will take on future management positions and business divisions, are indispensable. The company must develop these skills systematically, and not leave them to individuals.

As a first step, in fiscal 2025 we launched new management training for those at the General Manager level and above. Not only do participants learn people management and ways of thinking for achieving goals, but the

company also continuously follows up through to the formulation, execution, and results of their action plans. Through this PDCA, we will work to raise the management level and support "performance demonstration," "enhancement of engagement," and "autonomous growth as professionals."

Strengthening the human resource foundation in both "quantity" and "quality" to realize the long-term vision

The essence of personnel affairs lies in optimizing the "quantity" and "quality" of human resources to realize management strategies. And forming and strengthening the organizational capabilities necessary for that is the strategic function that human resources should fulfill.

To realize the Company's long-term vision "HIGH FIVE 2033," it is necessary to build a structure of 1,500 employees, approximately three times the current number of just over 500. Of course, simply increasing the number of people has no meaning. We are strengthening initiatives in a comprehensive manner, including recruitment, development, and placement, after drawing a human resource portfolio linked to the management strategy and clarifying in which business domains, what skills, and how many human resources are needed.

Human resources strategy

As part of this, even though the Company still lacks sufficient name recognition in new graduate recruitment, recruiters devised strategies with flexible thinking, conveyed the company's appeal while closely engaging with each individual candidate, and in recruitment for graduates of 2026 secured 77 potential human resources, approximately twice the previous year's result.

In addition to new graduate recruitment, we are also working on creating an environment where diverse human resources can fully demonstrate their abilities. For example, in order to make use of the knowledge of the experienced veteran group, from fiscal 2025 we raised the mandatory retirement age to 65.

Going forward, toward realizing a world where everyone can equally design their own career, we will deploy measures such as systems, mechanisms, and work styles, and by fostering a foundation where diverse human resources can work with peace of mind, we will support the company's sustainable growth.

Investment in "surprises" that enhance engagement

For employees to work at the company for a long time, it is also important that they can have a sense of "excitement" about the future, such as "What kind of dreams can I envision at this company?" and "What kind of stage is prepared for me?" Since values differ from person to person, we are launching a variety of ideas as measures, and we want as many employees as possible to think "ITFOR is exciting and meaningful" and "this company is fun."

I also really like the word "surprise," which Chairman Sato often uses, and if we are going to do it, I want to set in motion unique measures that other companies do not have.

For example, focusing on "quality of sleep," which is directly connected to productivity and physical and mental health, we began providing programs supported by the company. For those who wish, we lend out wearable watches to measure sleep data. Through counseling by specialists, improvement measures are proposed. This is not merely a welfare initiative, but a strategic measure based on the idea that employees' physical and mental health, that is, well-being, is the foundation of corporate growth.

In addition, we have introduced systems such as the "Anniversary Leave Program," which provides an incentive payment of JPY 10,000 when employees take paid leave in their birthday month, and the "+1 (Plus One) Holiday Program," which encourages employees to take holidays in combination with days before or after consecutive holidays or three-day weekends, and these are also leading to the promotion of taking paid holidays.

Furthermore, although this is still at the stage of a personal idea and has not yet reached any consideration, I would also like to take on the challenge of realizing an environment where one can work "anytime, anywhere."

Excluding the head office, the Company has five bases nationwide and also conducts regional hiring by utilizing the regional restriction system, but we want to provide a mechanism by which people who "cannot leave or do not want to leave the region" and "want to continue living in this area" can also choose the

ultimate flexible way of working.

There are high hurdles to realization, such as fundamental reviews of communication, security, infrastructure, and personnel systems, but this is an idea that also connects to our purpose of "regional revitalization," the desire to co-create with 47 regions and provide new value to society.

Creating an environment where employees can work vibrantly no matter where they are in the country has the potential to bring significant changes, from securing human resources and ways of working to productivity, and I believe it is extremely meaningful. So that we can turn "it can't be done" into "we did it!" I want to take on challenges in the spirit of our purpose.

Maximizing corporate value through a human resources strategy fully linked with the management strategy

Since my thirties, I had resolved in my heart that at age 55 I would graduate from the company and take a new step in challenge. When I thought about what I truly want to do, I came to the desire that, through the work of human resources into which I have poured my passion and honed my expertise, I want to "enjoy my final career" and "demonstrate my abilities and contribute to a company that needs me."

It was ITFOR that I encountered during my job search. At first I knew almost nothing about the company, but I remember that in talking with Chairman Sato (then President) and others in the interview, a feeling arose not of logic but of "I want to work with these people."

The words "YORISOU CHIKARA" – The Strength to Support in the corporate philosophy also overlapped with my own view of personnel affairs. In my previous job, based on the idea that "employees are customers," we in the Corporate Division valued the stance of supporting the Business Division employees so that they could deliver excitement and smiles to customers. I felt that the value of ITFOR's customers, business divisions, and corporate working together as one to share joy is truly the embodiment of "YORISOU CHIKARA" – The Strength to Support.

I also strongly empathized with ITFOR's idea of "energizing Japan from the regions." It is often said "the lost 30 years," but Japan now is truly at a crossroads. With the desire to revitalize regions as a member of this company and brighten Japan's future, I am approaching my second career.

As previously mentioned, the role of personnel affairs is not merely to establish systems. To be fully linked with the management strategy, optimize the "quantity" and "quality" of the human resources necessary for business growth, and supply them continuously. To become the engine that powerfully drives the PDCA of management, that is precisely the essence and real appeal of personnel affairs, I believe.

Each employee "has pride in working at ITFOR and can envision dreams for the future." Build such an organization, and by being useful to society, maximize corporate value. I want to draw that path through a human resources strategy.

Please look forward to the future of ITFOR.

Strong management capital base

Human resources strategy

Human capital valued

Basic approach

ITFOR endeavors to foster human resources and promote their active engagement in professional life in a way that diverse values and backgrounds are respected and everyone can reach their full potential, and will create a rewarding and future-oriented work environment.

To realize its corporate philosophy of “generating excitement and smiles by ‘YORISOU CHIKARA’ – The Strength to Support,” ITFOR strives to foster an environment where every employee, the driving force of the company, can work with vitality and fully demonstrate their abilities by supporting each and every one of them.

Human resource strategy

ITFOR conducts human capital management with the aim of maximizing the effect of initiatives by visualizing the path in which each initiative for securing or fostering human resources is eventually connected to management goals, thereby all employees who engage in related initiatives take action with the final goal in mind.

And for every initiative, we establish and monitor key performance indicators (KPIs) that we observe at fixed points. KPIs include those unique to ITFOR in addition to those that can be used for comparison with other companies. Also, we clarify our goals to be achieved by monitoring two categories of KPIs, which are KPIs as milestones for achieving goals and KPIs as monitoring indicators that indicate the absolute levels that the Company must always maintain.

Key initiatives

Promoting female empowerment

In addition to the active recruitment of women, ITFOR is formulating work conditions with which female employees who once left the Company after marriage or childbirth can come back to work in accordance with their life stages, by introducing the “Come back Alumni Program”^{*1}, part-time employment, and telework.

The Company, with its nature of operations providing equal opportunities regardless of gender, is working to increase female role models to enhance the scope of candidates of future managers.

^{*1} Come back Alumni Program: Program of rehiring past employees (alumni) who left ITFOR in the middle of their careers due to childbirth, nursing care, transfer of the spouse, and other reasons, or with the aim of career development. The length of service before leaving ITFOR and the timing of turnover are not relevant.

Improving work environment

ITFOR positions “investment in people” as one of the pillars of medium- to long-term management and is actively promoting revisions to the wage system and improvements in treatment. In fiscal 2025, we implemented a base pay increase for the third consecutive term and introduced a restricted stock-based compensation program for employees as a mechanism to link corporate growth with employee performance.

As for work-life balance, we are encouraging the employees to take paid holidays throughout the Company. The rate of paid holiday uptake has been around 60% until fiscal 2020, and in addition newly working on promoting continuous leave acquisition for management positions in fiscal 2024, it rose to 82.4% due to employees who use programs that encourage

them to take paid holidays such as the Anniversary Leave Program^{*2} and the +1 (Plus One) Holiday Program^{*3}. Going forward, while implementing new measures, we will work toward achieving the target of an 85% rate of paid holiday uptake.

As for the average overtime hours, in fiscal 2024 the result was 14 hours, the same as the previous year, but we are strengthening efforts toward achieving the target by rolling out awareness-raising for managers, reforming the mindset of each employee, and utilizing the functions of the attendance management system.

Furthermore, with regard to Father's Childcare Holiday after Childbirth, which was enforced in fiscal 2022, the Personnel Affairs Department explained each relevant male employee about the system and urged them to use the system. As the result, the rate of the

use of the system in fiscal 2024 was 100%, largely exceeding the government's goal of 50% for fiscal 2025.

These results were recognized by Hatarak Yell 2025, as in the previous year, and the Company was certified as a Corporation Promoting Welfare (nickname: “Hatarak Yell” corporation), which puts effort into enhancing and applying welfare systems.

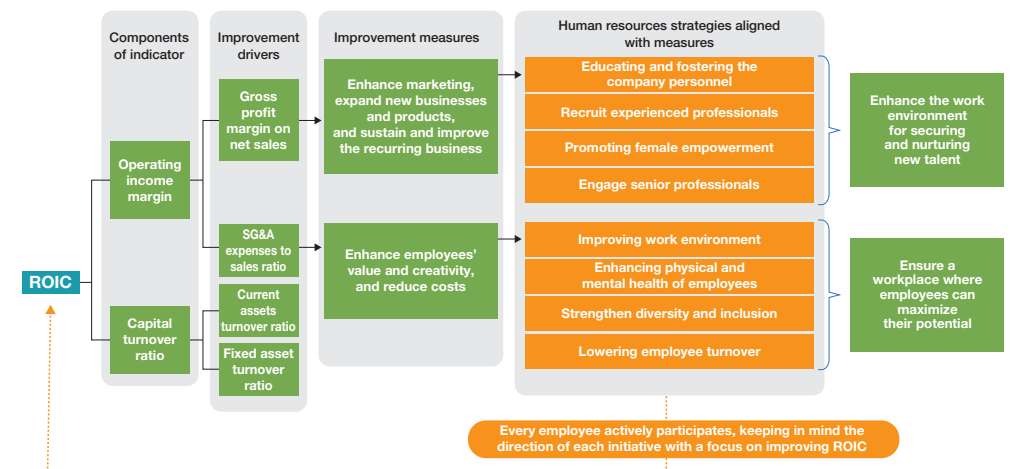
Enhancing physical and psychosocial well-being of employees

ITFOR considers that providing employees with comfortable everyday workplaces motivates them leading to the enhanced performance of their work. With this idea,

^{*2} Anniversary Leave Program: Program of providing financial incentive to those who take paid holidays in the month of their birthdays or anniversaries.

^{*3} +1 Holiday Program: Program of providing financial incentive to employees who take a paid holiday on a day between national holidays or a day before or after three consecutive national holidays that include Saturday and Sunday.

Flow of human resource development



Human resources strategy

beginning with the layout change of the 12th floor of the Head Office building in 2022, in fiscal 2023, environmentally conscious renovations were carried out at the Tokorozawa building, such as installing solar panels and conversion of lighting to LED, as well as floor layout change.

Furthermore, in fiscal 2025, in addition to relocating and renovating the Kyushu Office, we are also relocating and renovating the West Japan Office, aiming to create a workplace environment where all employees can work comfortably and generate new ideas.

In terms of physical and mental health, the Company conducts stress check and medical checkup periodically for all employees aiming for the creation of a system for thorough monitoring of physical and mental changes of employees, with the goal of 100% attendance rate of the stress check and medical checkup.

Lowering employee turnover

The turnover rate at ITFOR had previously been in the 6-7% range, but in fiscal 2024 the result was 3.4% (excluding resignations due to transfers to group companies or affiliated companies), and the turnover rate has been decreasing year by year. In recent years, we have significantly increased new graduate recruitment, and not only promoted the early strengthening of the younger generation as part of the workforce, but also realized zero resignations among new employees over the past two years by increasing opportunities for communication among peers and contact with the human resources department through training programs that also serve as a place to alleviate anxiety.

Educating and fostering the company personnel

ITFOR educates and fosters each and every employee based on its policy of human resource development, which considers that the growth of employees leads to the growth of the Company. ITFOR considers that sophisticated expertise of the employees based on the latest technologies and knowledge enables the Company to provide customers with good services, and puts effort in training programs specific to individual position layers and professional roles, as well as programs for enhancing other capabilities such as human relations competency.

ITFOR provides strong support for employees in career advancement and skills development. For example, the Company secures an average of 1,000 hours or more for the training of each newly recruited engineer due to Company's recent emphasis on hiring new graduates, and implements the policy of allocating 5% of work hours to self-training. The Company aims for creating a self-learning culture of employees through these education and fostering programs, and considering that such a culture eventually leads to human resources with a high level of duty execution capabilities, the Company monitors indicators as KPIs that are related to minimizing delayed delivery and raising the accuracy of cost estimation.

Strengthening diversity and inclusion

In order to make new innovations happen through IT, ITFOR considers that it is essential to have a work environment in which diverse people are working in diverse ways to stimulate

each other. By raising the mandatory retirement age for regular employees to 65 and starting the operation of the retirement extension system from April 2025, we will strengthen the retention of human resources through the development of an environment and treatment that allow employees to work with vitality and peace of mind even after the age of 60. At the same time, by introducing "self-biz," which allows employees throughout the year to freely choose attire appropriate for the job at their own discretion while being mindful of TPO, we aim to respect diverse values, enhance employees' independence, and create new value. In terms of employment of people with disabilities, against the statutory employment rate of 2.5%, the actual result is 4.06%, greatly exceeding the statutory rate.

The Company also considers the strength-

ening of inclusion essential—the cultivation of the sense of unity and connection of the Company as a whole, which is the other aspect of the theme. In fiscal 2023 and fiscal 2024, for two consecutive years we conducted company trips, and the plan that allowed free selection of more than 10 travel destinations including domestic and overseas locations was very well received, with 400 or more participants deepening exchanges. We will continue to elevate employee engagement through these activities.



Indicators and goals

Human resource strategy	Item	Result		Goal
		Fiscal 2023	Fiscal 2024	
Promoting female empowerment	Percentage of female employees	20.2%	22.0%	25%
	Ratio of female managers	6.7%	8.4%	9%
	Percentage of female workers among all newly employed workers	29.8%	28.1%	35%
Improving work environment	Average overtime	14.1 hours	14.1 hours	10 hours
	Rate of paid leave uptake	81.4%	82.4%	85%
	Rate of male parental leave uptake	57.1%	100%	50%
Enhancing physical and mental health of employees	Attendance rate of stress check	91.0%	96.6%	100%
	Medical checkup attendance rate	92.4%	100%	100%
Lowering employee turnover	Voluntary employee turnover rate	4.2%	3.4%	6%
Educating and fostering the company personnel	Employees obtaining PMP	20.9%	23.0%	20%
	Employees qualified by national examination for IT engineers	71.8%	78.7%	80%

Sustainability Management



Sustainability is the power to open up the future of the company

— Interview with Director and Officer in charge of Sustainability Promotion Committee —

Kazunori Kono

Director and Executive Officer / Sustainability Committee and DX Promotion; Advisor to Internal Integration Promotion Team

with the people of the region” has been at the core of the Company since its founding.

Therefore, I feel that we have been naturally practicing “regional revitalization” since before the concept of sustainability spread throughout society. In recent years, opportunities to contribute to regions have expanded through approaches different from before, including sponsorship of the tour de kyushu, participation in regional events, and collaboration with municipalities and regional banks. Through these initiatives, I have a real sense that the Company is evolving into a business more rooted in the region.

Regional revitalization is an initiative that connects to the origin of our company

At the Company, with the Sustainability Committee at the core, we are advancing initiatives aimed at achieving both a sustainable society and corporate sustainability. Since its founding, the Company has developed its business through relationships with regional customers, and with the implementation of POS systems to regional department stores as a starting point, it expanded into transactions with regional banks and municipalities. The desire to “be a company that advances together

Leveraging DX to drive transformation

I perceive sustainability activities not merely as social contribution, but as an important strategy that shapes the future of the company. Especially for the Company as an IT enterprise, DX (digital transformation) is originally a strong field, but in terms of how effectively we are able to utilize the tools we have implemented, there are still issues.

IT tools representing the industry such as Salesforce, Microsoft, and Google have already been implemented, but “having an environment where they can be used” and “being utilized across the whole company” do not necessarily match. Based on the current situation where mechanisms such as accurate data input, cross-departmental information sharing, and knowledge circulation are insufficient, I feel that a renewed mindset reform is necessary.

I think sustainability can serve as a “trigger” to review such internal mechanisms and promote transformation. I want to work on creating mechanisms for internal integration so that each employee can perceive this activity as “their own matter.”

The essence of sustainability that overlaps with the corporate philosophy

The Company established the Sustainability Committee in December 2021, and since then we have been able to continuously advance

initiatives because of the high affinity between the Company’s corporate philosophy and sustainability. The philosophy of “generating excitement and smiles by ‘YORISOU CHIKARA’ – The Strength to Support” overlaps exactly with the fundamental concept of sustainability.

In addition, among the materialities (important issues) defined by the Committee, the “environment” and “human resources” are, of course, essential important issues for the Company as a Prime (Market) company, but now they are indispensable for all companies. Themes such as “regional revitalization” and “DX” are also areas where, as an IT company that has grown together with regions, the Company can make use of its strengths and characteristics. From an external perspective, these may look like new challenges, but for us they are all initiatives that feel “just right.”

The promotion of sustainability is, at the same time, a responsibility to society and directly connected to corporate competitiveness and future strategy. We properly connect it with the purpose and corporate philosophy, and always make judgments while discerning the essence of “why we do it,” rather than treating it as a mere trend. At the same time, in our activities, we place as much importance on employees themselves being able to have joy and pride in the initiatives as on delighting our regional customers. With such sentiments as our driving force, at the Company, with the Sustainability Committee at the core, we are deploying various concrete measures.

Sustainability Management

Basic approach

In order to generate excitement and smiles by “YORISOU CHIKARA” – The Strength to Support, ITFOR will continue to provide surprises into the future in local communities and all life stages of people through our systems and services. We will contribute to the global environment, economic system, and advancement of society, aiming for the realization of sustainable future.

Basic approach for sustainability

We aim to build a sustainable future by fostering innovation that supports every aspect of local communities and individuals' life stages while delivering meaningful experiences.

ITFOR's services find application within local communities and across various life stages, including birth, enrollment in school, education, graduation, employment, marriage, childbirth, and retirement. We promote a sustainable future by continuously providing excellent value to society through our services and business activities. In doing so, we aim to bring joy and inspiration to people while contributing to the health of the global environment, economic systems, and local communities.

- We will support people in all stages of their lives and always conduct our business activities based on “YORISOU CHIKARA” – The Strength to Support, contributing to the creation of a society filled with excitement and smiles.
- We will strive to address societal challenges through engagement with communities and contribute to regional revitalization.
- We will practice management with maximum consideration given to the environment. Through our systems and services, we will contribute to resolving various environmental issues faced by our customers, including climate change.
- We will provide an equal, fair, and diverse environment where individuals can leverage their unique qualities and feel fulfilled.
- We will contribute to the development of sustainable cities by building social infrastructure through the promotion of digital transformation (DX).

Promotion system

At ITFOR, we have established a Sustainability Committee to drive sustainability initiatives. The committee is chaired by the chairman and representative director, with the president and representative director serving as vice-chairperson. The Committee consists of employees of various positions from each division. For addressing materiality (key issues), we have established three promotion committees: the Regional Revitalization Promotion Committee, the Human Resources Promotion Committee, and the Environmental Promotion Committee. Each committee is headed by one of the three directors. In addition, to strengthen initiatives for internal DX,

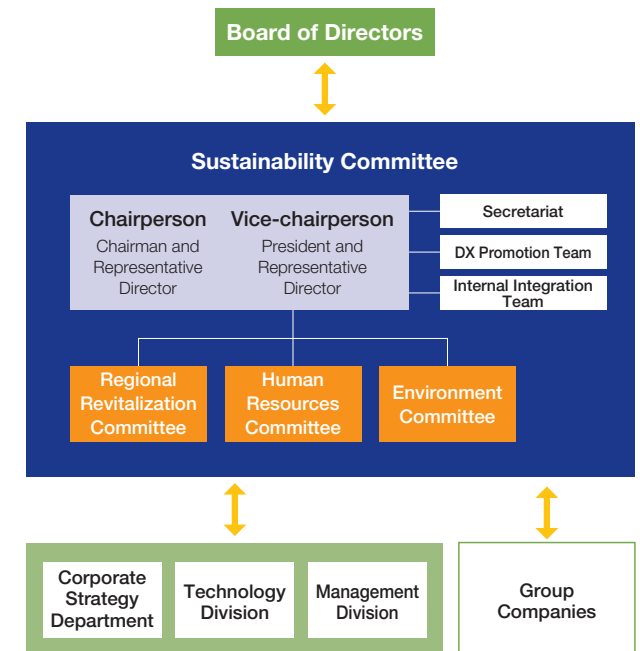
we established the DX Promotion Team. This allows us to respond quickly to important challenges at ITFOR. Furthermore, to integrate these activities and policies throughout the company, we also established the Internal Integration Team, and will expand and enhance our sustainability efforts.

The Sustainability Committee makes regular reports to the Board of Directors, and the Board of Directors provides instructions as necessary. Instructions from the Board of Directors are extended seamlessly to individual divisions and group companies through the Sustainability Committee.

Regional Revitalization Committee
The Regional Revitalization Committee considers measures for revitalizing local communities and makes propositions to the Corporate Strategy Department, which is responsible for this matter. The Committee takes leadership or provides support for activities that the Company co-sponsors and activities for public relations. The Committee also works to educate the employees about Company's effort for promoting regional revitalization.

Human Resources Committee
The Human Resources Committee considers the policy and measures for the human capital and makes propositions to the Personnel Affairs Department, which is responsible for these affairs. The Committee also provides support for disclosing information outside the Company and educates employees about Company's effort for developing human resources.

Environment Committee
The Environment Committee considers how ITFOR, as an IT company, should take action against climate change and makes verification based on facts. The Committee also makes propositions to the General Affairs Department and educates employees about the Company's effort for environmental protection.



Sustainability Management

Initiatives toward climate change

ITFOR recognizes response to climate change as an issue that affects medium- to long-term corporate value. Our Environmental Promotion Committee is conducting an analysis of climate change risks and opportunities. Among the risks that arise in the process of transitioning to a low-carbon economy, we conduct scenario analysis up to 2050 using the less than 2°C scenario and the 4°C scenario* for policy and regulatory risks, market risks, and acute risks from sudden weather events under physical risks. As a result, we predict that there will be no significant impact on business activities. Furthermore, by promoting cashless transactions at local governments and regional companies, ITFOR is reducing CO2 emissions associated with the issuance, transportation, and management of cash, and is advancing initiatives from both aspects of reducing greenhouse gas emissions and promoting responses to climate change.

* Using RCP2.6, RCP4.5, and RCP8.5 from the IPCC Fifth Assessment Report

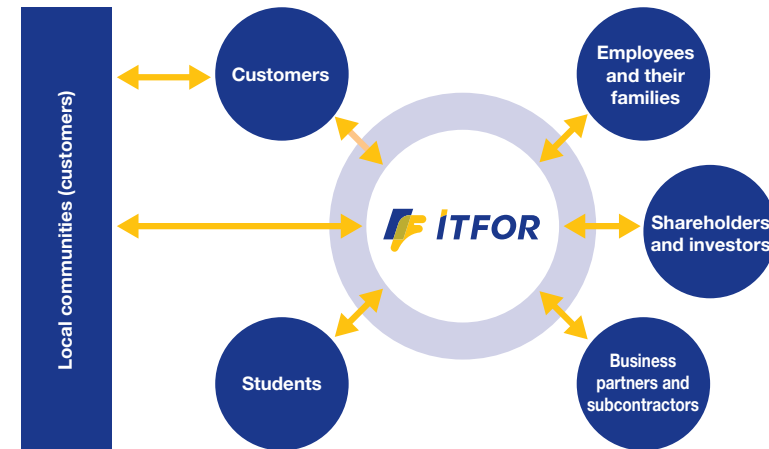
FY2024 results

SCOPE 1 64.048t-CO ₂
SCOPE 2 (Market) 976.162t-CO ₂
SCOPE 3 14623.196t-CO ₂

* Scopes 1 and 2 cover the entire Group, while Scope 3 covers ITFOR on a non-consolidated basis.

Stakeholder engagement

ITFOR prioritizes stakeholder engagement to promote a sustainable future. We incorporate stakeholder feedback in our corporate activities through transparent information disclosure to build trust from stakeholders and drive mutual development.



Stakeholder		Main method of dialog	Activities in fiscal 2024
Customer	All customers including institutions and enterprises that use products and services provided by the ITFOR group	Events such as seminars, user conferences, research conferences	Through user meetings, we listen to customer requests and reflect them in service improvements such as system modifications. Furthermore, with a maintenance system through a call center available 24 hours a day, 365 days a year, the Company's systems can continue to be used with peace of mind even after implementation.
Shareholders and investors	Individual and institutional investors including shareholders of the ITFOR group	General meeting of shareholders, results briefing, briefing for investors, seminars for individual investors, issuance of different reports	Dialogues with investors totaled 52 during the year, an increase of approximately 30% compared to the previous year. In addition to shareholder communications twice a year, we are also actively engaged in shareholder returns, such as being selected as No. 1 in the Nikkei Veritas "Comprehensive Ranking of Shareholder Return Capacity."
Employees and their families	All employees and their families including those of group companies	Company training, intranet, quarterly interviews, organization diagnosis survey, ITFOR hotline, events that employees' families can join	In addition to the restricted stock-based compensation program, scholarship repayment support, and continuous wage increases, we implement measures that support employees and their families, such as workplace environment improvements through office relocations and company trips.
Local communities	All local communities that are related to the ITFOR group and its customers	Support for the development of future IT talents, co-sponsoring of different events, construction of regional social infrastructure, restoration assistance for disaster-affected areas	In addition to sponsoring tour de kyushu 2024, which symbolizes recovery support in Kyushu, and the All-Japan Programming Convention of Selected Elementary School Students aimed at nurturing the next generation, we also exhibited at regional trade shows such as ResorTech EXPO 2024 and the Kumamoto Industrial Revitalization Expo 2025, deepening our connections with local communities.
Business partners and subcontractors	Business partners that ITFOR deals with and cooperate with	Everyday procurement, supplier evaluation (questionnaires and visits), debrief meetings on quality improvement, quality audits	The Company evaluated operations and deliverables provided by subcontractors that continuously deal with ITFOR in development projects. The Company provides evaluation reports to subcontractors once a year and asks for continuous effort to improve quality.
Students	Prospective employees of the ITFOR group, students seeking jobs in ITFOR, students who want to collaborate with ITFOR to contribute to society through IT, elementary and junior high school students who will lead the future IT industry	Internships, company information sessions, demonstration experiments with universities, acceptance of junior high school students for workplace experience, sponsorship of events for the All-Japan Programming Convention of Selected Elementary School Students	The Company strengthened company information sessions at regional universities, and many students participated. The Company advances initiatives that value connections with students, including acceptance of interns, creating opportunities for interaction among prospective employees, and activities for elementary and junior high school students who will lead the future, in addition to students aspiring to join ITFOR.

Sustainability Management

<Report on activities>

● Regional Revitalization Committee

Aiming for coexistence with local communities and the enhancement of corporate value, we are deploying diverse initiatives that contribute to solving regional issues.

- **Regional integration of cashless payments:** researched the status of cashless payment integration in regions and implemented service proposals tailored to regional needs.
- **Strengthening cybersecurity measures:** conducted needs research for regional financial institutions, municipalities, and companies. Contributed to improving the safety of regional information infrastructure.
- **Corporate hometown tax payment:** made donations to four municipalities as support based on regional revitalization plans.
- **Support for next-generation human resource development:** continued sponsorship of the All-Japan Programming Convention of Selected Elementary School Students and Teen Apps Awards. Also exhibited and sponsored "ResorTech EXPO 2024" held in Okinawa and "tour de kyushu 2024" held in Kyushu.



Received a letter of appreciation from Kochi Prefecture for corporate hometown tax payment

● Human Resources Committee

Through information exchange outside the company and proposals for improvements to internal systems, we are promoting the creation of an environment where employees can work more vibrantly.

- **Dialogue with partners:** held regular opinion exchange meetings with customers, group companies, and partner companies. While sharing each company's initiatives and the issues they are facing, we gain new insights toward improving corporate culture and internal systems.
- **Improving rate of parental leave uptake:** proposed the introduction of a "Parental Leave Workplace Support Allowance" for members of the group to which the employee taking childcare leave belongs, with the aim of reducing the psychological burden on the employee taking leave and eliminating the sense of unfairness among surrounding colleagues. Currently preparing for institutionalization.
- **Policy proposals reflecting employee voices:** based on the internal questionnaire conducted in fiscal 2024, trends were analyzed, and proposals for measures aimed at further improving work-life balance and reducing the burden on managers are being issued as needed.
- **Raising the mandatory retirement age for regular employees:** raised the mandatory retirement age for regular employees to 65, and from fiscal 2025 will begin operation of the 65-year retirement system. Through developing an environment where employees can work with vitality and peace of mind even after the age of 60, and realizing treatment that matches their contributions, we will

promote the retention and further strategization of human resources.

● Environment Committee

Toward environmental conservation and the realization of a sustainable society, we are promoting diverse initiatives in collaboration with regions and employees.

- **Support for groundwater recharge activities:** supported the "Aso Mizukake no Tanada" promoted by the Foundation "for the Preservation of Green and Water Resources of Higo." At the "Aso Mizukake no Tanada" in Aso City, Kumamoto Prefecture, employee volunteers participated in terraced rice field conservation activities.
- **Raising environmental awareness within the company:** in collaboration with Decarbonization Support Co., Ltd., online consultations on energy saving and renewable energy are scheduled to be conducted. Initiatives are underway to encourage behavioral change in each employee.
- **Activities to make the office green:** installed an office garden on the terrace of the 12th floor of the Head Office. By utilizing IoT sensors and AI



Realizing an office garden with IoT sensors

technology and aiming for operations with a low environmental burden, we are also taking on the challenge of integrating technology and environmental conservation.

● DX promotion

Aiming for operational efficiency and advanced utilization of information, under the concept of "DX that can be used on site," we are promoting practical, field-driven DX. In fiscal 2024, differences in enthusiasm were seen between divisions, but in fiscal 2025 we plan to determine the direction of DX from a company-wide perspective.

- **Automation of minutes:** implemented the AI minutes tool "bellSales AI" to the sales frontlines, realizing the recording and reuse of business negotiation content. The quality and speed of operating activities improve, and it also leads to the accumulation of knowledge.
- **Efficiency in project management:** implemented management tools to promote visualization of progress and optimization of tasks. Aim to eliminate dependence on individuals and strengthen team collaboration.
- **Promotion of knowledge sharing:** by utilizing AI, we developed an environment where anyone can access the necessary information. Prevent the individualization of information.
- **Transparency of operations and acceleration of decision-making:** by promoting the implementation of a workflow system, we promoted the departure from a paper-based culture.
- **Centralized management of customer contact points:** by utilizing the business card management tool "Sansan" and linking Slack with Salesforce, realized real-time information sharing and operational efficiency.

Sustainability Management

Topic 1 Aso's terraced rice fields and an urban vegetable garden

— expanding employee-participation sustainability

From April 2025, at the “Aso Mizukake no Tanada” (310 m²) in Aso City, Kumamoto Prefecture, we started rice cultivation experiences for the purpose of groundwater recharge and employee well-being. Furthermore, in the same month, on the terrace of the 12th floor of the Ichibancho Tokyu Building, where the Head Office is located, the “office garden,” in which employees cultivate vegetables and herbs, also started. In both urban and regional fields, “nurturing” experiences in which employees proactively engage are spreading. The initiative in Aso is implemented through the Foundation for the Preservation of Green and Water Resources of Higo, with employees participating in rice planting and harvesting. The harvested rice is scheduled to be distributed within the company, and it is being used to promote understanding of agriculture through food, team building, and refreshment of mind and body. At the same time, it is also contributing to solving regional issues such as the decrease in

rice fields and the lowering of groundwater levels due to water resource use accompanying semiconductor development.

Meanwhile, in the office garden, about 20 types of plants such as turnips, carrots, potatoes, and taro are being cultivated. Employees sow seeds and plant seedlings, and the harvested crops are provided at the internal event, “Happy Hour.” In addition, we are working on visualization of soil data and cultivation support using IoT sensors and AI, and this also leads to collaboration with regional agriculture and demonstration of cultivation support technologies.

These activities, while also having an aspect of employee welfare, are a practice of sustainability that combines contribution to local communities with employees’ voluntary involvement. Through experiences of touching nature, nurturing, and connecting, we will build a sustainable future together with employees.



Topic 2 Visualizing employees' true feelings and transforming the organization — AI dialogue app “Coco Voice”

To listen to each employee’s voice and connect it to building a better organization, the Company is developing the AI dialogue app “Coco Voice” (patent pending). It is a new communication tool that supports early detection and improvement of organizational issues, by allowing anonymous posting of opinions from smartphones and by drawing out true feelings through dialogue with generative AI. The AI analyzes the posted content, converts it into reports, and provides regular feedback to management.

“Coco Voice” sets itself apart from conventional organizational surveys. Developed as a mobile app that can be easily used anytime and anywhere from employees’ individual smartphones, from the perspective of “employee first,” it provides a mechanism for employees to autonomously participate in organizational reform.

From May 2025, with the cooperation of Kyoritsu Computer Service Co., Ltd., a group company of Ogaki Kyoritsu Bank, we conducted a proof of concept (PoC).

Equipped with features such as ensuring anonymity, deep-dive dialogues through generative AI, and compliance with guidelines for visualization of human capital, Coco Voice aims to become an effective means of bridging the silent gap between employees and management as diverse workstyles advance. Furthermore, the accumulated voices of employees become an important asset that visualizes the value of human capital and can be utilized in management decisions.

Through regular dialogue, by fostering a culture in which employees can express their opinions as members of the organization, this also leads to improved engagement and reduced turnover rate.

We are confident that “Coco Voice,” which fuses the power of technology and people, will be a new step toward building a sustainable organization.



Corporate governance

Round table discussion between outside directors

The ideal state of ITFOR and toward enhancing corporate value The role outside directors should play

A business model that specializes in unique areas within the IT industry and engages deeply with customers

—From this year, Mr. Kanazawa and Ms. Fukuda have been appointed as outside directors of ITFOR, and the outside directors have also entered a new structure. Please introduce yourself once again.

Kanazawa: After graduating from university, I built my career as a lawyer in the field of corporate legal affairs. I studied at a law school in the United States and also gained work experience at overseas law firms and the Financial Services Agency. I have mainly provided legal and compliance advice to Japanese companies and financial institutions.

As for ITFOR, I had known the name for some time, and I was particularly impressed by its strong relationships with regional financial institutions. I felt that I could make a contribution by drawing on my own experience, which is why I accepted this appointment. Taking into account my background in supporting startups and my experience as an outside director at other companies, I also believe I can be of help in areas that are increasingly in demand today, such as governance and sustainability.

Fukuda: After working as an engineer at a major manufacturer involved in the development of social infrastructure systems, I served as general manager of the quality assurance division,

Waka Abe Outside Director

She has knowledge of global management and overseas business gained through work experience in the electronics industry in Japan and overseas. In current position since 2021.

Itsuko Fukuda Outside Director (Member of Audit and Supervisory Committee)

After serving as general manager of quality assurance and other positions at a major general electronics manufacturer, she served as representative director at a subsidiary, possessing knowledge of management and quality control. In current position since 2025.

Koji Kanazawa Outside Director (Member of Audit and Supervisory Committee)

He has work experience at law firms in Japan and overseas as well as at the Financial Services Agency, with expertise in corporate legal affairs and auditing. Serves as an outside officer at multiple companies. In current position since 2025.

Corporate governance



where I was responsible for quality management of products and processes. I then served as president and representative director of a subsidiary, where I was also engaged in management. It was through this connection that I was given the opportunity, and I hope to contribute to management decisions and judgments at the Board of Directors meetings by drawing on this business experience.

Through my experience in system development and project management, as well as my activities in a risk management study group I participate in, I believe I can quickly catch up in understanding and supervising the business. Regarding important decisions such as M&A, I intend to express firm opinions from the perspective of defense in my role as an audit and supervisory committee member.

Abe: It has been four years since I assumed my position. After graduating from a university in the United States, I gained experience at semiconductor companies and French venture firms, as

well as other startups both in Japan and overseas, and later became involved in my family business. Through challenges at small startups and practical experience abroad, I have always been engaged in new businesses and innovation. Drawing on that background, I hope to contribute to ITFOR in areas such as global management, overseas strategy, and the promotion of new businesses.

—What are your impressions after actually getting involved?

Abe: At the time of my appointment, my strong impression was that ITFOR had the glamorous image of being a “professional group of IT specialists” with cutting-edge technology. However, in reality, the company is deeply involved in systems for local governments, financial institutions, and the distribution industry, supporting society behind the scenes. In that sense, I felt there was a very positive gap in how the business is carried out, steadily and reliably, yet in a rather down-to-earth manner. Last year, we held three round table discussions on themes raised by employees, providing opportunities for frank exchanges of opinions. Through my involvement as a director, I have also grown even closer to the employees.

Fukuda: I also initially had the impression that ITFOR was a “glamorous IT company.” But after actually getting involved, I found it to be very open and approachable, with employees who create a warm atmosphere. With Ms. Abe and others providing an environment where it is easy to seek advice, I feel it is a company with excellent communication and openness.

Kanazawa: At first, my impression was strongly that of a “system company specializing in finance.” However, upon seeing the reality, I was struck by the breadth of ITFOR’s customer network and how deeply it is involved in many different fields. I was surprised by this breadth and felt a great sense of potential.

—Conversely, what challenges do you see?

Kanazawa: I think one of ITFOR’s greatest strengths is that it has specialized in certain fields and built trusting relationships with customers through many years of communication. On the other hand, the challenge lies in how to leverage that strength going forward. ITFOR needs to steer carefully in determining how to refine the assets it has accumulated through long-standing customer relationships in line with changes in society.

The financial market is constantly evolving. Regional financial institutions, in particular, face issues such as population decline and trends toward management integration. ITFOR’s strength lies in its deep understanding of regional financial institutions’ operations and its strong relationships based on close communication. I feel that from now on, even more in-depth support will be required.

Fukuda: I am paying close attention to the purpose of “contributing to regional revitalization.” ITFOR’s connections with regional financial institutions nationwide, as well as with municipalities and the distribution industry, are extremely important. With Japan’s population shrinking and the working-age population declining, revitalizing regional communities is

one of society’s key challenges. I strongly feel, and expect, that ITFOR is a company capable of leveraging IT and DX to deliver concrete solutions and provide solid information infrastructure to address these challenges.

Abe: Up until now, ITFOR has at times introduced solutions from overseas to the domestic market, but it has essentially focused on Japan. However, I would very much like to see the company broaden its perspective beyond the domestic market and take on the challenge of expanding overseas.

Governance and effectiveness of
Board of Directors
The challenge of building a
succession plan

—Please share your thoughts on the effectiveness of ITFOR’s governance.

Abe: From this year, we have a new leadership structure with Chairman Sato and President Sakata serving as representative directors. In addition, Ms. Fukuda and Mr. Kanazawa have joined as new outside directors. I already feel they are seeking to make positive changes to the Board of Directors and the Business Executive Committee.

Fukuda: I only assumed this position in June and have attended Board of Directors meetings about twice so far, but I understand that an effectiveness evaluation has already been conducted and that issues have been identified.

Corporate governance

In terms of operation, I feel there are several points that should be reviewed. Because outside directors have limited access to internal information, by holding thorough pre-briefing sessions with ample exchange of views before Board of Directors meetings, we can discuss matters in a way that is closer to management decision-making.

There is also a need to confirm that the Board of Directors has a solid set of themes to be discussed throughout the year. Furthermore, for Members of Audit and Supervisory Committee, including coordination with the Internal Audit Office and the Compliance and Risk Management Committee, clarifying the division of roles will, I believe, lead to a stronger governance framework.

Kanazawa: As an outside director participating with a vote in management decision-making, I feel the weight of that responsibility. Even in my role as a Member of Audit and Supervisory Committee, I understand that it is not necessary to view every matter solely through an audit lens, and I hope to work with the rest of the board to help move the company forward.

My impression is that discussions at the Board of Directors meetings are very active. However, attention tends to be drawn to short-term performance. From the standpoint of an outside director, I would like us to be able to discuss not only the near term but also ITFOR's medium- to long-term steering, and I want to devote my efforts there as well.

Abe: ITFOR is, in a good sense, earnest about everything, and there is a stance of rigorously

pursuing what it sets as the right way to be. My impression is that, rather than just producing numbers, the leadership and the company as a whole tackle what they set out to do with sincerity. By the way, compared with overseas, how do you view the current state of governance in Japan?

Kanazawa: I think Japan's governance environment has also been improving. Japanese companies are good at creating structures and have the seriousness to thoroughly implement policies set by the government. However, that alone is no longer sufficient. We are now in a phase where it is important to consider "why it is necessary" and "whether it is being executed in a meaningful way." For ITFOR as well, I believe the most important thing is to explore "what kind of governance can enhance corporate value."

Fukuda: I completely agree. I also feel that the employees have an open mindset. In that sense, I would like the board to aim to be a forum where more active discussions can take place that reflect ITFOR's unique character. It might be worthwhile to create opportunities for more face-to-face, in-depth discussions. I think one of ITFOR's strengths is the ability to adapt flexibly without being bound by precedent.

Abe: I share the same view. Under the leadership of the new president, Mr. Sakata, I look forward to seeing ITFOR generate "change" aimed at making the company even better.

—From the perspective of governance, what issues do you think deserve particular focus?

Abe: Looking ahead to ITFOR's future growth, I feel that how we develop the next generation of

leaders is a critical issue. In that sense, the role of the Nomination and Compensation Committee will become more important than ever.

Kanazawa: This year, the compensation system was revised to place a strong focus on KPIs. While monitoring its progress and effectiveness, I would like to help lead discussions toward the ideal form. As Ms. Abe pointed out, developing the next top management is the most important management issue. From the standpoint of outside directors, it is difficult for us to fully assess this, but since we bear responsibility on the Nomination and Compensation Committee, I believe the challenge from this year onward is how we collect and evaluate information.

Fukuda: Human resources development must be planned with a long-term perspective. Within that, it is important to establish a solid succession plan. In addition, to become a representative director, diverse experience is essential. Because the president must face a wide variety of stakeholders as the company's representative, it is vital to set clear development plans, whether by appointing externally or cultivating talent internally, and to build frameworks that allow candidates to gain experience systematically.

Abe: As outside directors, our opportunities to visit the company are limited, so it is somewhat difficult to see clearly who the potential successors are. I feel that unless it is someone who understands the operations and challenges across all departments, there will be a lack of balance. It is important to share a vision of the successor and to foster such a person collectively. For that reason, I would very much like to



see active information sharing about who the candidates are and what qualities they possess.

Toward the right answer for the company, thinking together regardless of gender or age

—In recent years, diversity management has been strongly emphasized. What are your thoughts on this?

Abe: Diversity management is an urgent issue for any company, but it is not simply a matter of increasing the number of women. If we do not approach it by considering what the company lacks and who is best suited at the moment, it will be counterproductive.

On the other hand, in ITFOR's current situation, I sometimes feel that meetings tend to lean toward male perspectives. In that sense, I intentionally make it a point to speak freely, even

Corporate governance



saying things that people might normally hold back for the sake of reading the room.

Kanazawa: I have not yet fully grasped everything, but ITFOR may be somewhat homogeneous. Therefore, I think it is necessary to secure greater human resource diversity, for example through mid-career recruitment. From my own experience, I have seen companies struggle for many years because delays in promoting diversity management left them unable to catch up with market changes from multiple perspectives. Going forward, I believe that the ability to respond to such changes will increasingly become a driver of corporate differentiation.

Fukuda: From the perspective of my career to date, I feel that ITFOR is nevertheless quite diverse. Mid-career recruitment is being promoted, and I also see many women at the company. Of course, diversity is not limited to gender. In that sense, I believe ITFOR can achieve medium- to long-term growth. I also

think the chairman and president are working to aim even higher, and under the new management structure, ITFOR will be able to further showcase and communicate its diversity.

Abe: My ideal is an environment where, regardless of gender or age, and irrespective of position, everyone can think together about what the right answer is to the agenda at hand. When facing challenges, it is important to be able to consider what the optimal solution is without being constrained by status, role, or gender.

To the stakeholders
Supporting the enhancement of
corporate value under Chairman
Sato and President Sakata

—What initiatives do you think are necessary for ITFOR to achieve further growth in the future?

Abe: I believe ITFOR's connections with regional financial institutions and local governments are truly the company's greatest assets. One direction for growth is to evolve the current systems and deliver even better solutions to customers. Another direction is to provide new businesses as added value, making the most of our existing extensive customer base. I would like ITFOR to become a company that, without being constrained by our core businesses or conventional thinking, can also provide solutions to the common challenges that regional communities are currently facing.

Fukuda: In terms of regional revitalization, it is

not only financial institutions, municipalities, and department stores that are important, transportation infrastructure is also essential. I am not sure how far ITFOR can be involved, but I hope the company will step into new fields, provide what it can as an information infrastructure player, and connect these efforts to true regional revitalization.

To achieve this, I believe “co-creation” will carry great significance, not just working alone. We need to think carefully about who the partners in co-creation should be. If ITFOR can expand new challenges step by step, it will be exciting and meaningful in terms of energizing regional communities as well.

Kanazawa: What both of you mentioned is precisely ITFOR's strength. Based on the foundation of building better systems, ITFOR can enhance its corporate value by collaborating with customers across a variety of industries to create a new society. In particular, young people feel excited when they engage in new endeavors. When their hearts are uplifted, they also gain a real sense of contributing to regional communities, and that cycle generates even more strength. I hope ITFOR will become a company where original ideas emerge one after another and are embraced with a positive attitude.

—Finally, please share a message for your stakeholders.

Fukuda: As a Member of Audit and Supervisory Committee, my first responsibility is to firmly fulfill the role of “defense.” At the same time, without applying the brakes too heavily, I will make constructive proposals at the board of

directors so that ITFOR's unique strengths can be fully utilized. We aim to be a team of Members of Audit and Supervisory Committee that both internal and external stakeholders can say they are glad to have entrusted with this responsibility. I will devote my efforts to enhancing corporate value.

Kanazawa: From the perspective of diversity, which we discussed earlier, I believe outside directors have a major role to play. It is important to reflect external, objective viewpoints in management. While maintaining a certain degree of constructive tension with the executive team, we must also value balance. In particular, ITFOR has a sound financial base and ample room for investment. Precisely because of this, I see it as our responsibility to carefully oversee positive initiatives and help establish a management environment where the company can continue to take on forward-looking challenges.

Abe: I believe it is highly significant that, while Chairman Sato remains active, the company has deliberately entrusted management to President Sakata, who comes from a technical background. Leveraging ITFOR's strengths in technology and its solid financial foundation, I see President Sakata's major mission as further enhancing corporate value through new development investments and M&A. By effectively utilizing public projects, advanced technologies, and ample financial resources, I expect ITFOR will continue to raise its corporate value.

Going forward, we three outside directors will continue to draw on our respective expertise to meet the expectations of all stakeholders.

Corporate governance

Strengthening of management base

Basic approach

The strengthening of the management foundation is essential for the realization of the continuous improvement of corporate value. ITFOR puts top priority on the strengthening of risk management including information security assurance and the organization structure for ensuring compliance, as well as the corporate governance system that reinforces these policies.

ITFOR draws on its corporate philosophy of generating excitement and smiles by “YORISOU CHIKARA” – The Strength to Support in expressing its philosophy of corporate governance. It recognizes that the basis of corporate governance is transparent and fair management systems and efficient business execution underpinned by prompt and resolute decision-making and timely and appropriate information disclosure. Based on this basic policy, the Company aims for its continuous improvement of the Group's corporate value by defining ITFOR Group's Corporate Governance Basic Policy to ensure the effectiveness of corporate governance and continuously improve it.

Organization

ITFOR has adopted the structure of a company with audit and supervisory committee to reinforce the supervisory function of the Board of Directors and to ensure the robustness of the company's corporate governance. While the company rule stipulates that the number of Directors (excluding those who are also members of Audit and Supervisory Committee)

shall be 20 or less, the current number of Directors is six, including one outside director. While the company rule stipulates that the number of Directors who are also members of Audit and Supervisory Committee shall be five or less, the current number of such Directors is three including two Outside Directors. In order to respond quickly to changes of the management environment by separating the decision making and supervision function and the business execution function, the Company adopts the executive officer system, under which the Business Executive Committee whose members consist of Directors and

Executive Officers makes decision on business execution strategies to ensure agile business execution. The Company has established the Nomination and Compensation Committee as a non-statutory advisory body, in which Outside Directors constitute the majority, in order to elevate the transparency and objectivity of the procedure for nomination and compensation decisions for Directors.

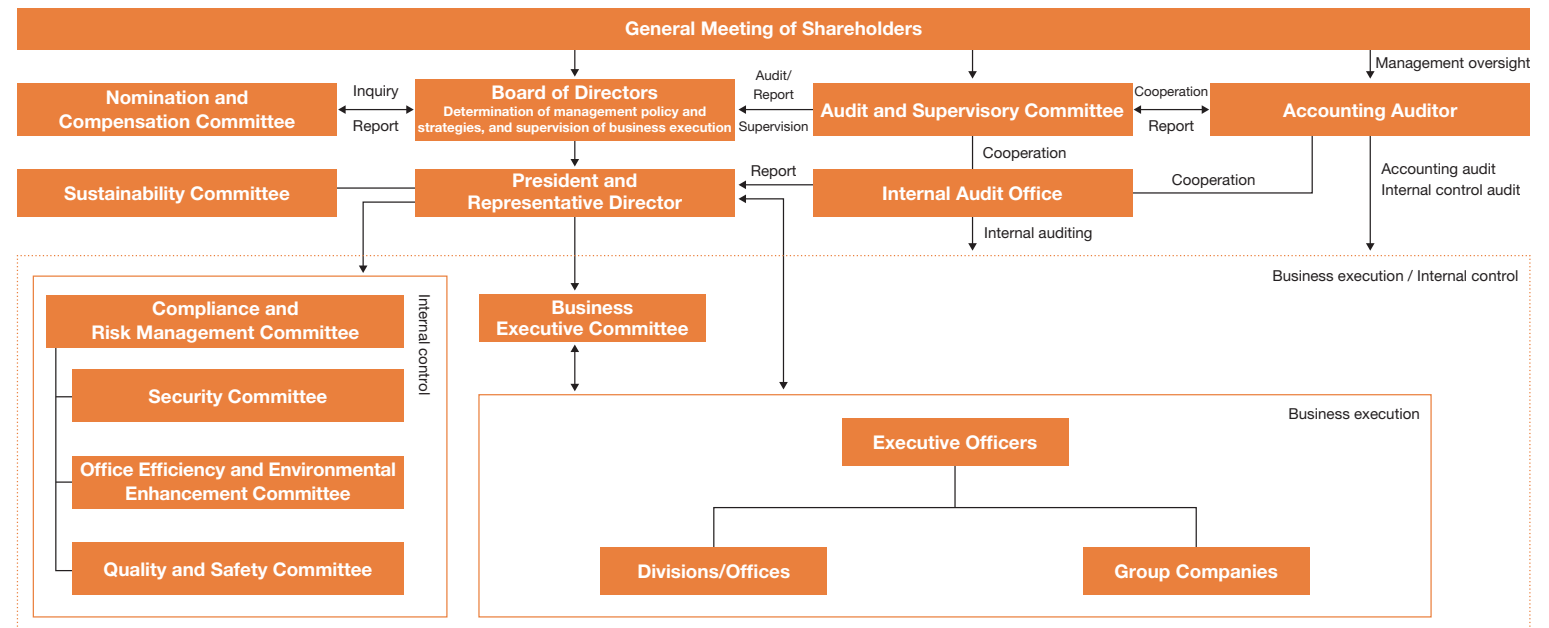
Board of Directors

The Board of Directors should recognize the stewardship responsibility for shareholders, and are responsible for the continuous growth

of the ITFOR Group and the medium- and long-term improvement of corporate value. Also, in order to fulfill these responsibilities, the Board of Directors sets up the goals of the Company and makes best decisions for the Company on management strategies, management plans, and important business executions in light of the evaluation of risks that the Company faces. The Board of Directors provides an environment that supports appropriate risk taking and makes effective supervision on the execution of duties of Directors from an independent standpoint.

The Board of Directors held 22 meetings in fiscal 2024.

Organization chart of corporate governance



Corporate governance

Audit and Supervisory Committee

The Audit and Supervisory Committee is a statutory body that has the supervision function together with the Board of Directors, and audits the Directors' performance in their duties. Based on the audit policy and audit plan resolved at the beginning of the period, the committee takes proactive roles including supervising and verifying the status of creation and operation of the internal control system of the Group and providing the information obtained from audit activities for the deliberation of the Board of Directors of the Company. The committee liaise with Outside Directors to help them in information collection, and also closely liaise with Accounting Auditors and the internal audit department. Furthermore, to ensure proper audit activities, the committee takes appropriate actions such as defining criteria for properly selecting and evaluating the accounting auditor and confirming that the accounting auditor has independence and expertise, with the recognition of accounting auditor's responsibilities for shareholders and investors.

The Audit and Supervisory Committee basically meets once a month, and had 20 meetings in fiscal 2024.

Nomination and Compensation Committee

ITFOR has established its Nomination and Compensation Committee as a voluntary advisory body to its Board of Directors. The committee is tasked with enhancing and ensuring the transparency and objectivity of procedures regarding the nomination and compensation of directors and with bolstering corporate

governance. The Nomination and Compensation Committee is composed of three or more members appointed through a Board of Directors' resolution. It adheres to a policy that the majority of its members are to be independent outside members, one of whom will serve as the committee's chair. The committee conducts deliberations and provides recommendations to the Board of Directors in response to inquiries therefrom.

The committee had six meetings in fiscal 2024.

Business Executive Committee

The committee makes decisions flexibly and promptly on basic and important matters of

business execution in order to reinforce the function of the Board of Directors and enhance the management efficiency.

The committee consists of Directors and Executive Officers and basically meets twice a month. The committee had 22 meetings in fiscal 2024.

Sustainability Committee

The Company established the Sustainability Committee chaired by the Chairman and Representative Director and sub-chaired by the President and Representative Director in order to advance and enhance sustainability efforts. The committee conducts ESG-related activities under the basic policy of "We aim to build a

sustainable future by fostering innovation that supports every aspect of local communities and individuals' life stages while delivering meaningful experiences," and reports on its activities to the board of directors twice a year. By deepening discussions with management, the committee confirms the direction that should be pursued across the group as a whole while also enhancing its own effectiveness.

In addition, matters decided by the committee are communicated throughout the group, and each entity works in coordination so that the entire group engages in sustainability activities together, aiming to enhance corporate value through the realization of ESG management.

● Skill matrix of the Board of Directors

Name	Position	Management experience	ESG/ Sustainability	Marketing/ Business strategy	IT/ Infrastructure technology	Industry knowledge	Internationality and diversity	Law and risk management	Finance, accounting, and M&A
Tsunenori Sato	Chairman and Representative Director	○	○	○	○		○		
Koji Sakata	President and Representative Director	○		○	○	○			○
Hiroataka Oeda	Director and Managing Executive Officer, General Manager of Corporate Strategy Department General Manager of Financial Systems Division	○	○	○		○		○	
Katsuo Nakayama	Director and Executive Officer General Manager of Management Division	○	○			○		○	○
Kazunori Kono	Director and Executive Officer General manager of Payment Systems Division		○	○	○	○	○		
Waka Abe	Outside Director	○	○	○			○		
Masahito Motoyama	Director Full-time member of Audit and Supervisory Committee	○		○		○		○	
Itsuko Fukuda	Outside Director Member of Audit and Supervisory Committee	○		○	○	○		○	
Koji Kanazawa	Outside Director Member of Audit and Supervisory Committee		○	○			○	○	○

* Up to five relevant items are marked for each Director. The table does not cover the entire knowledge and experience of the Directors.

Corporate governance

Evaluation of the effectiveness of Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors aiming for the improvement of the function of the Board of Directors and the improvement of the corporate value.

The overview of the evaluation results of fiscal 2024 is shown below.

(i) Analysis/Evaluation method

With the support of an external institution, a survey was conducted by a questionnaire of the following content for all members of the Board of Directors, and based on the survey result report from the external institution, the Board of Directors conducts analysis and evaluation and discusses actions to be taken.

Members of Board of Directors	Performance and other aspects of outside directors (including members of Audit and Supervisory Committee)
Effectiveness of Board of Directors	Monitoring function, dialog with shareholders (investors), operation of the Nomination and Compensation Committee, etc.
Operation of the Board of Directors	Discussion, supporting system for Directors (including members of Audit and Supervisory Committee), training, effort of each Director
Others	Total evaluation

(ii) Evaluation result

The Board of Directors was evaluated as being functioning effectively overall with proper

overall functioning of operation, decision making, and supervision as the result of deliberation in the Board of Directors based on the analysis in view of the result of the questionnaire.

(iii) Actions to be taken into the future

As the result of discussion in the Board of Directors, the following are recognized as actions to be taken continuously into the future:

- (1) For the realization of management that pays heed to the capital cost and stock prices, analyze and evaluate the capital cost and capitalization rate as well as market evaluation on the Company, and conduct effective deliberation on the formulation of an improvement policy and on challenges.
- (2) Improve the quality of management by providing all Directors with opportunities to obtain necessary knowledge and by the effort of diversifying and systematically fostering the candidates of core management personnel.
- (3) While the importance of the agenda items of the Board of Directors is increasing, strengthen the framework for the timely prior provision of necessary and sufficient information and explanation to the management team and the Board of Directors to enable more efficient and proper deliberation.

Compensation for Directors

The Company's basic policy of compensation for Directors is to determine compensation values through a transparent and objective process that functions as a sound incentive with proper alignment with Company's performance, with the aim of securing, retaining, and motivating excellent management staff to enable the Company and the Group to continuously grow and gain increasing corporate value over the medium-to-long term.

Compensation system

Compensation for Directors of the Company consists of the basic part and the portion linked to performance, and it is determined by the Board of Directors through deliberation by the Nomination and Compensation Committee on the comparison with companies in the same

industry or of the same size, financial condition of the Company, and contribution of individual Directors, based on the results reported to the Board of Directors. Only the basic compensation is paid to outside directors and Directors who are also members of the Audit and Supervisory Committee because performance-linked compensation is not appropriate for them.

The performance-linked compensation consists of the monthly compensation, which is an incentive that links to short-term performance, which is a medium- to long-term incentive, and the share exchange trust (non-monetary compensation, etc.), which is performance-linked compensation in the form of shares. The monthly compensation is calculated and paid according to the achievement rate of the target net income attributable to owners of the parent.

Overview of compensation system for Directors

Fixed		<ul style="list-style-type: none"> A fixed amount is paid in accordance with the position and responsibility of each Director. The compensation value of a Director who is a member of Audit and Supervisory Committee is determined by deliberation by the members of Audit and Supervisory Committee.
	Variable	<p>Compensation as short-term incentive (monthly)</p> <ul style="list-style-type: none"> Total of performance-linked compensation = Target net income attributable to owners of the parent*1 × 8.0% (maximum) × Company performance evaluation factor Amount paid to each Director = Total performance-linked compensation × $\frac{\text{Points of each Director} \times \text{Performance evaluation factor of each Director}^2}{\text{Sum of (points of each Director} \times \text{Performance evaluation factor of each Director}^2)}$ <p>*1 JPY Zero when the net income attributable to owners of the parent is negative. *2 Factors are determined in the range of 0% to 150% according to the results with regard to individual performance indicators of each Director.</p> <p>Compensation as medium to long-term incentive (performance linked stock compensation)</p> <ul style="list-style-type: none"> The purpose of this compensation is to encourage the Directors to contribute to the medium- to long-term improvement of the performance and corporate value of the Company by clarifying the relation between the compensation for Directors and the performance and stock value of the Company to have the Directors share with the shareholders the advantages and risks brought by stock value changes. In this system, shares of the Company are purchased by a trust (this trust, hereafter) that was created by a fund provided by the Company, and the number of shares commensurate to the points granted to each Director by the Company are delivered to the Director through this trust. In principle, directors receive the delivery of shares upon their retirement. The performance target is set at consolidated operating profit of JPY 4.8 billion for FY2026, the final year of the fourth medium-term management plan.

Corporate governance

Compliance

Basic approach

The Group behaves sensibly observing laws and regulations as well as company rules, thereby to be a company trusted by society.

Organization

Our Compliance and Risk Management Committee oversees our overall compliance and risk management. It investigates the causes of compliance violations and other business risks and considers and implements measures after reviewing laws and regulations to prevent or mitigate recurrence. In the event of emergencies, such as natural disasters, the president and representative director heads up the company's Emergency Response Headquarters to promptly and appropriately manage the crisis.

ITFOR has established three subcommittees—the Security Committee, the Office Efficiency and Environmental Enhancement Committee, and the Quality and Safety Committee—to analyze from their specialized perspectives operational risks arising from emergencies. Those subcommittees report their findings to the Compliance and Risk Management Committee.

Window for whistle-blowing and consultation about compliance

ITFOR provides email and phone consultation

windows so that employees do not hesitate to consult when they sensed something that may violate compliance or a behavior in everyday operations that may cause a problem. Considering cases when whistle-blowers do not want to consult an internal body, the Company also provides a consultation window operated by an external service.

Risk management

Basic approach

The Company consolidates its risk management organizational system through the disclosure of the organization and policy of information security, the organization and policy for improving and maintaining quality, BCP, and the organization and status of internal control.

Organization

The Compliance and Risk Management Committee analyzes risks in information security, environment, industrial health, safety of product, quality, and so forth, and is working to reduce these risks based on company rules of risk management. ITFOR has established three subcommittees—the Security Committee, the Office Efficiency and Environmental Enhancement Committee, and the Quality and Safety Committee, which meet periodically. These committees analyze risks in business operations from their specialized perspectives for the integration of company-wide risk management.

Anticipated key risks and their mitigation

Type of risk	Outline of risk	Key measures
Natural disasters, etc.	Business disruption from power outages and telecommunications failures caused by earthquakes and other disasters	We have data centers in Tokyo and Osaka and have established a business continuity plan (BCP) that takes into account large-scale earthquakes. We implement safety measures such as the introduction of a safety confirmation system, seismic resistance measures, and disaster prevention training.
System (product) development and quality management	Costs and damages due to quality-related issues	We have obtained ISO 9001 certification (2015 edition), produced a quality manual, and set quality objectives to ensure thorough quality management. ISO 27001 certification (2013 edition), meanwhile, facilitates our ability to conduct quality assurance, to improve services, and to enhance customer satisfaction.
Information security	Loss of critical information	Division managers serve as information security officers and oversee security within their divisions. We have obtained privacy mark certification and have bolstered our information management by implementing CAT Supporter, a system that monitors access control and PC operation logs.
Competition	Price declines amid intense competition	Our business strategy sees us leverage our extensive business experience to specialize in systems for regional financial institutions and for distribution and retail industries. By concentrating on these areas, we accumulate system expertise superior to our competitors'. We differentiate ourselves by offering comprehensive services encompassing tangible and intangible elements and our unique solutions and network infrastructure.
Exchange rate fluctuations	Increased costs due to exchange rate fluctuations	We engage in forward exchange reserve transactions within the scope of foreign currency accounts payable and order amounts. We select the counterparties for forward exchange reserve transactions from among highly reputable domestic banks to mitigate our credit risks.
COVID-19	Constraints on order activities, delays in software development, and delays in delivery caused by disruptions in the supply chain because of the renewed spread or prolonged impact of infections	We promote work-style reforms that include telecommuting and more. As part of our integrated supply chain management, we also exercise procurement based on customer demands to minimize transportation, inventory, and waste generation, thereby limiting the impact on performance.