

Overview of results on evaluation of Board of Directors' effectiveness

Tokyo, December 25, 2023—The Board of Directors at FinTech Global Incorporated (hereafter, “FGI” and “the Company”) participated in an evaluation of the board’s effectiveness in fiscal 2023, the period from October 1, 2022 through September 30, 2023. An overview of the results of this evaluation is presented below.

1. Evaluation process

In September 2023, eight directors, including those serving on the Audit and Supervisory Committee, were asked to evaluate the effectiveness of the Company’s Board of Directors through an online questionnaire and duly submitted their responses using the web-based format. To elevate objectivity in the process for evaluating board effectiveness, the Company drew on advice from an external organization in executing this evaluation.

Period subject to evaluation	Fiscal 2023 (October 2022 – September 2023)
Question topics	<ol style="list-style-type: none"> 1. Composition of the Board of Directors 2. Operation of the Board of Directors 3. Discussions by the Board of Directors 4. Monitoring function of the Board of Directors 5. Support structure for directors, including members of the Audit and Supervisory Committee 6. Training 7. Dialogue with shareholders (investors) 8. Initiatives by each director 9. Overall assessment
Implementation method	<p>Anonymous questionnaire 30 questions with answers rated on scale of one to five + six free-comment questions (36 questions in total)</p> <p>To ensure anonymity, completed questionnaires were submitted directly to the designated external organization, and comments were collected and analyzed by this external organization. The Board of Directors explored issues, based on an analysis of questionnaire responses.</p>

2. Overview of evaluation results and issues to address

The Board of Directors concluded from analysis and evaluation of questionnaire results that its effectiveness had generally been maintained in terms of the points presented below.

- (1) The number of directors, their diversity and other aspects of board composition, as well as the frequency of meetings, selection of agenda items, time spent in discussion and content of reference materials are appropriate overall.

- (2) Clarification of content for outside directors prior to meetings, including online access to information, is sufficient, facilitating animated discussions by the Board of Directors on investment deals necessitating a high level of expertise.
- (3) The Board of Directors provides the opportunity for detailed opinion exchange among directors and properly executes its monitoring function.

That said, analysis of questionnaire responses also revealed points worth further discussion, primarily those presented below, where there is room for improvement, and the Board of Directors looked into how current approaches might be enhanced toward this end.

- (1) Materials provided to Board of Directors

Provision of materials with organized, analyzed content scored lower than the all-question average. The board decided to consider the situation from various perspectives, including efforts to arrange materials into an easy-to-understand format.

- (2) Discussions, mainly on medium- to long-term management strategies

Last year, the Board of Directors acknowledged that the preparation of a medium-term management plan was an issue that required attention, and subsequently sought to draft a plan. However, FGI is currently at a stage where its focus is on reinforcing and expanding investment into business succession projects while cultivating growth fields that will become new pillars of business. The current status of these activities makes it difficult to set targets that a medium-term management plan is built around, prompting the Board of Directors to postpone preparation of a plan.

The need to deepen discussion about management policy and direction was a point often raised by respondents in the recent effectiveness evaluation. The Board of Directors realizes that discussion must therefore go beyond the preparation of a medium-term management plan and encompass medium- to long-term activities as well.

- (3) Structure and determination of executive compensation

The structure of compensation providing executives with suitable incentive to underpin sustainable growth as well as the process of determining specific compensation scored low, compared with evaluation data at other companies and the all-question average for FGI's effectiveness evaluation questionnaire.

A plan for basic compensation for directors, excluding directors who are members of the Audit and Supervisory Committee, is drawn up by FGI's CEO and president, who is the representative director of the Company, and then given final approval by the Audit and Supervisory Committee, which comprises outside directors. An issue to consider is whether outside directors should have a say in the planning process.

Also, compensation for directors, excluding directors who are members of the Audit and Supervisory Committee, consists of monetary compensation and stock options. An issue to consider is whether this is suitable incentive for executives to underpin sustainable growth.

- (4) Involvement in preparing successor plan, particularly for CEO

In regard to preparing a successor plan for the CEO, in particular, the issue is, while acknowledging the importance of such a plan, whether it is needed now, given the age of the

current CEO and president, who is the founder of FGI, and, if such a plan is necessary, what steps to take at this time.

(5) Dialogue with shareholders (investors)

Dialogue with shareholders (investors) was recognized as an issue last year, and from this year, FGI began sourcing feedback from meetings with investors. But this time, an issue requiring attention is more robust discussion with minority shareholders. Going forward, the Company will take an even more robust approach to dialogue with minority shareholders and investors.

Given the above evaluation results, the Board of Directors will strive to further improve its effectiveness by engaging in activities in each area where it acknowledges the existence of an issue requiring attention and by enriching the discussion process.

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