

# Financial Results Briefing Report for FY03/22

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May 10, 2022  
WOW WORLD Inc.

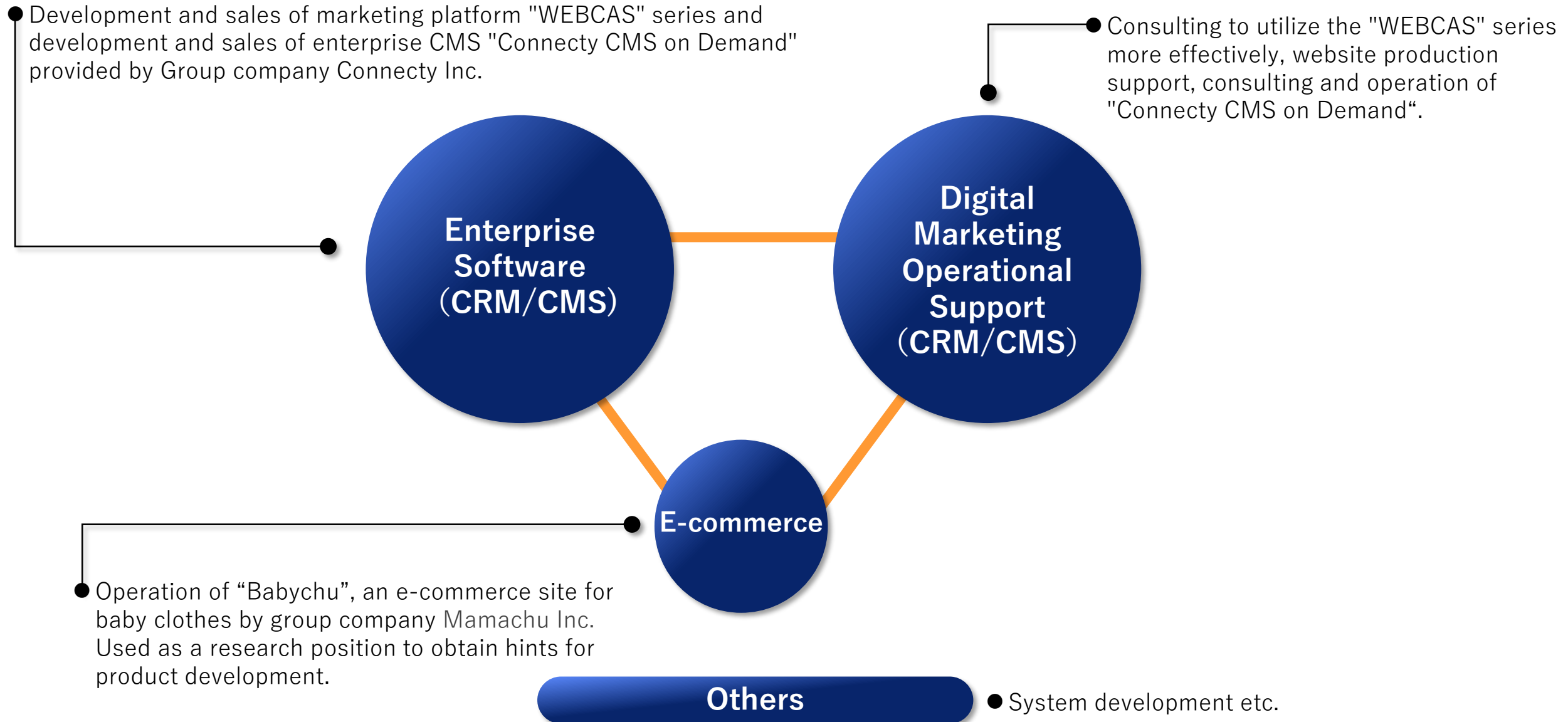


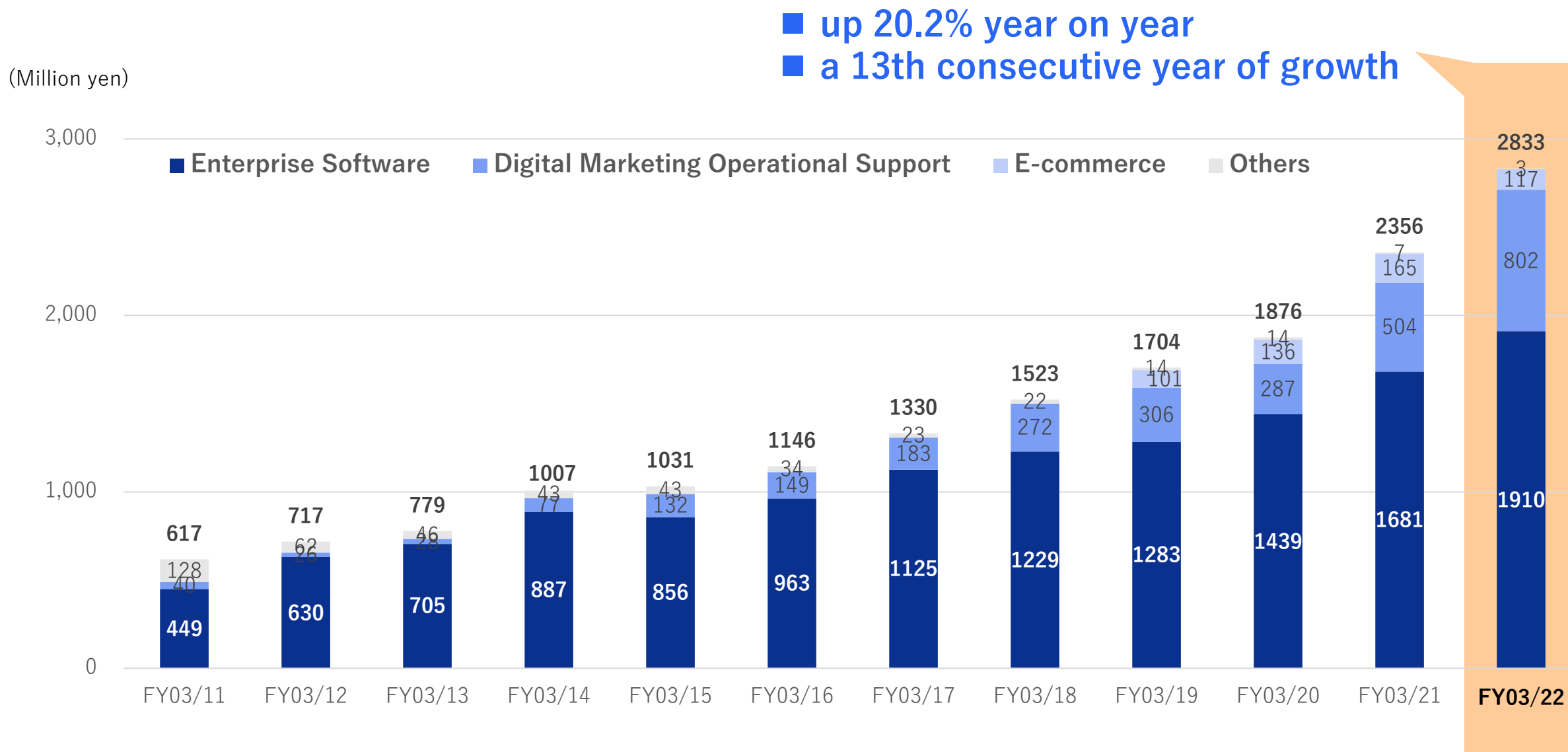
- **FY03/22 Results**
- **Earnings forecast and Business plan for FY03/23**
- **Shareholder return policy**
- **Topics(Business and ESG initiatives)**

# FY03/22 Results



- Consolidated net sales amounted to ¥2,833 million and representing a 13th consecutive year of growth. (+20.2% year-on-year)  
Meanwhile, Unable to recover from the 1Q slump in WEBCAS premium version and the impact of COVID-19 on subsidiaries (FUCA, Mamachu)
- Although WEBCAS premium version in CRM was sluggish, cloud services sales increased by 20.0% year-on-year due to the contribution of the WEBCAS standard version and Connecty
- EBITDA was ¥593 million , an increase of 4.9% year-on-year. Adjusted EBITDA excluding the impact of one-time cost increase is 658 million yen (+16.4% year-on-year)
- Operating profit amounted to ¥362 million, down to 11.9% year on year  
Goodwill was amortized due to the conversion of Connecty into a consolidated subsidiary, and the amortization burden associated with the issuance of stock options was incurred





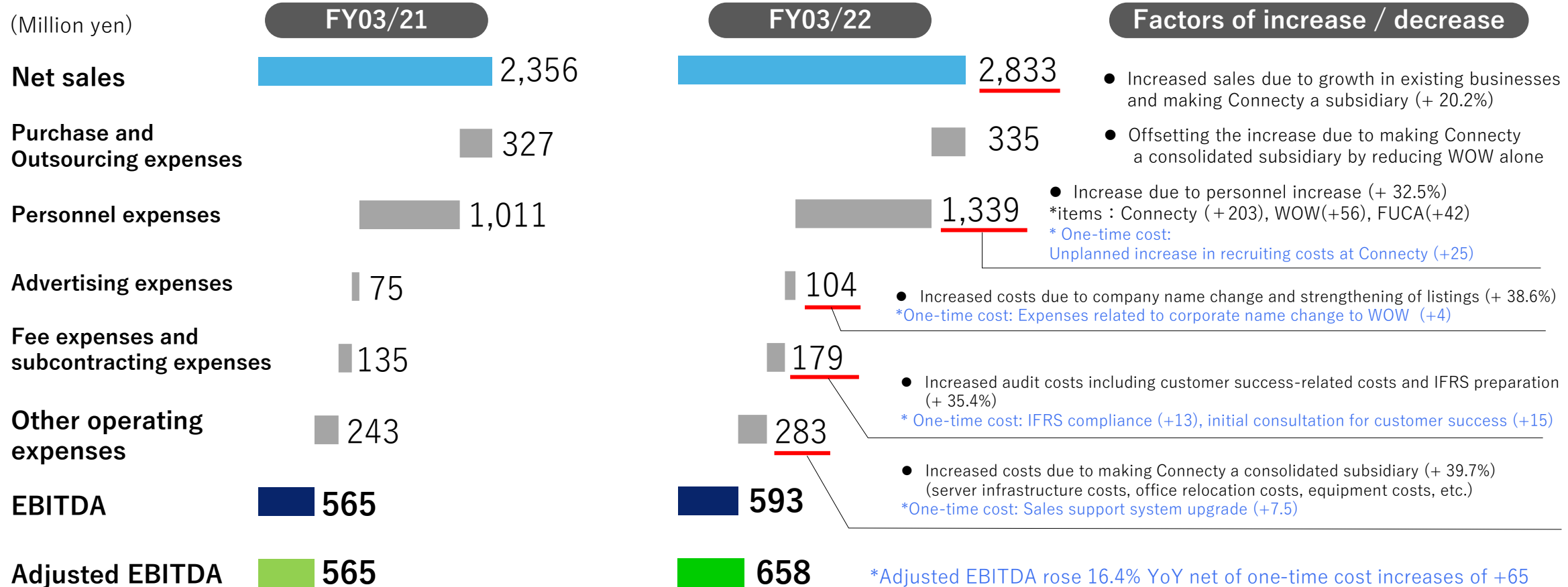
- Net sales rose 20.2% YoY due to growth in existing businesses and adding Connecty as a consolidated subsidiary
- EBITDA increased 4.9% YoY due to customer success initiatives, offset in part by one-time costs incurred in preparation for IFRS
- Operating profit declined 11.9% YoY due to a one-time increase in personnel costs at group companies, amortization of goodwill associated with making Connecty a consolidated subsidiary, and amortization associated with the issuance of stock options

(Million yen)

	FY03/21	FY03/22	YoY (%)
Net Sales	2,356	2,833	+20.2%
EBITDA※	565	593	+4.9%
EBITDA margin (%)	24.0%	20.9%	
Operating profit	411	362	(11.9%)
Operating margin (%)	17.5%	12.8%	
Ordinary profit	425	365	(14.0%)
Profit attributable to owners of parent	222	213	(4.1%)

※EBITDA = Operating profit + Depreciation + Amortization of goodwill + Share-based remuneration expenses

- Connecty first half FY03/21 results were not subject to consolidation
- Net sales increased 20.2% YoY due to growth in existing businesses and the consolidation of Connecty as a subsidiary
- EBITDA (+4.9% YoY) was affected by upfront investments and an increase in one-time costs that reduced profit ratio  
However, excluding the increase in one-time costs, adjusted EBITDA amounted to ¥658 million, up 16.4% YoY

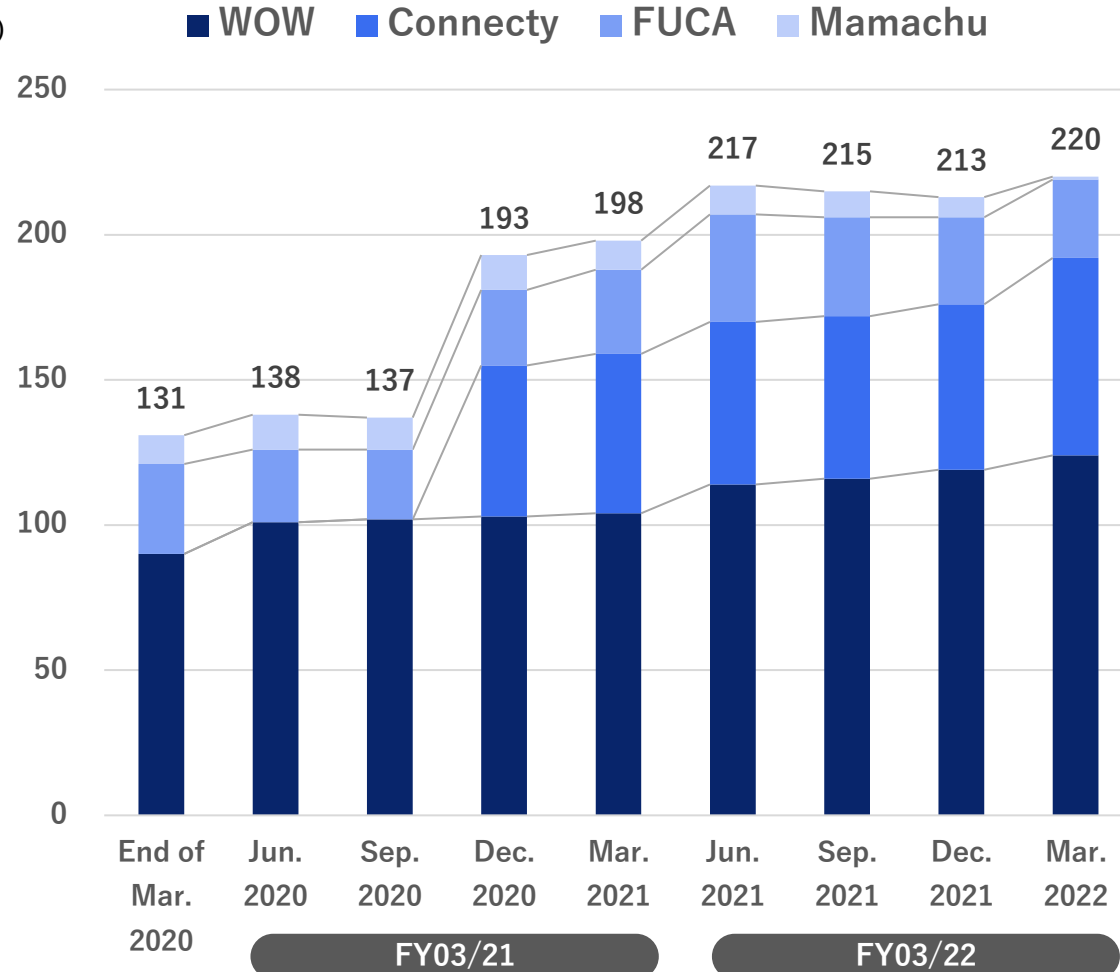




### Changes in the number of employees by group company

Total number of full-time employees, temporary employees, and part-time employees

(Number of people)



### Comparison of average number of employees

(Number of people)

	Average FY03/21	Average FY03/22	Change	YoY (%)
WOW	103	118	16	+15.4%
Connecty*	27	59	33	+121.5%
FUCA	26	32	6	+23.1%
Mamachu	11	7	-5	(40.0%)
Total	192	216	25	+29.9%

\* Connecty isn't subject to consolidation in the first half of FY03/21

- WOW WORLD hired more personnel to strengthen our structure around marketing and customer success
- Connecty and FUCA increased headcount in anticipation of business expansion in the next fiscal year and beyond

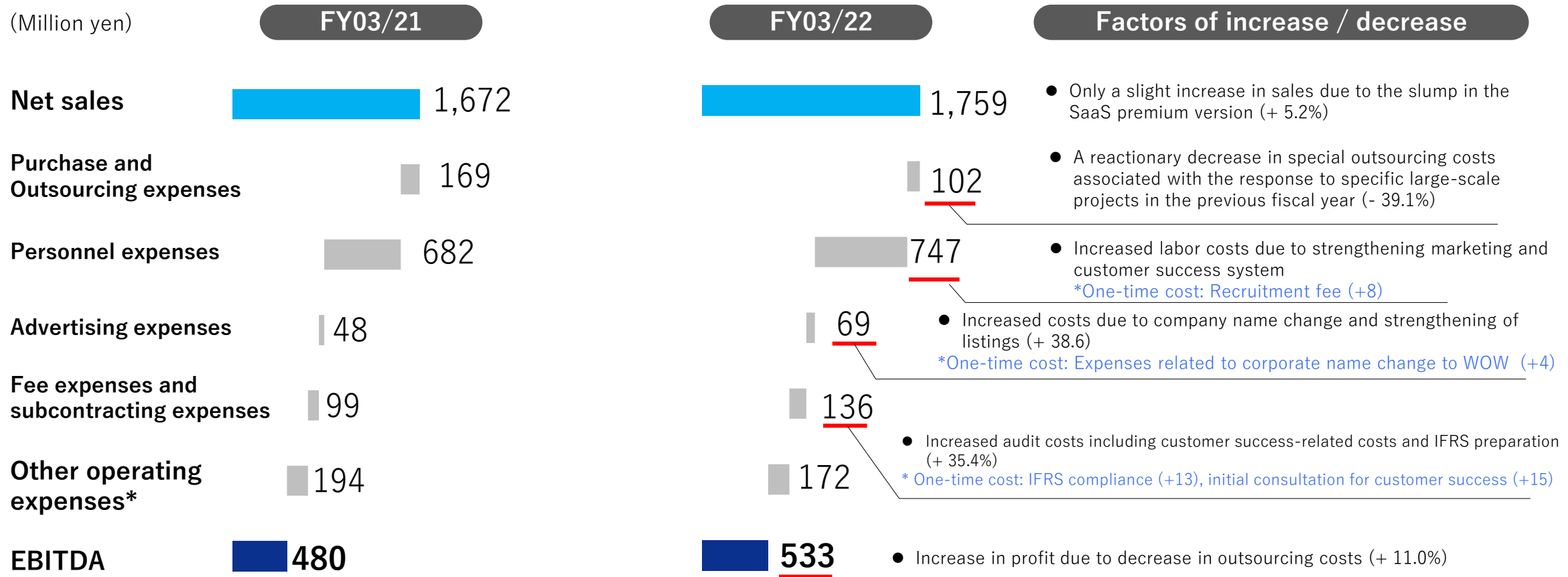
# Factors that increase or decrease EBITDA on a stand-alone basis

- **WOW WORLD**
- **Connecty**
- **FUCA**
- **Mamachu**



- Although net sales recovered beginning in Q3, year-on-year performance was only slightly higher due to the sluggish WEBCAS premium version in Q1 and a decrease in large-scale projects
- Despite an increase in one-time costs for customer success and IFRS compliance, EBITDA increased due to the absence of unusual outsourcing expenses incurred in the previous fiscal year to handle large-scale projects

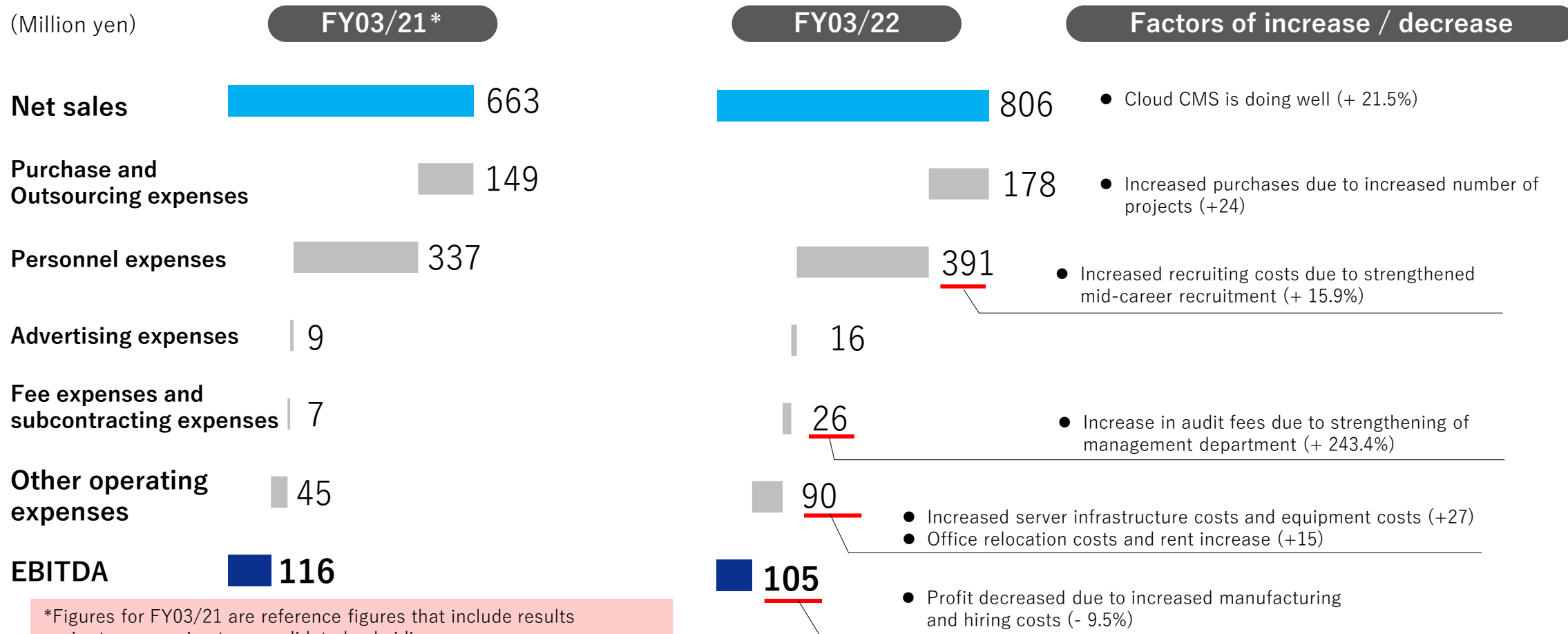
(Million yen)



\* Maintenance costs for server infrastructure, equipment costs, consumables, rent, entertainment costs, etc.

- Net sales increased 21.5% YoY due to growth in cloud CMS
- EBITDA decreased due to increased labor costs and manufacturing costs (-12.1%)  
(Server infrastructure costs due to increased projects, hiring costs due to increased staff, rent due to office relocation, etc.)

(Million yen)

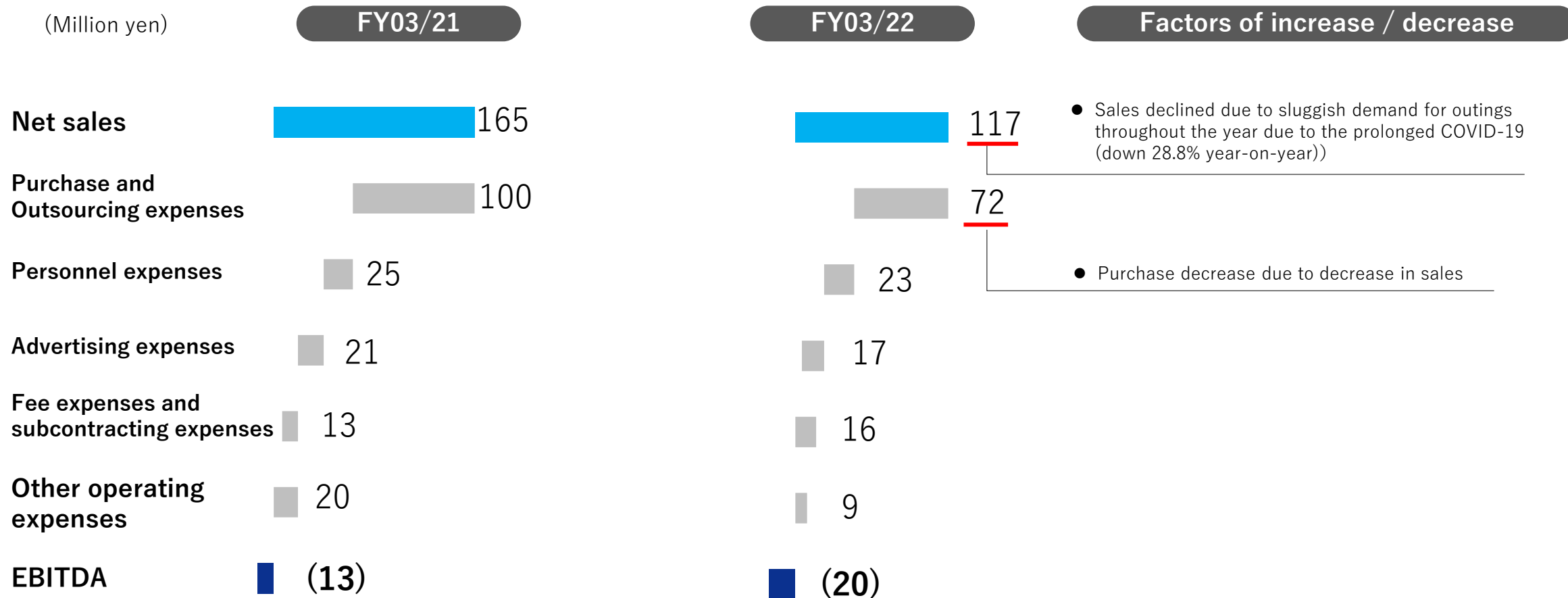


\*Figures for FY03/21 are reference figures that include results prior to conversion to consolidated subsidiary

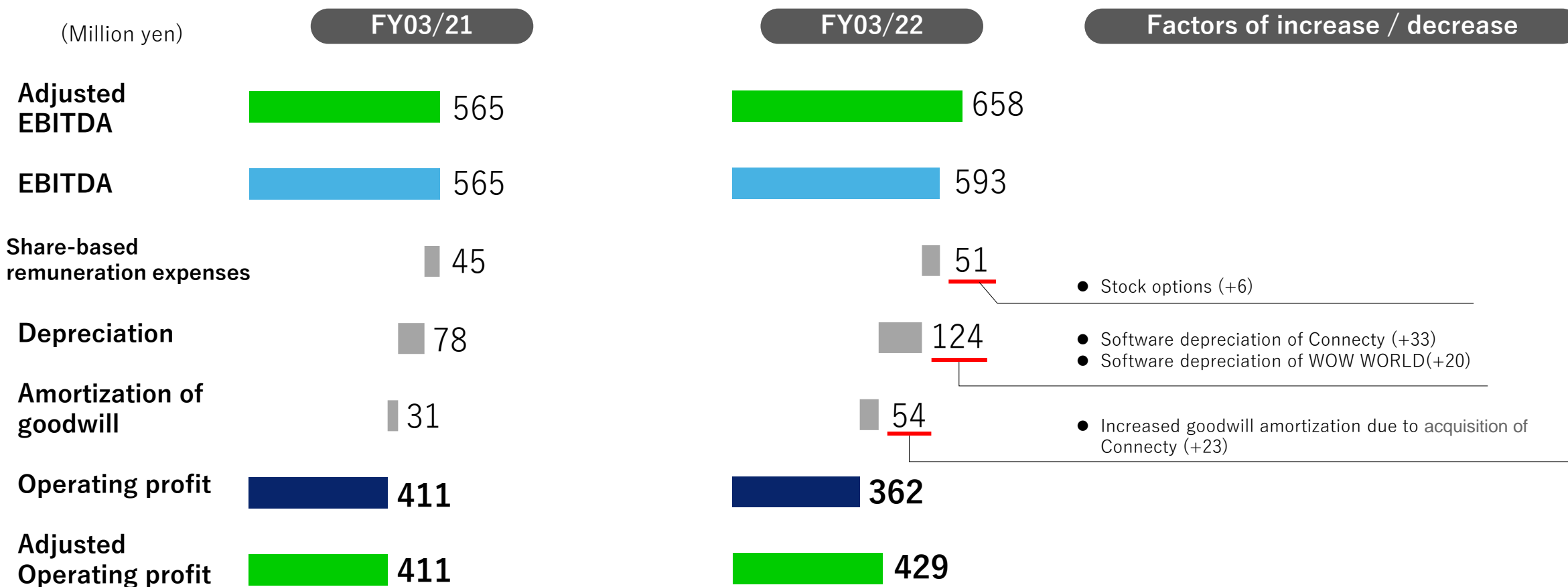
- Due to the prolonged COVID-19, sales decreased by 2.0% from the previous year.
- EBITDA is trying to reinforce human resources in anticipation of a recovery in sales after COVID-19, but sales have been sluggish, so profits have been squeezed and profits have declined.

(Million yen)	FY03/21	FY03/22	Factors of increase / decrease
Net sales	201	197	● Sales did not recover to pre-COVID-19 levels because the main customer base is companies in industries that are susceptible to the negative impact of COVID-19. (- 2.4%)
Purchase and Outsourcing expenses	29	26	
Personnel expenses	140	176	● Increased personnel expenses due to the incurred takeover costs associated with the retirement of four dispatched employees at the beginning of the term and the increase in personnel with an increase in sales in mind. (+ 25.6%)
Advertising expenses	0	0	
Fee expenses and subcontracting expenses	2	2	
Other operating expenses	22	19	
EBITDA	8	(26)	

## ■ Significant decrease in sales year-on-year due to lower demand for outings caused by COVID-19



- Depreciation and amortization: Amortization of intangible assets incurred in connection with the consolidation of Connecty
- Amortization of goodwill: Amortization of intangibles incurred in connection with the consolidation of Connecty



- Effective tax rate rose due to goodwill amortization of Connecty and stock option costs are not deductible
- Extraordinary loss recorded due to fixed asset impairment at Mamachu in FY03/21 and extraordinary income due to sales of investment securities in FY03/22

(Million yen)	FY03/21	FY03/22	Factors of increase / decrease
Ordinary profit	425	365	
Extraordinary gain and loss	(44)	+11	<ul style="list-style-type: none"><li>● Gain on sale of investment securities (+26)</li><li>* Extraordinary loss occurred in FY03/21 due to impairment loss of fixed assets in Mamachu</li></ul>
+ gain / (loss)			
* Effective tax rate	38.9%	42.3%	
Income taxes	148	159	<ul style="list-style-type: none"><li>● Income tax increases due to non-deductible expenses (tax income)<ul style="list-style-type: none"><li>✓ Goodwill amortization of Connecty (+25)</li><li>✓ Stock options (+6)</li><li>✓ Loss of Mamachu (+12)</li></ul></li></ul>
Profit attributable to non-controlling interests	10	4	
Profit attributable to owners of parent	222	213	



- Sales rose 20.2% overall YoY. Cloud CRM and CMS, CMS for digital marketing operational support performed well, while on-premises and e-commerce posted lower sales.

(Million yen)

			FY03/21	FY03/22	YoY (%)
Enterprise Software	Cloud services	CRM	1,216	1,352	+11.2%
		CMS*	105	234	+121.8%
			1,322	1,586	+20.0%
	On-premises		359	324	(9.8%)
			1,681	1,910	+ 13.6%
Digital Marketing Operational Support		CRM	253	230	(9.0%)
		CMS*	251	571	+ 127.6%
		504	802	+ 58.9%	
E-commerce		165	117	(28.8%)	
Others (Various entrusted development)		5	3	(46.4%)	
Total Net Sales		2,357	2,833	+ 20.2%	

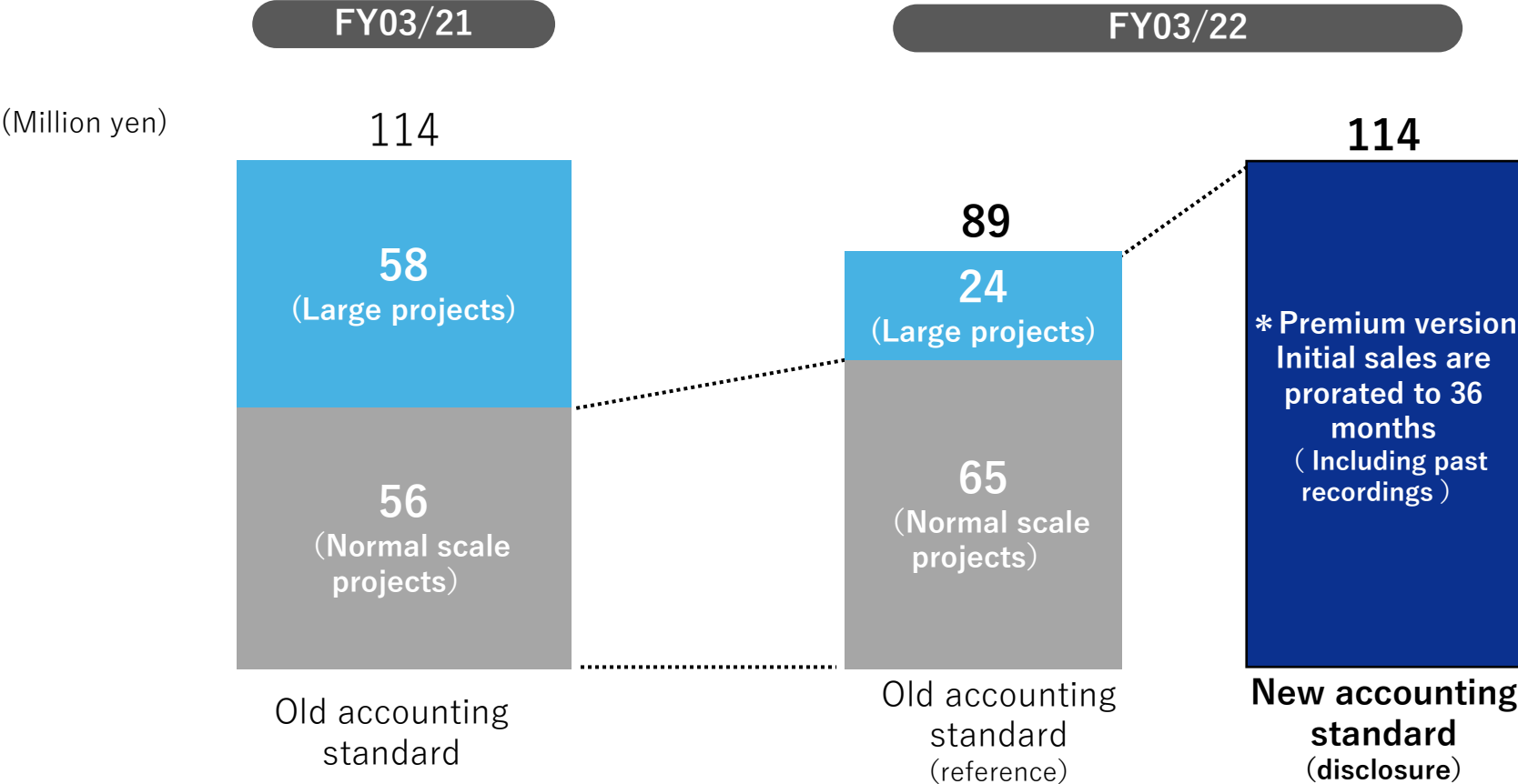
\* CMS sales for FY03/21 are not subject to consolidation in Q1 and Q2.

- WEBCAS premium version was affected by slow acquisition of new contracts and a decline in large-scale projects in Q1. Sales recovered beginning in Q3, but resulted in only a slight increase YoY
- Sales of WEBCAS standard version remained strong due to the up-sell effect from customer success initiatives and special year-end demand
- CMS growth due to steady increase in new contracts

(Million yen)

			FY03/21	FY03/22	YoY (%)
CRM	“WEBCAS” Premium version	Initial	114	114	(0.6%)
		Monthly	649	685	+5.5%
	“WEBCAS” Standard version	Initial	40	47	+17.2%
		Monthly	411	505	+22.8%
			1,216	1,353	+11.2%
CMS*	Connecty CMS on Demand		105	233	+121.8%
Total cloud service sales			1,322	1,586	+ 20.0%

- Beginning this fiscal year, we have applied a new accounting standard to the initial sales of cloud services.
  - ✓ The results of recalculating sales for the current term based on the old accounting standards are indicated below.
  - ✓ Excluding the impact of large-scale projects in the same period of the previous year, regular projects are on an upward trend this fiscal year.



Change of revenue recognition

- **WEBCAS SaaS standard version**  
The initial cost is prorated to 20 months
- **WEBCAS SaaS premium version**  
The initial cost is prorated to 36 months
- **Connecty CMS**  
The initial cost is prorated to 36 months

[WOW WORLD] WEBCAS premium version sales fell slightly short of plan due to the significant impact of the Q1 slump, from which we could not recover fully in Q2 and onward

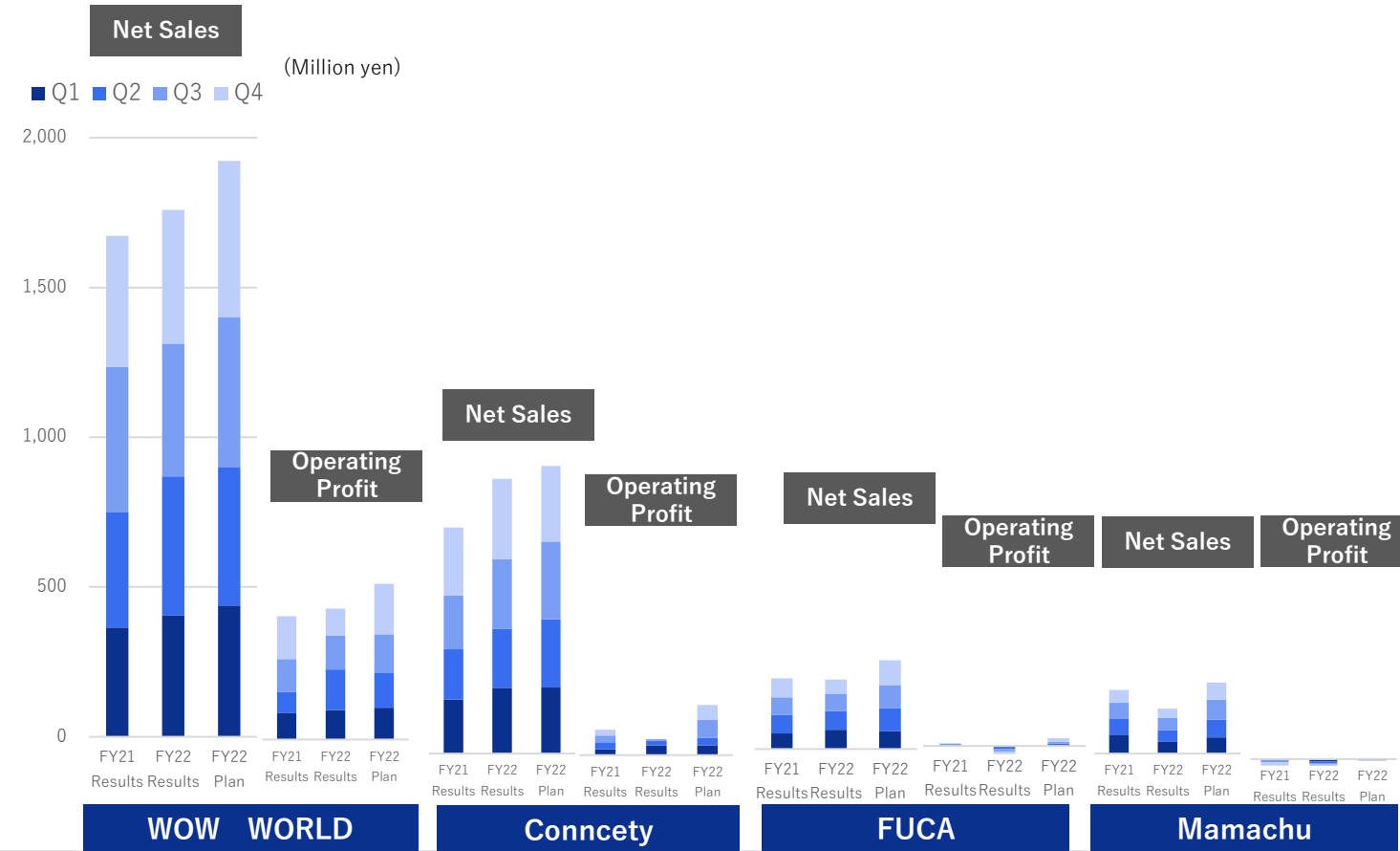
[Connecty] The cloud business performed well. Operating profit fell year on year due to a temporary increase in costs to deal with projects and upfront investments

[FUCA] The company is hiring in anticipation of a recovery; however, the COVID-19 pandemic has put pressure on profits as sales have not progressed as planned

[Mamachu] Sales struggled due to the decline in demand for apparel to wear outside caused by the pandemic. The company is striving to reduce fixed costs such as personnel and facilities

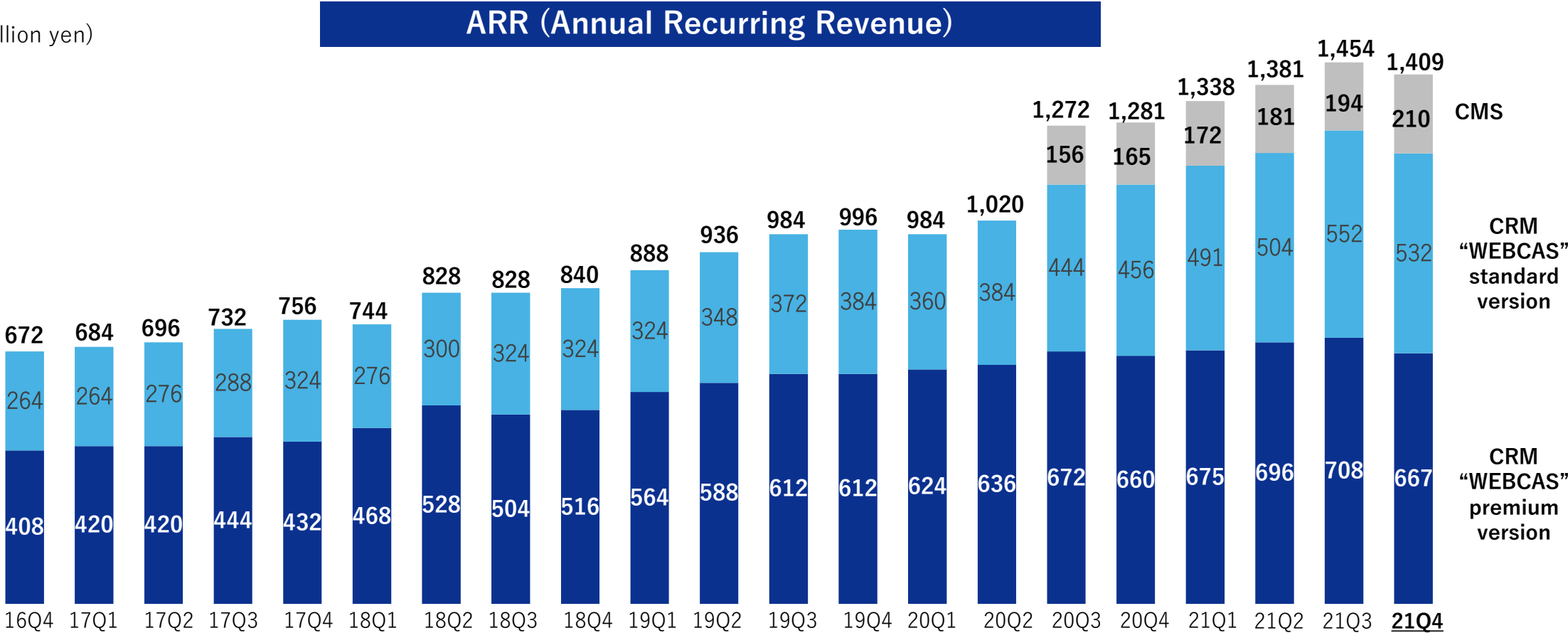
(Million yen)

		Results FY21Q3	Results FY22Q3	Plan FY22Q3	YoY (%)	vs Plan (%)
Net Sales	WOW WORLD	1,672	1,759	1,923	+5.2%	(8.5%)
	Connecty*	663	806	843	+ 21.6%	(4.4%)
	FUCA	201	197	252	(2.0%)	(21.8%)
	Mamachu	165	117	184	(29.1%)	(36.4%)
Operating Profit	WOW WORLD	392	416	495	+6.1%	(15.9%)
	Connecty*	89	44	140	(50.3%)	(68.6%)
	FUCA	6	(28)	25	(566.7%)	(212.0%)
	Mamachu	(19)	(20)	0	(5.2%)	(200.0%)



- CRM standard version sales decreased slightly QoQ due to special demand in Q3 (New Year's greeting e-mails)
- Even though sales of CRM premium version decreased due to migration of large projects to on-premises version in Q4, the product saw a slight increase for the full year compared with the previous year

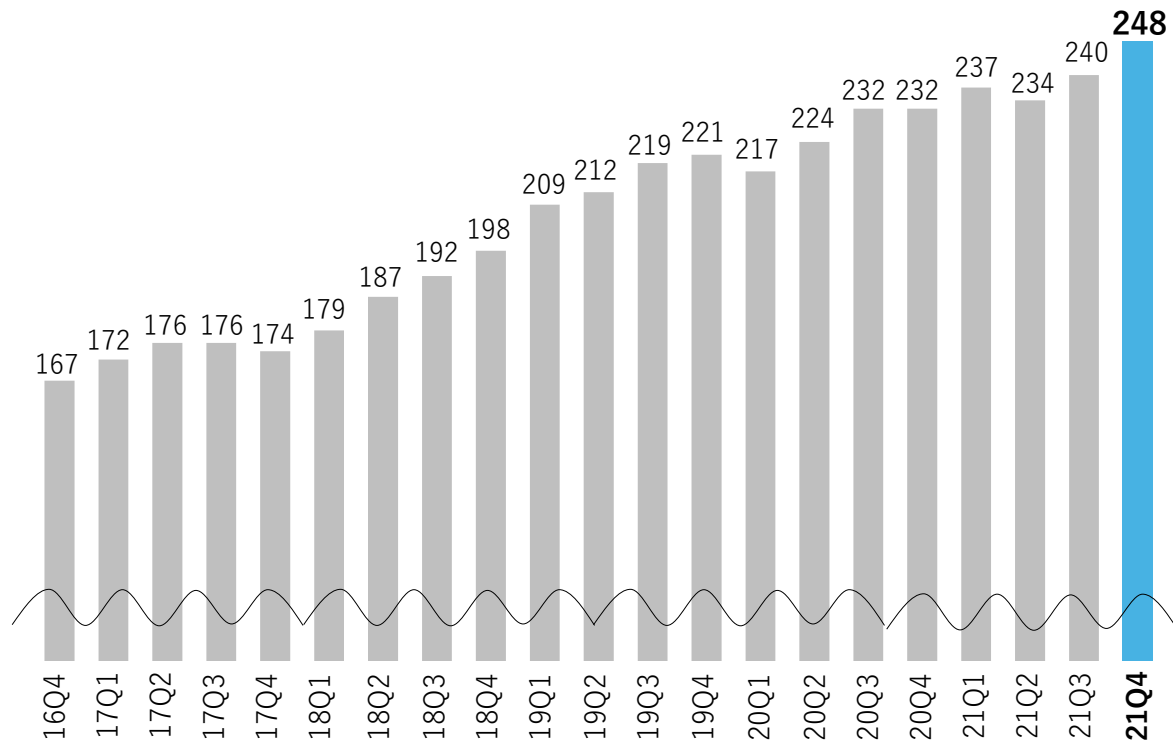
(Million yen)



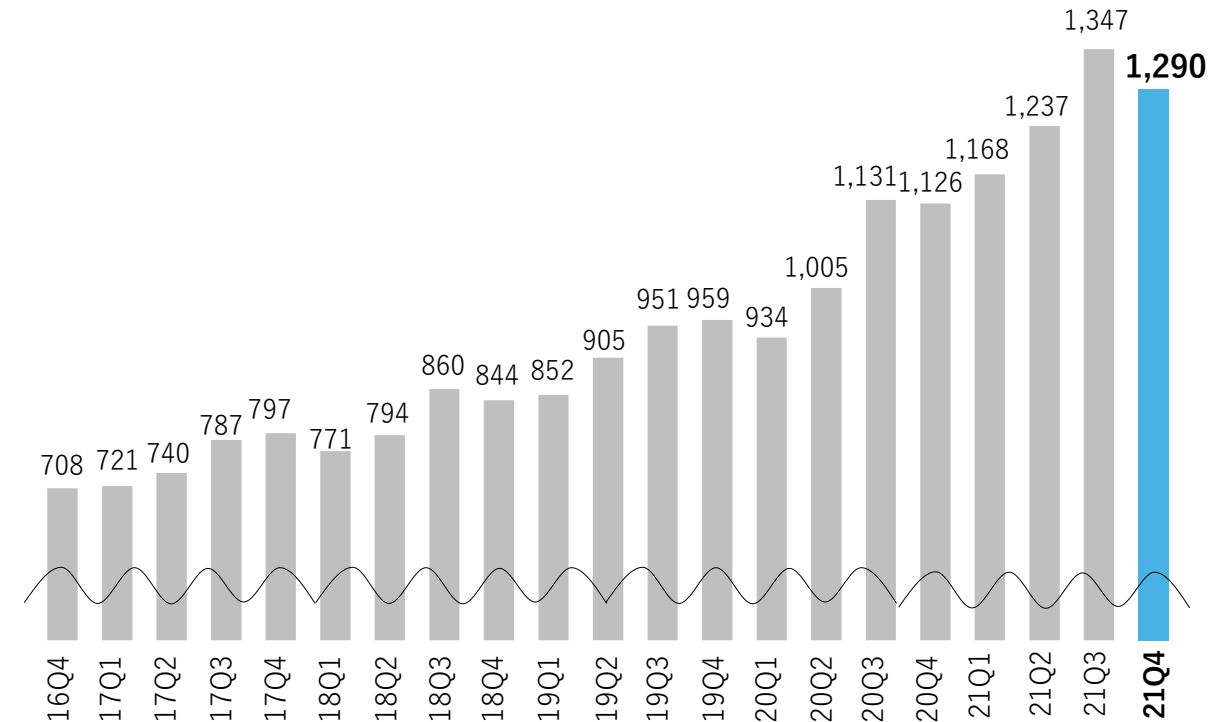
\* Calculate by multiplying monthly sales of cloud services as of the end of each quarter(MRR) by 12

- Sales of the premium version recovered in Q4 despite downgrades to the standard version in Q2
- Standard version sales increased steadily due to customer success and special demand (New Year's greeting card mail) in Q3

Renewal contracts ("WEBCAS" premium version)



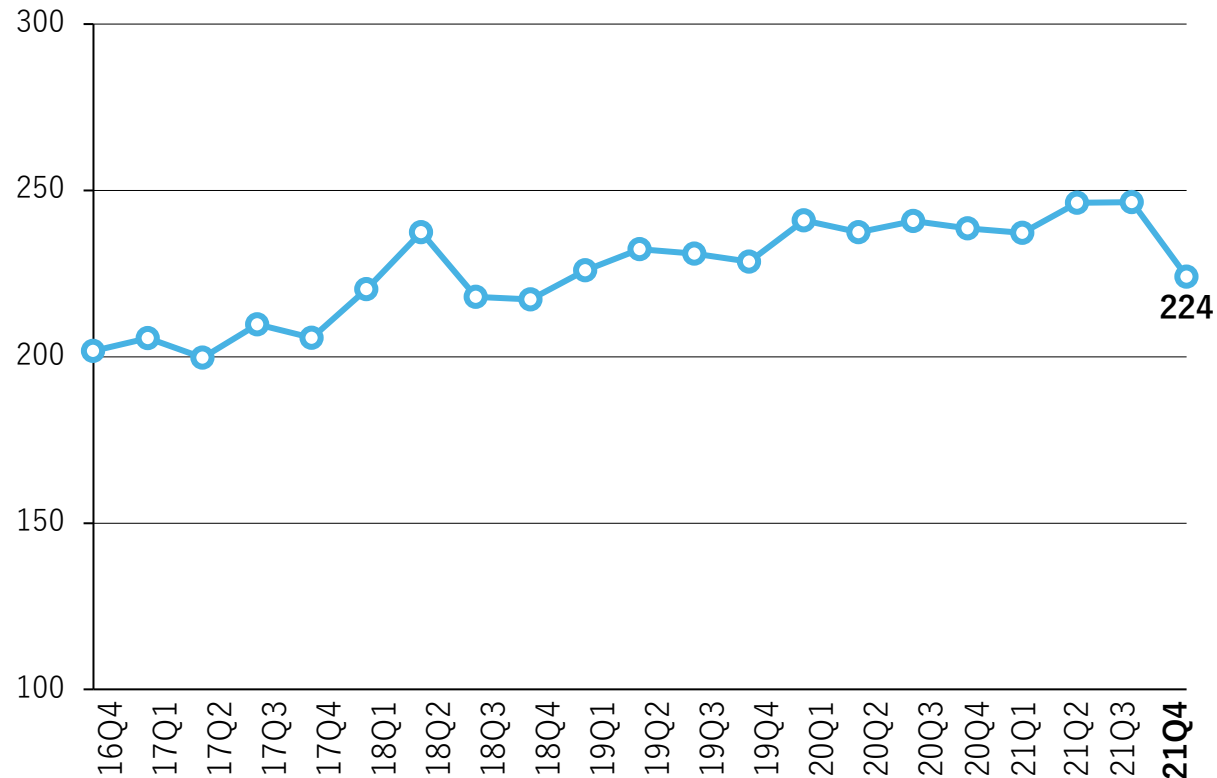
Renewal contracts ("WEBCAS" standard version)



- Premium version declined due to the migration of large-scale projects to the on-premises version
- Standard version increased YoY due to customer success initiatives

ARPU ("WEBCAS" premium version)

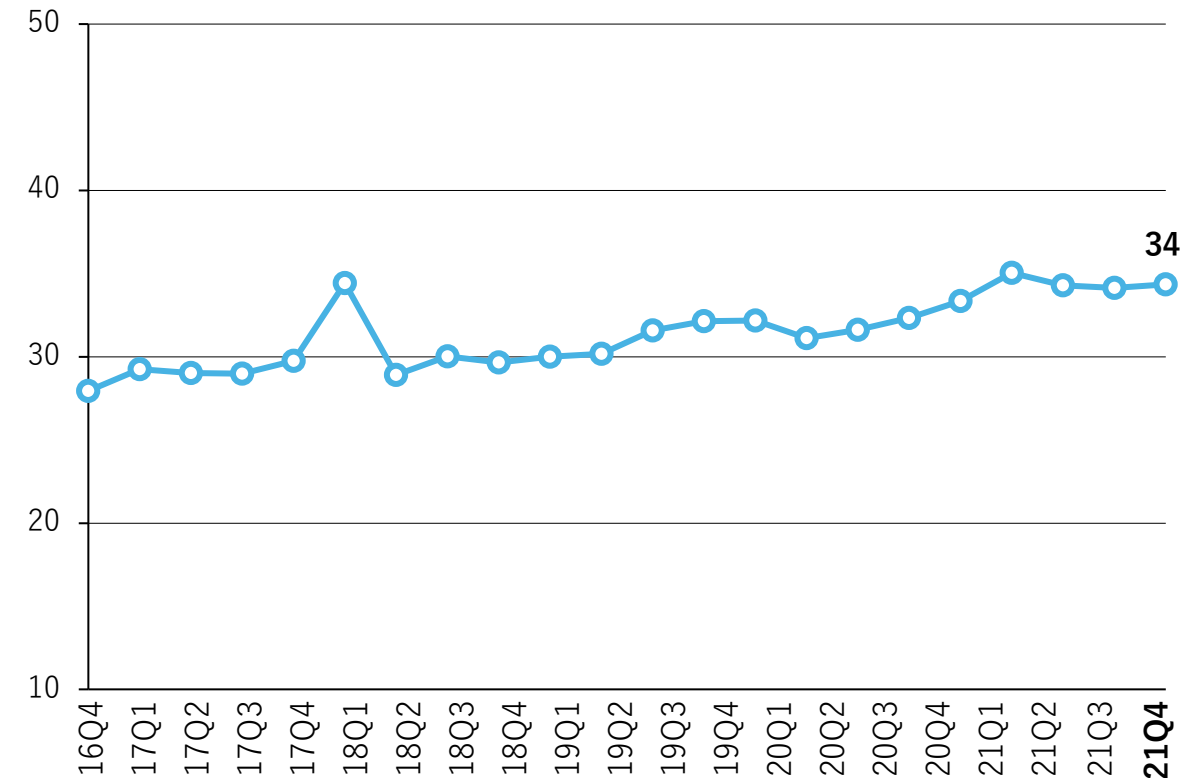
(Thousand yen)



ARPU = Average monthly sales per contract (excluding initial sales)

ARPU ("WEBCAS" standard version)

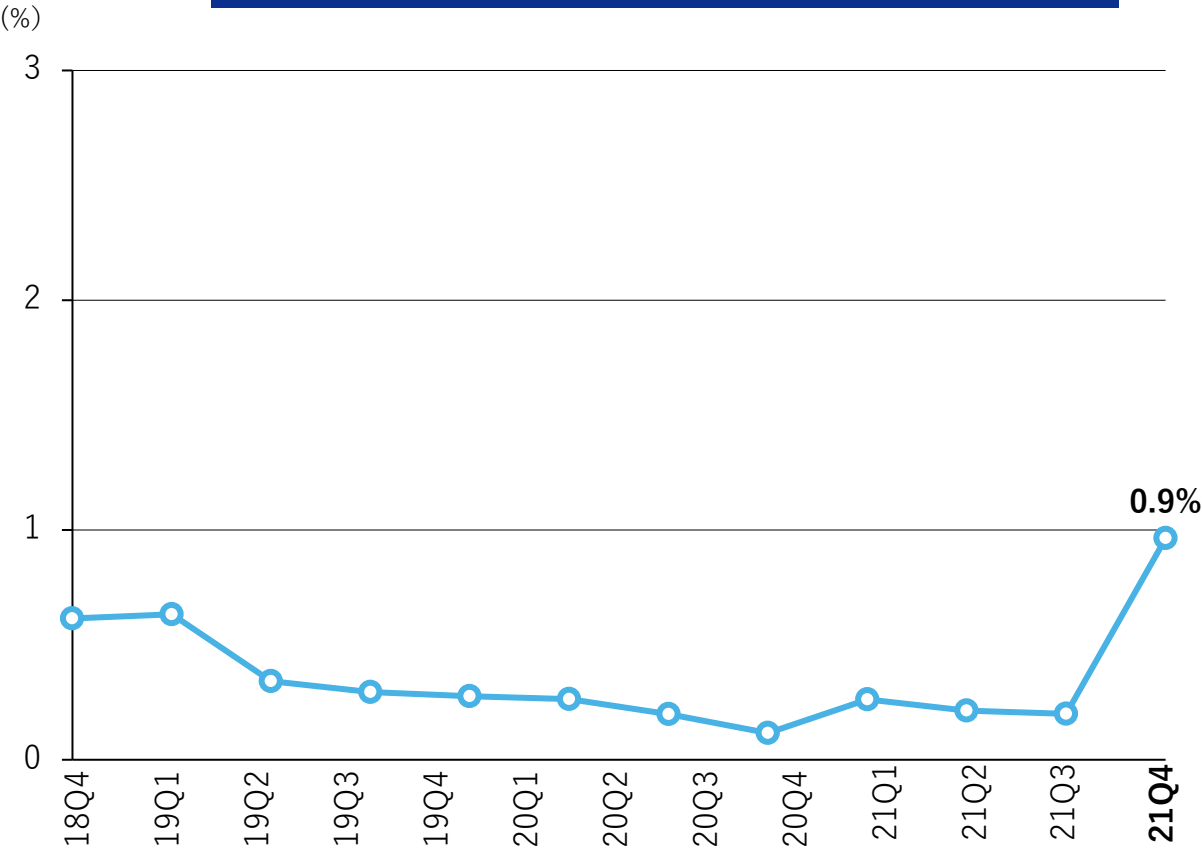
(Thousand yen)



\* Excluding option contracts and spot contracts

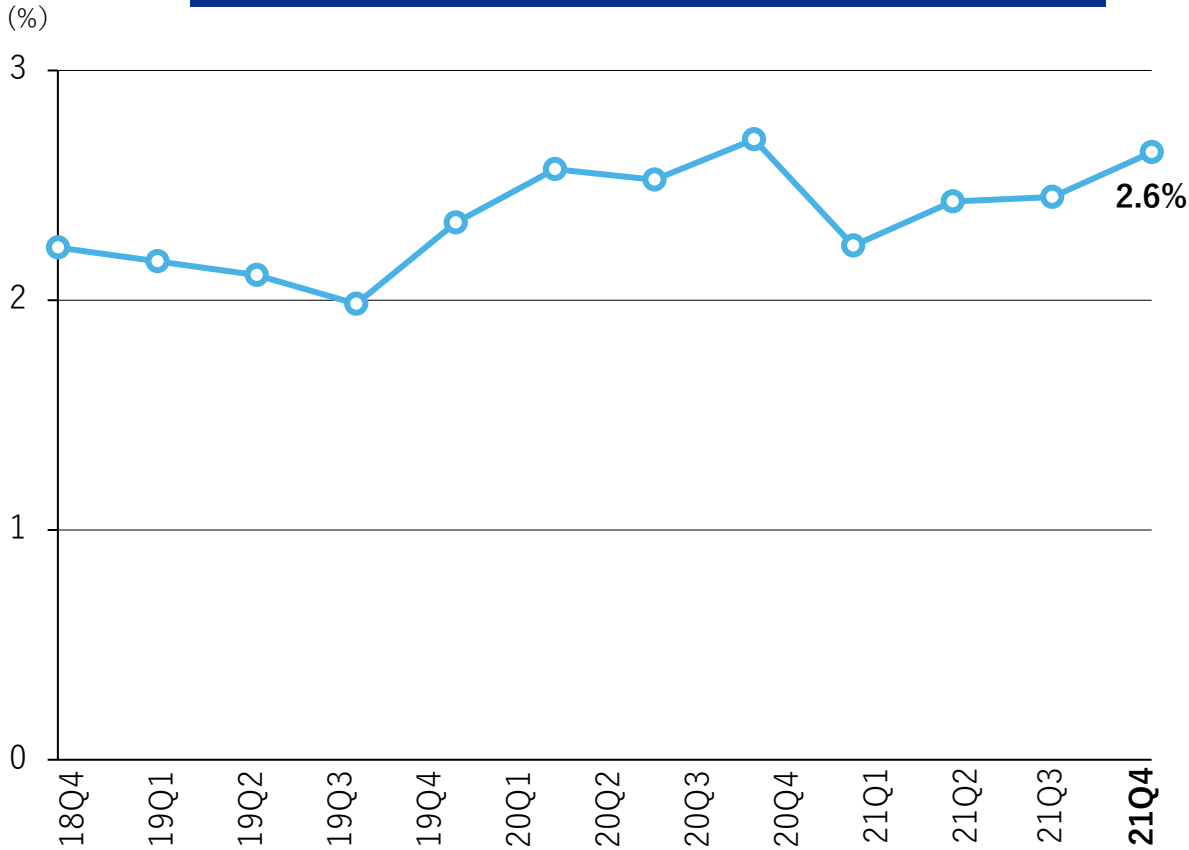
- Premium version sales increased due to migration of large-scale projects to the on-premises version
- Sales of the standard version declined only slightly YoY owing to customer success initiatives

Churn rate ("WEBCAS" premium version)



※ Average of churn rate calculated by churn sales in MRR at the end of the month for the past 12 months

Churn rate ("WEBCAS" standard version)

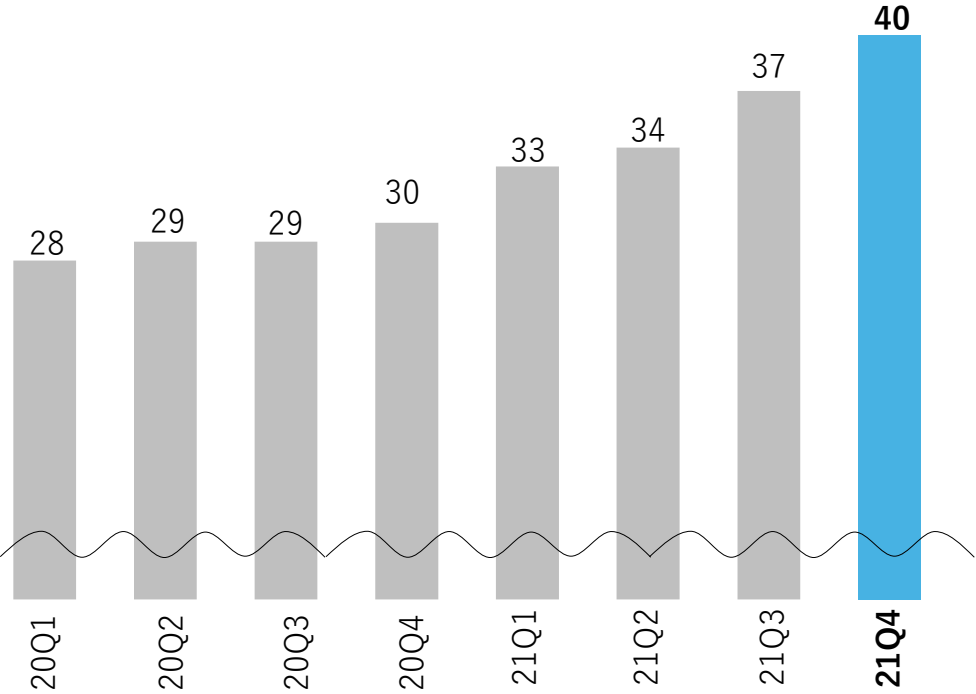


※ Excluding option contracts and spot contracts

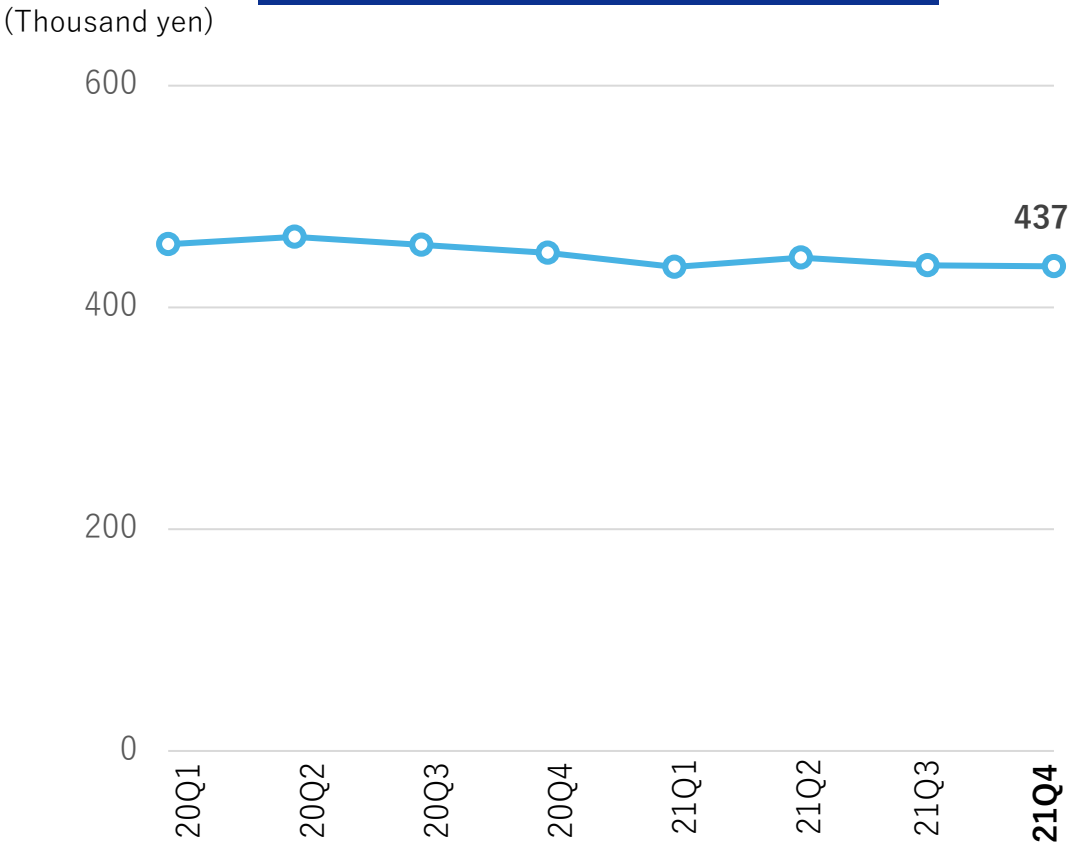


■ Steady introduction to new customers and increase in the number of customers due to high competitiveness

Renewal contracts



ARPU



# Earnings forecast and Business plan for FY03/23



Before the change

Enterprise Software	CRM	WEBCAS SaaS premium version
		WBCAS SaaS Standard version
		WEBCAS On-premises version
	CMS	Connecty CMS on Demand
		Connecty CDP
Digital Marketing Operational Support	CRM	Consulting for e-mail operation support
		FUCA
	CMS	Construction (Connecty)
		Operation (Connecty)
Others		System contract development
E-Commerce		Baby clothes sale (Mamachu)

After the change

Enterprise Software	Communication platform	WEBCAS SaaS premium version
		WBCAS SaaS Standard version
		WEBCAS On-premises version
	CMS	Connecty CMS on Demand
		Connecty CDP
Large-Scale Web Development	Construction	Construction and Consulting (Connecty)
		Operation (Connecty)
Communication Support and Consulting	Communication	Consulting for e-mail operation support
		FUCA
	CDP	<b>Newstream</b> ( Scheduled to become a consolidated subsidiary on July 1, 2022 )
		Operation and Consulting of Connecty CDP
Others		System contract development
		Baby clothes sale (Mamachu)

- We expect net sales to increase 21.4% YoY owing due to growth in existing businesses and Connecty CDP, as well as the consolidation of Newstream as a subsidiary
- We project EBITDA to increase 23.0% YoY. as we control outsourcing costs and personnel expenses at Connecty (unexpected increase in the previous fiscal year). Meanwhile, we expect an increase in personnel costs in connection with strengthening the sales structure at WOW, increased costs for ISMAP compliance (¥34 million), rebranding, and other investments.
- We project operating income to increase 40.6% YoY. We expect an increase in EBITDA (¥146 million) and a decrease in stock-based compensation expense (¥26 million) as positive factors, while we also expect depreciation and amortization (¥69 million) will be a negative factor on profit.

(Million yen)

	FY03/22 Results	FY03/23 Forecast	YoY (%)
Revenue	2,833	3,440	+ 21.4%
EBITDA*	593	730	+ 23.0%
EBITDA margin (%)	20.9%	21.2%	
Operating profit	362	510	+ 40.6%
Operating margin (%)	12.8%	14.8%	
Ordinary profit	365	500	+ 36.7%
Profit attributable to owners of parent	213	320	+ 49.9%

\*1 EBITDA = operating profit + depreciation / impairment / retirement loss (tangible / intangible fixed assets) + stock-based compensation expenses

\*2 Reference values based on simplified IFRS for FY03/21 (operating income: 401, operating profit margin: 14.2%, ordinary income: 387, net income attributable to owners of the parent company: 246) This is an unaudited reference value that takes into account major differences from Japanese standards and may change due to accounting audits.

- **Enterprise Software:** We forecast WEBCAS cloud sales to increase 18.7% YoY owing to aggressive upsales and cross-sales to existing customers. CMS growth should also make a positive contribution
- **Large-Scale Web Development:** We forecast strong sales of website management as we add a steady number of new customers on top of existing customers
- **Communication Support and Consulting:** We expect a significant increase in sales due to CDP and the consolidation of Newstream

(Million yen)

			FY03/22 Results	FY03/23 Forecast	YoY (%)
Enterprise Software	Communication platform	Cloud	1,352	1,604	+ 18.7%
		On-premises	324	316	(2.4%)
			1,676	1,920	+ 14.6%
	CMS		234	298	+27.4%
	CDP		—	33	—
Large-Scale Web Development		Construction	378	367	(3.0%)
		Operation	191	231	+ 20.8%
Communication Support and Consulting		Communication	228	393	+72.4%
		CDP	5	68	+1260.0%
Others			120	131	+ 8.3%
Sales total			2,833	3,440	+ 20.0%

# Earnings forecast for FY03/23

## Progress of the medium-term management plan (FY03 / 2021 to FY3 / 2023)



### ■ Initial plan (announced on May 14, 2020)

	FY03/21 Forecast	FY03/22 Plan	FY03/23 Plan
Net sales	1,900	2,200	2,600
EBITDA	435	585	800

(Million yen)

### ■ Amendment plan (announced on May 11, 2021)

	FY03/21 Results	FY03/22 Forecast	FY03/23 Plan
Net sales	2,356	3,150	3,800
EBITDA	565	850	1,100

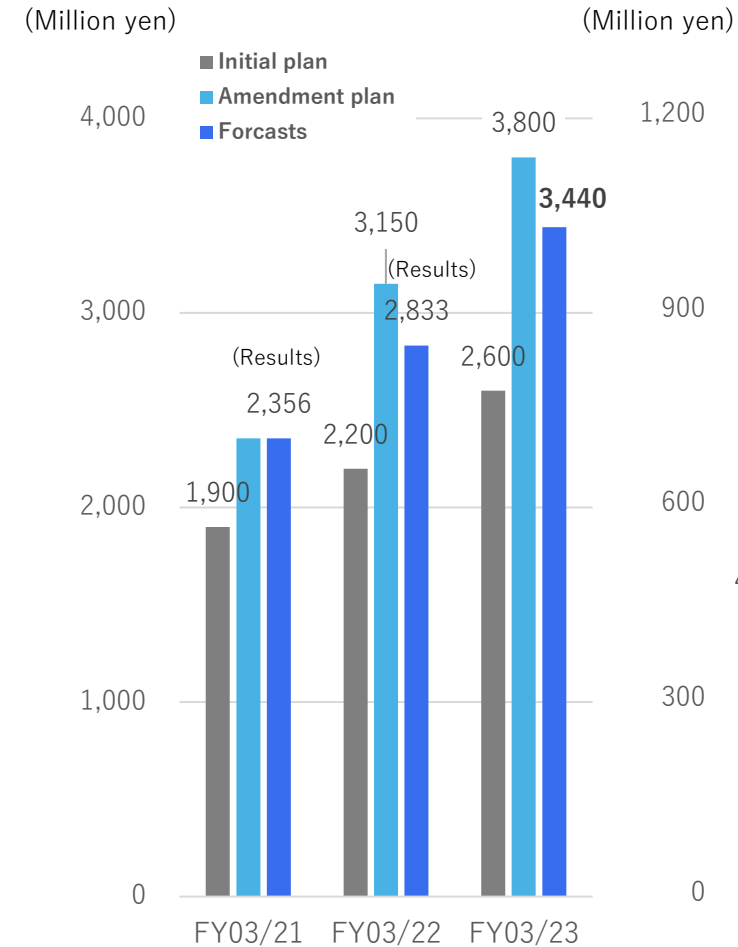
(Million yen)

### ■ Forecast for the fiscal year ending March 2023 (announced on May 10, 2022)

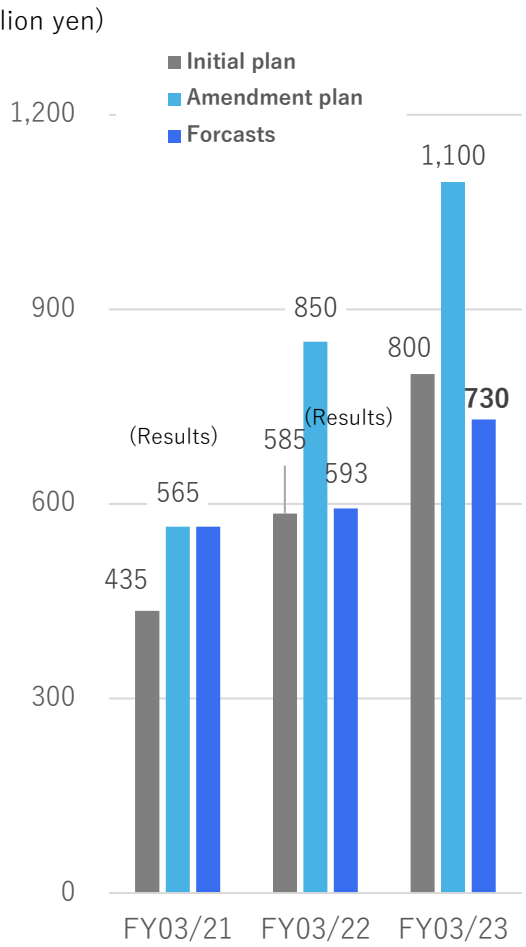
	FY03/21 Results	FY03/22 Results	FY03/23 Forecast
Net sales	2,356	2,833	3,440
EBITDA	565	593	730

(Million yen)

### Net sales



### EBITDA



### The main factors behind the deviation from the amendment plan for FY03/23 (announced on May 11, 2021)



- Completion of data maintenance for customer success taking two years instead of one year as originally planned (FY03/22)
- The level of large-scale WEBCAS project sales failing to recover to pre-COVID-19 levels
- Unplanned expenses such as ISMAP\* incurred during FY03/23 (¥34 million)



- Unplanned outsourcing and recruiting expenses occurring during FY03/22 due to delays in acquiring personnel



- Significant decrease in sales for FY03/22 due to the negative impact of COVID-19

※ISMAP : Information system Security Management and Assessment Program. A system that aims to ensure the security level in the government's procurement of cloud services by evaluating and registering cloud services that meet the security requirements of the government in advance, thereby contributing to the smooth introduction of cloud services.

# **1. Creation of group synergies**

# **2. Promotion of customer success**

- Shortening functional improvement
- Strengthen upsell to existing customers

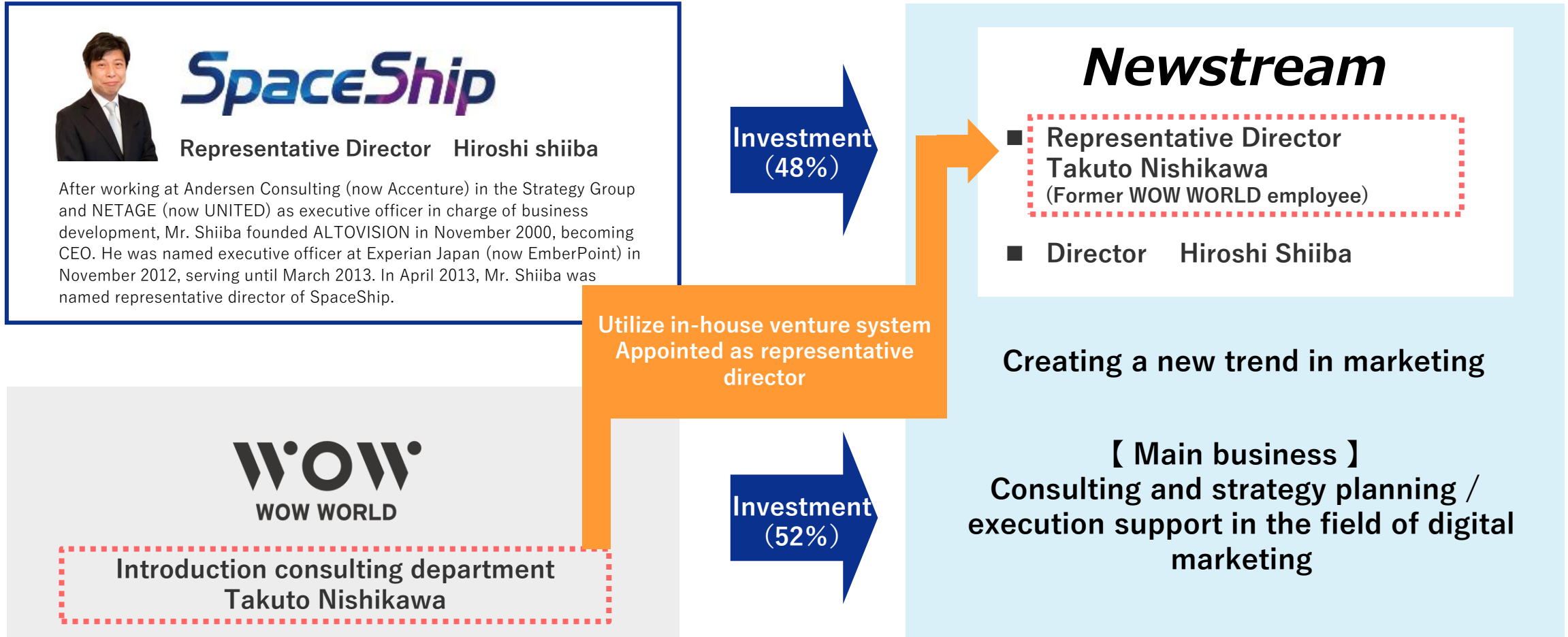
# **3. Promotion of M&A and capital and business alliance**



- Newly established a capital and business alliance with Newstream Inc. and Data Vehicle Inc.



- Established to provide consulting and other services in the digital marketing domain



- Create group synergies through creative production and email operation support for WOW WORLD clients
- Develop various services in the digital marketing domain and promote independent business operations

## Services provided to WEBCAS users

- ✓ **Communication planning**
- ✓ **Creative production**  
(E-mail production 、 Web content development)
- ✓ **Operation support**  
(E-mail delivery 、 forms ・ DB Design )



## Main service

### ■ Digital solution

- Digital marketing strategy planning
- Support for executing digital measures

### ■ E-mail solution

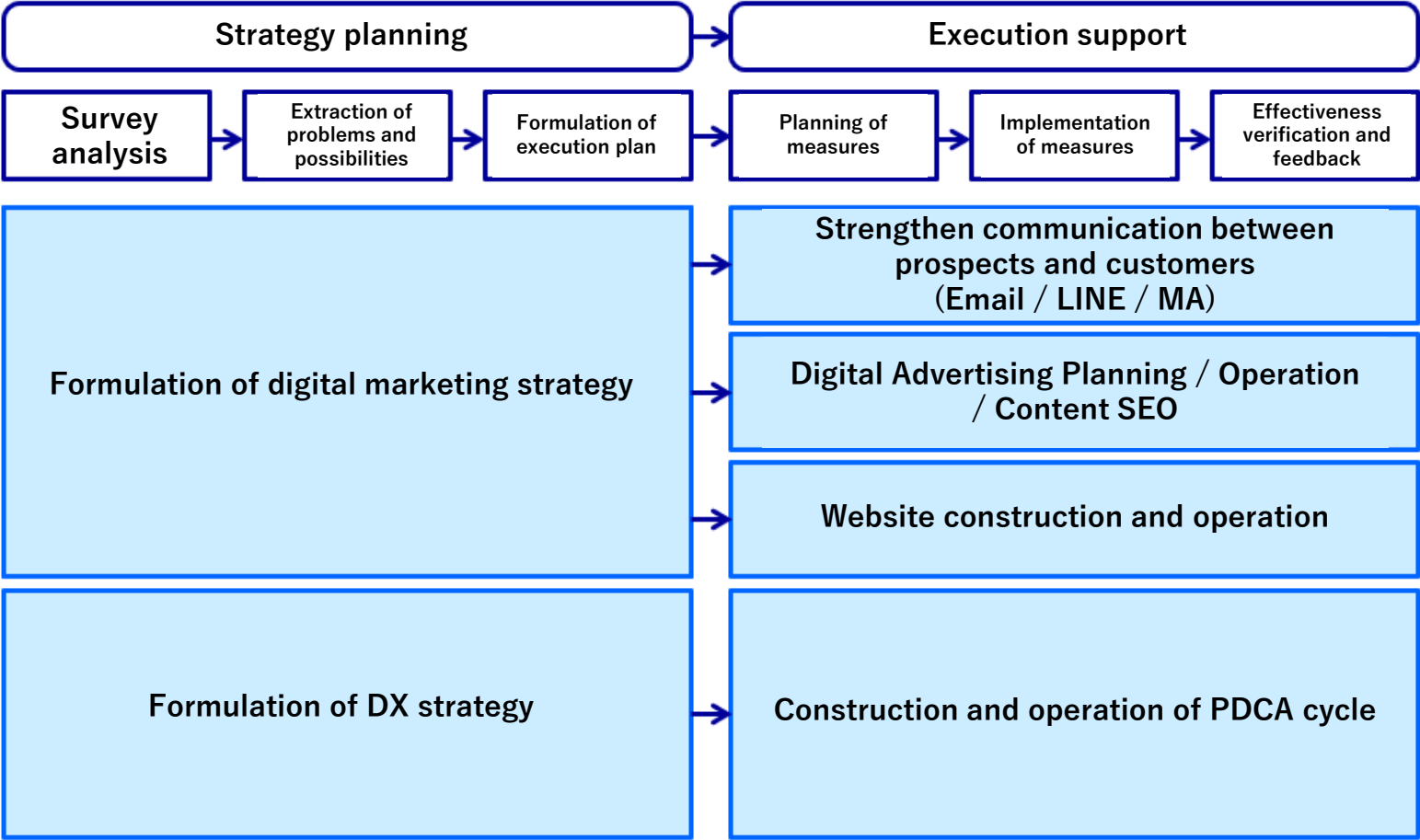
- Consulting
- Creative production
- Operation support

### ■ Solution development

- System planning
- System construction

Newstream's strengths

Support the PDCA cycle of overall marketing activities from strategic planning (issue identification and execution plan development, etc.) to execution support



- Capital and business alliance with Data Vehicle Inc., a provider of data analysis services



- Development and provision of communication system
- Communication operation support
- Consulting



- Development and sales of data analysis tools
- DX human resources development training
- Data analysis service



## Main alliances

- Cross-sales of data analysis tools, DX human resource training, and data analysis services for WEBCAS users
- Joint development of integrated digital marketing tools, linking data analysis tools provided by Data Vehicle with WEBCAS, Connecty CDP, etc.



Company Name Data Vehicle Inc.  
Date of establishment November 2014  
Capital 341.25 million yen  
Mission “*Bringing the benefits of data science to everyone*”

## 【 the management team 】



**President CEO**  
**Tatsuya Yuno**

Mr. Yuno has 35 years of experience in IT going back to 1987. He has practical business experience in areas such as sales, manufacturing planning, overseas subsidiary management, working in a wide range of business models that include systems integration, packages, and cloud services.



**vice president CPO**  
**Hiromu Nishiuchi**

After serving as an assistant professor at the University of Tokyo and deputy general manager of the University of Tokyo Medical Information Network Center, Mr. Nishiuchi currently conducts data analysis and human resources education for numerous corporations. In 2017, he received the 10th Japan Statistical Society Award.



**Managing Director COO**  
**Masayoshi Yamazaki**

Mr. Yamazaki worked in various capacities, including in the systems integration company of a trading company. He subsequently moved to a domestic package vendor in 2005. After working in product planning, he established a local subsidiary in China and assumed the position of general manager.

## Three services provided by Data Vehicle

### 1. Development and sales of data analysis tools



Advanced analytics tools for insights



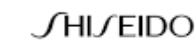
### 2. DX human resources development training

Acquire the ability to extract and solve problems with digital and data

### 3. AaaS (Analytics as a Service)

Partner system to offer data analytics as a service. Partners utilize data analysis tools to provide end-user consulting, reporting, etc.

## Major customers





① Strengthening customer success system

- Complete redesign of sales support system
- Analyze customer data, use cases, and feedback
- Develop new applications/proposals and encourage regular service usage

- Conduct regular inventories of customer request lists across departments (mainly sales, new product planning, implementation, and development)
- Set priorities by situation from the perspective of providing value to clients
- Select and develop functional improvements from among highest priorities

Function selection  
considering  
customer value

② Shortening functional improvement

- Assign several permanent members to ensure that necessary resources are available at all times
- Strengthen roles and escalation flow for inquiries or failures through collaboration among implementation, infrastructure, and PR (marketing) management divisions

With the formation of a  
function improvement team  
Operational establishment

③ Strengthening cross-selling and up-selling

Improve profitability through mutual cross-sales to existing clients

WEBCAS

Connecty  
CMS on Demand

Connecty CDP

Newstream

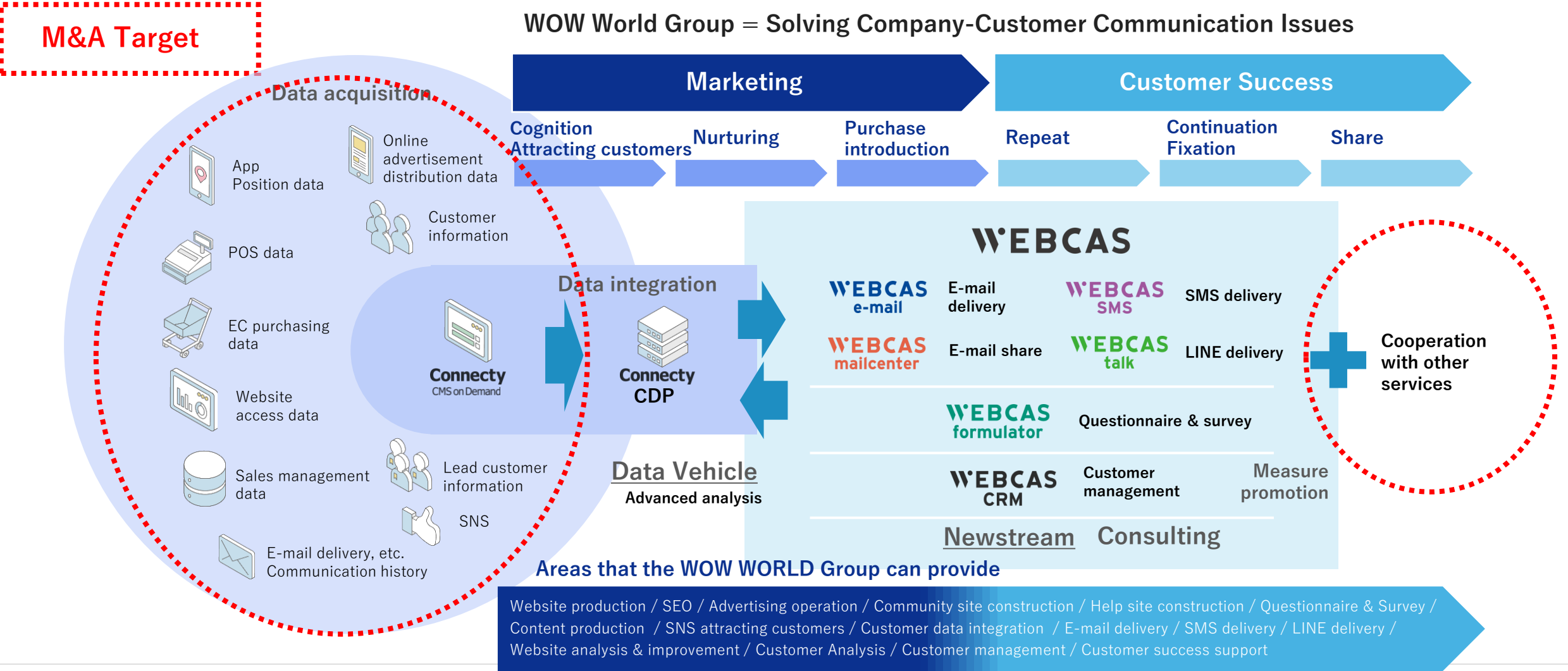
Digital marketing operation support, consulting, etc.

Data Vehicle

Data analysis tool, DX human resource development training, data analysis contract service, etc.



- Promote alliances and Mergers and Acquisitions with businesses around the WOW WORLD Group service map

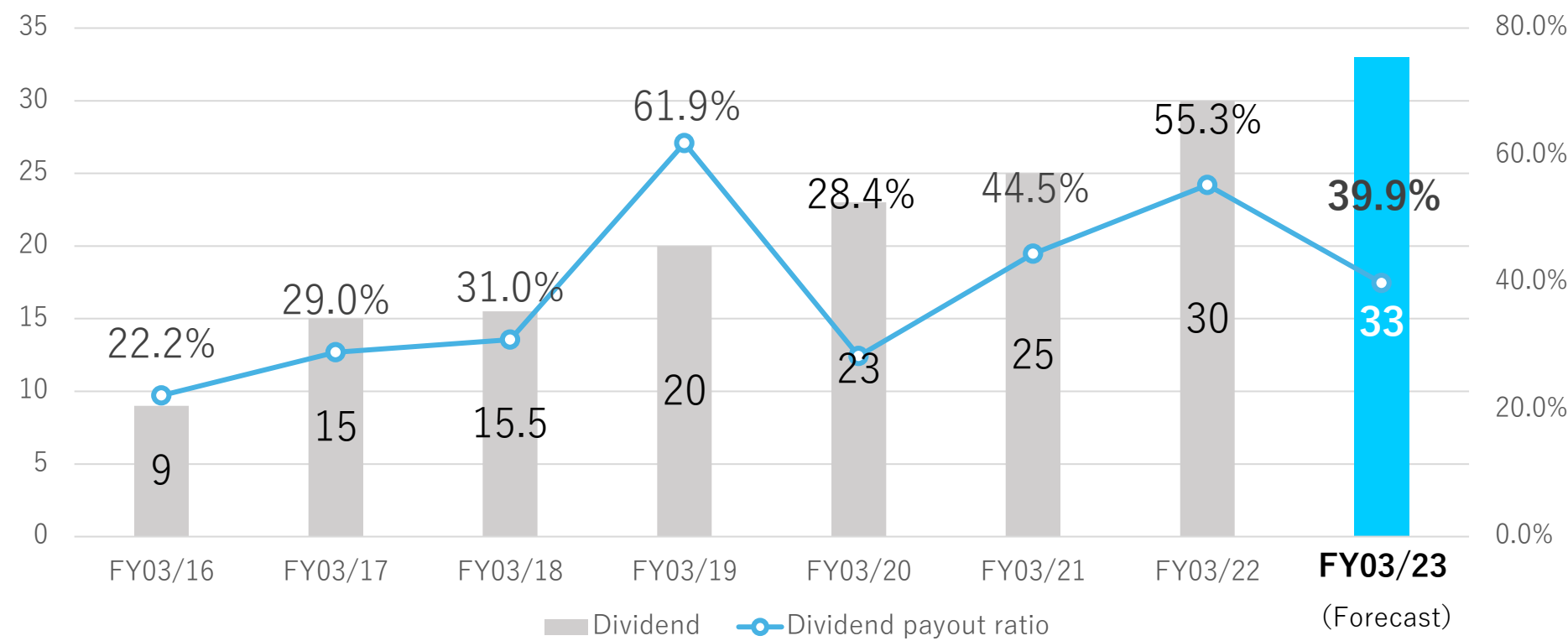


# Shareholder return policy



■ Dividend forecast for FY03/23 : **33yen** ( Dividend payout ratio **39.9%** )

Basic policy : While securing growth funds, maintain a dividend payout ratio of **30%** and **increase dividends every year** due to increased profits.



# Topics (Business and ESG initiatives)





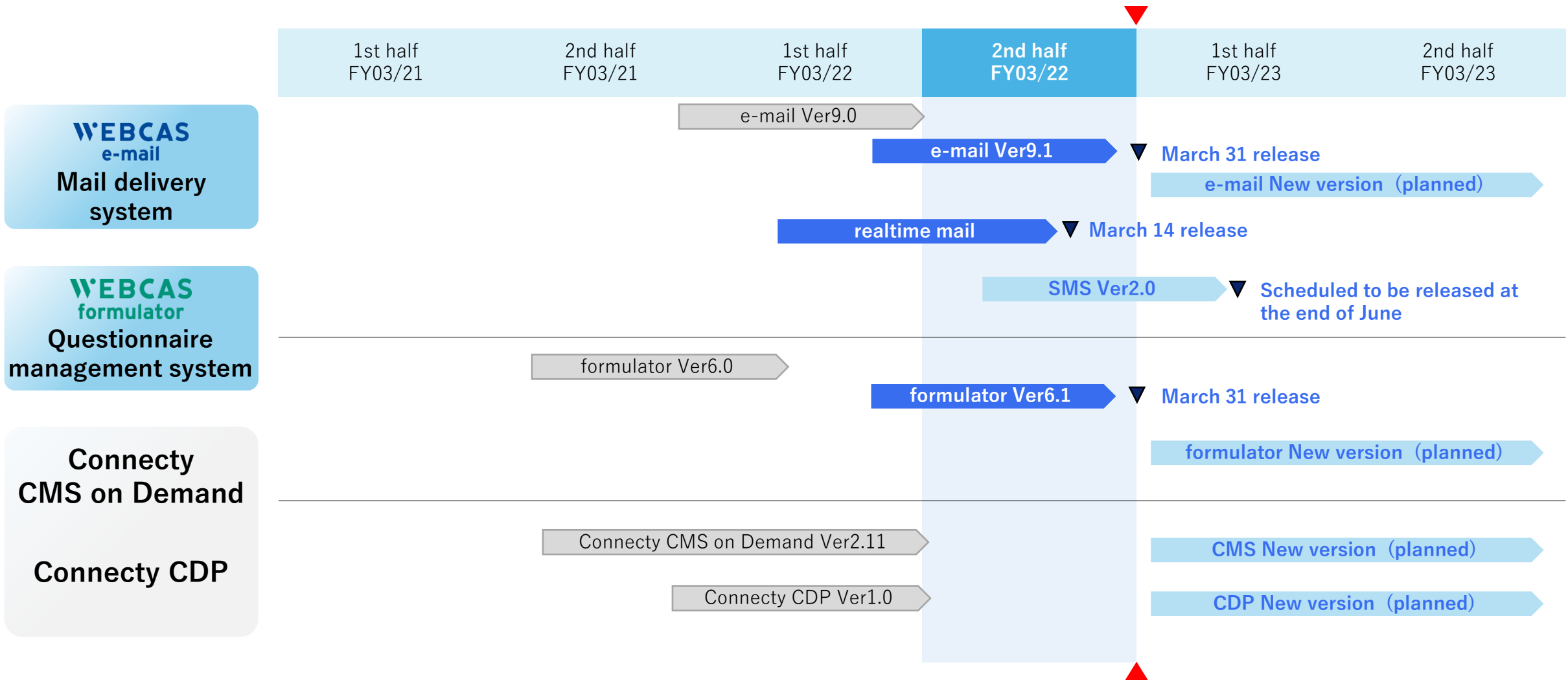
## WOW WORLD Group

- WEBCAS gains the top share in the email sending package market (February 3, 2022)
- Corporate Governance Report (March 15, 2022)
- Introduced a system to support new work styles for employees ("side job system", "full-time work from home system")
- Published a survey report "How to communicate with customers" (March 29, 2022)

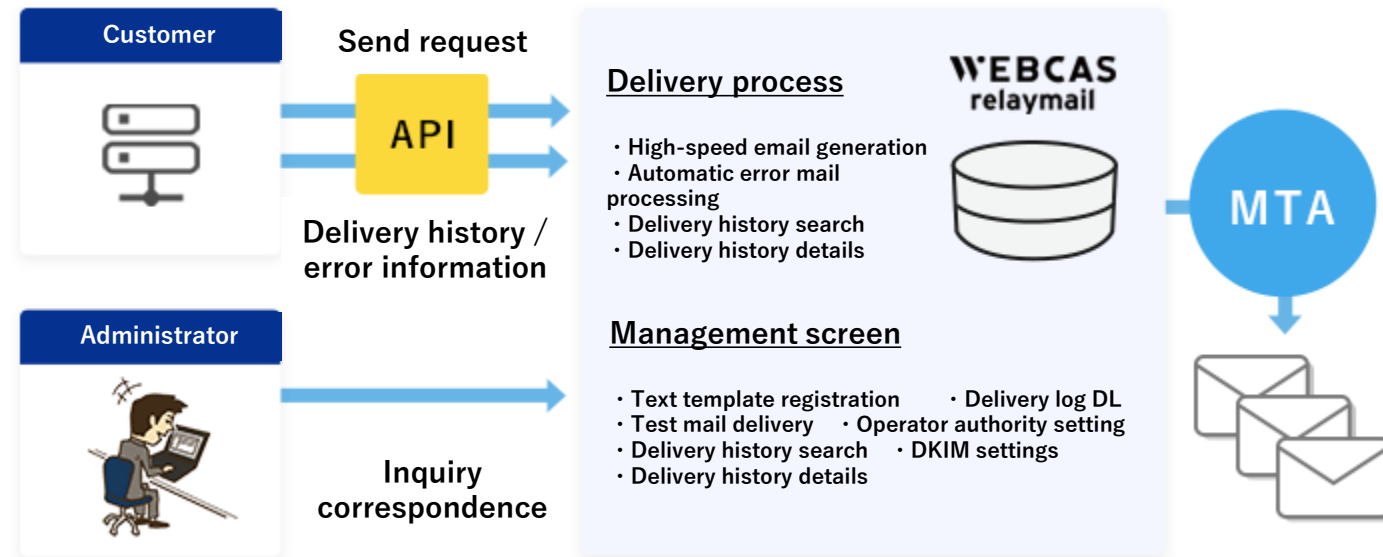


## Product initiatives

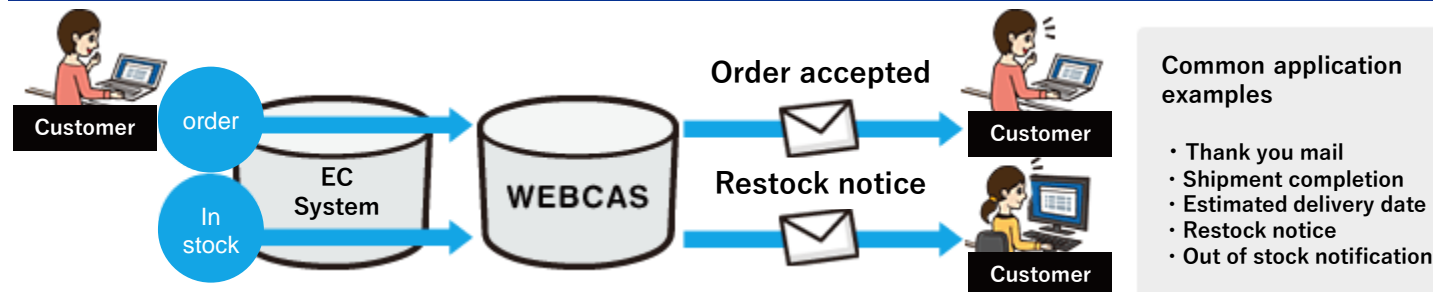
- Released "WEBCAS realtime mail", a renewed version of the mail delivery API (March 14, 2022)
- Released the latest version of the mail delivery system "WEBCAS e-mail Ver.9.1"(March 31, 2022)
- Released a new version of the questionnaire / form creation system "WEBCAS formulator Ver.6.1" (March 31, 2022)

**■ WEBCAS SMS Ver2.0 will be released at the end of June**

- High-performance e-mail notification function implemented quickly in various systems
- Support for both triggered and broadcast emails

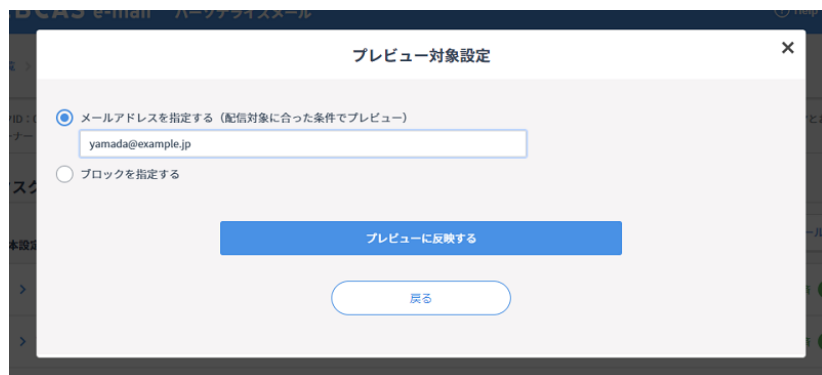


## Example of mail delivery linked with EC system



- Made **12** additions, functional improvements, and bug fixes centered on the preview function
- Preview and mail delivery test for specified delivery targets now available

(1) "Which content will be sent to this destination" can be confirmed in the preview



(3) It is possible to check settings such as unsubscribe links in the preview



(2) Added "blank parts" to the HTML mail composition editor that allow you to easily set margins.



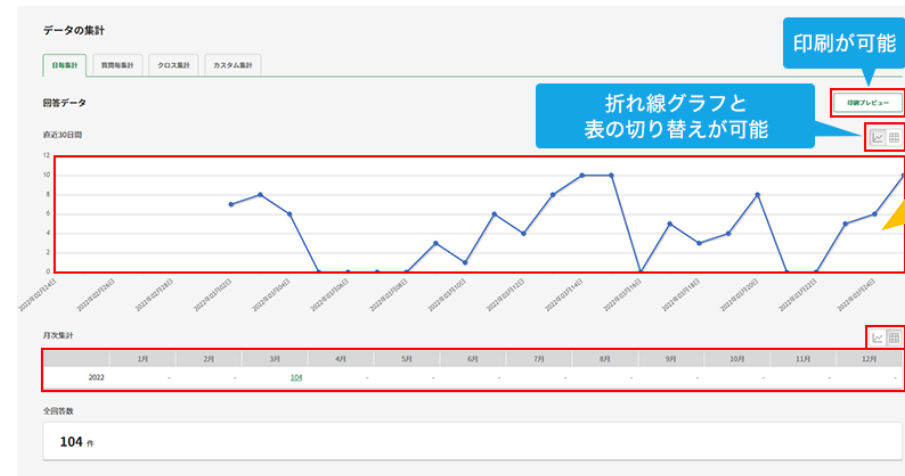


- Made 20 additions and improvements, including function for operator to display custom aggregate results in an easy-to-understand manner and a response function to obtain more detailed and accurate data

### (1) Custom display of answer data



### (2) Graph display of daily summary



The number of daily responses and the number of access to the form can be displayed not only in the table but also in the line graph.

表示項目設定

表示ブロック

全選択

グラフ表示したい質問にチェック

グラフ種類を選ぶ

円グラフ

縦棒グラフ

横棒グラフ

選択肢の表示順

リスト順

回答が多い順

表示順を選ぶ

表とグラフを更新する

Display item setting screen

**Side business system****【 Background of the introduction of the new system 】**

In response to requests for career path opportunities, personal growth, and work experience at other companies, we adopted a system for employees to be seconded to other companies while still remaining employed within the WOW WORLD

**【 System overview 】**

<b>Program</b>	Employees find companies that lead to both personal growth and work quality improvement at WOW WORLD, submitting an application to participate. Decisions are made after consultation with the employee and the company to which he/she desires to be transferred
<b>Work Arrange ment</b>	Partial secondment (up to two days per week on weekdays working at the company to which the employee is being seconded)
<b>Other</b>	<ul style="list-style-type: none"><li>• The employee remains employed by the WOW WORLD and will continue to work at our company</li><li>• Depending on the situation, the Company may make arrangements with a company for an employee secondment (group company, business partner, etc.)</li></ul>

**Full-time telecommuting system****【 Background of the introduction of the new system 】**

- Work styles for the new normal under COVID-19 becoming more prevalent
- We began to encourage telecommuting in March 2020
- We want to establish an environment that allows employees to work from home
- We believe it is necessary to engage in work-style reform that matches the nature of the work, revising our systems regarding eligible work locations

**【 System overview 】**

<b>Eligible Work Locations</b>	Any location in Japan
<b>Eligible Employees</b>	Employees who meet the following three conditions: (1) Permanent employees and contract employees (2) Department: Eligible individuals working in development or consulting sales (3) Position: General staff, chief, or specialist (*Restrictions on eligibility based on company history, etc.)
<b>Other</b>	<ul style="list-style-type: none"><li>• Employee must come to the office when necessary, as requested by supervisor</li><li>• Ongoing review of eligible departments as necessary</li></ul>

■ Comply status of revised CG code **97.6%**

1.3pt improvement from previous disclosure (96.3%)

■ Prospect of full compliance in June 2022. (100%)

No	Principles and ideas	Reasons for not complying
1-2-④	Taking into account the ratio of institutional investors and overseas investors among their own shareholders, listed companies should promote the creation of an environment that enables electronic exercise of voting rights (e.g., the use of electronic voting platforms) and the translation of convocation notices into English. In particular, companies listed on the prime market should be able to use electronic voting platforms, at least for institutional investors.	The Company has a growing percentage of overseas investors, and in addition to supporting the electronic exercise of voting rights, the Company plans to use an electronic voting platform and to translate the notice of convocation into English at the annual general meeting of shareholders to be held in <u>June 2022</u> .
3-1-②	Listed companies should promote the disclosure and provision of information in English to a reasonable extent, taking into account the proportion of overseas investors, etc., among their own shareholders. In particular, companies listed on the prime market should disclose and provide necessary information in English in their disclosure documents.	As the ratio of overseas investors is increasing, we will prepare an English translation of the notice of convocation for the annual general meeting of shareholders scheduled to be held in <u>June 2022</u> and have already translated the financial statements and supplementary explanatory materials into English.
4-1-③	The Board of Directors should be proactively involved in the formulation and operation of the succession plan (planning) for the CEO, etc., taking into account the company's goals (management philosophy, etc.) and specific management strategies, and should appropriately supervise the systematic development of potential successors with sufficient time and resources.	As for the plan for the successor to the President and CEO, who is the chief executive officer, the Nomination and Compensation Committee will consider the candidates and the development plan, and the Board of Directors will make a decision, and the plan will be formulated by <u>March 2022</u> .

The purpose of this material is to help shareholders, investors, etc. understand information such as our management policy, plans, and financial status, and it is not intended to solicit investment such as purchase or sale of our shares.

The information provided in this material is our current plans, outlooks, strategies, etc. that are not historical facts are prospects for future performance, etc., which are based on currently available information. It is based on the judgment of our management team and contains risks and uncertainties.

Actual performance may differ significantly from the outlook for these performances due to various factors such as economic conditions, competitive conditions in the telecommunications industry, and the success or failure of new services. In the future, even if there is new information or future events, we are not obligated to update or correct the "outlook information" included in this announcement.

## Creating a surprise-filled world with the power of people and technology.



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