

Tetsuya Noguchi  
Representative Director, CEO  
i-mobile Co., Ltd.  
22-14 Sakuragaokacho, Shibuya-ku, Tokyo

## Notice of the 14th Annual General Meeting of Shareholders

Dear Shareholders:

We would like to inform you that the 14th Annual General Meeting of Shareholders of i-mobile Co., Ltd. (the “Company”) will be held as described below.

In order to prevent the spread of the new coronavirus infections, we kindly request you to refrain from attending the meeting as much as possible and exercise your voting rights in writing instead. Please consider the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposal in the enclosed Voting Rights Exercise Form, and mail it so that it is delivered by 5 p.m. on Thursday, October 21, 2021 (JST).

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|---|---|
| 1. Date and Time:                             | 10 a.m. on Friday, October 22, 2021 (JST)<br>(Reception starts at 9:30 a.m.)  |
| 2. Place:                                     | Hall A, TKP Garden City Shibuya<br>Shibuya Higashiguchi Building 1F<br>2-22-3 Shibuya, Shibuya-ku, Tokyo, Japan   |
| 3. Meeting Agenda:<br>Matters to be reported: | 1. Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by Accounting Auditor and Audit & Supervisory Board for the 14th Fiscal Year (August 1, 2020 to July 31, 2021)<br>2. Non-Consolidated Financial Statements for the 14th Fiscal Year (August 1, 2020 to July 31, 2021) |
| Proposals to be resolved:                     |   |
| Proposal 1                                    | Partial Revision to the Articles of Incorporation   |
| Proposal 2                                    | Election of Six Directors (Excluding Audit & Supervisory Committee Members)   |
| Proposal 3                                    | Election of Three Directors Serving as Audit & Supervisory Committee Members  |
| Proposal 4                                    | Election of One Director Serving as a Substitute Audit & Supervisory Committee Member   |
| Proposal 5                                    | Maximum Amount of Remuneration for Directors (Excluding Audit & Supervisory Committee Members)  |
| Proposal 6                                    | Amount of Remuneration for Directors Serving as Audit & Supervisory Committee Members   |
| Proposal 7                                    | Remuneration Associated with the Restricted Stock Provided to Directors (Excluding Directors and Outside Directors Serving as Audit & Advisory Committee Members)   |

Please confirm the next page concerning our request and measures against the new coronavirus.

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.
  - Of the documents to be provided in this convocation notice, the "Notes to Consolidated Financial Statements" and "Notes to Non-Consolidated Financial Statements" are posted on the Company's website (<https://www.i-mobile.co.jp/>) in accordance with laws and regulations and Article 14 of the Company's Articles of Incorporation. Therefore, they are not included in this convocation notice. The Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor and Audit & Supervisory Board Members consist of the documents in this convocation notice and the "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" posted on the Company's website above.
  - If any amendments are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements, and Consolidated Financial Statements, they will be posted on the Company's website (<https://www.i-mobile.co.jp/>).
  - Instead of sending out the notice of resolutions of the General Meeting of Shareholders, the results of the General Meeting of Shareholders will be posted on the Company's website above.

## **To Prevent the Spread of New Coronavirus Infections**

### **Request to shareholders**

- In order to prevent the spread of the new coronavirus (COVID-19) infections, shareholders are kindly requested to exercise their voting rights in writing in advance as much as possible.
- Shareholders attending the meeting are asked to wear masks. Shareholders without masks may be refused entry and asked to leave.
- Shareholders will have their temperature checked at the reception. Shareholders who feel unwell may be refused entry.
- The number of seats available will decrease from previous years to maintain space between seats. If all the seats are occupied, entry may not be possible. We appreciate your understanding in advance.

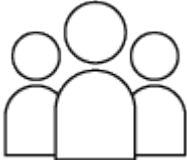

### **The Company's measures**

- The General Meeting of Shareholders will be held with appropriate measures to prevent the spread of the COVID-19, such as wearing of masks by administrative staff.
- Alcohol disinfectants will be in place at around the entrance and other various places of the venue.
- In order to shorten the meeting time, we plan to omit detailed explanation of the business report and expedite the proceedings this year. Shareholders are kindly requested to read through this convocation notice in advance.
- The business briefing that was usually held after the General Meeting of Shareholders will not take place this year.
- Shareholders who are planning to attend the General Meeting of Shareholders are requested to take care of their health until the meeting and not to force themselves to attend the meeting if feeling unwell.

## Guide to the Exercise of Voting Rights

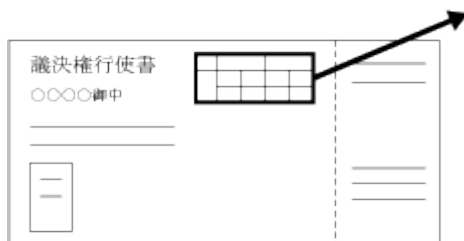
The right of voting at the General Meeting of Shareholders is an important right that enables our shareholders to participate in the management of the Company.

We ask you to refer to the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights. There are two ways to exercise your voting rights as follows.

 Exercise of voting rights by attending the General Meeting of Shareholders	 Exercise of voting rights by mail
<p><u>Date and Time</u></p> <p>10 a.m. on Friday, October 22, 2021 (JST) (Reception starts at 9:30 a.m.)</p> <p>Please submit the enclosed Voting Rights Exercise Form at the reception.</p>	<p><u>Exercise Deadline</u></p> <p>Mail delivered by 5 p.m. on Thursday, October 21, 2021 (JST)</p> <p>Please indicate your vote for or against the proposal in the enclosed Voting Rights Exercise Form and return it by mail.</p>

- In order to prevent the spread of the COVID-19 infections, shareholders are kindly requested to exercise their voting rights in writing in advance as much as possible.

## Guide on How to Complete the Voting Rights Exercise Form



Please fill in this form to approve or disapprove each of the proposals.

**Proposal 1, Proposal 4 through Proposal 7**

If you approve the proposal, circle APPROVE.

If you disapprove the proposal, circle DISAPPROVE.

**Proposal 2 and Proposal 3**

If you approve all the nominees, circle APPROVE.

If you disapprove all the nominees, circle DISAPPROVE.

If you disapprove one or some of the nominees, circle APPROVE and indicate the number of the nominee(s) you will disapprove.

(Attachment)

## **Business Report**

From August 1, 2020 to July 31, 2021

### **1. Overview of the Group**

#### (1) Business Progress and Results

During the fiscal year ended July 31, 2021 (August 1, 2020 to July 31, 2021), the Japanese economy showed signs of recovery in personal consumption and corporate earnings despite the prolonged impact of COVID-19, due to the gradual resumption of economic activities and the effect of implementation of various measures by the government, as well as the start of vaccinations. However, the economic outlook remained uncertain due to pre-emergency measures and repeated declarations of a state of emergency with the renewed spread of infections.

Amid this social environment, there was no major impact on the consolidated business performance of the i-mobile Group (the “Group”) due to COVID-19 during the fiscal year ended July 31, 2021. However, if the economic impact becomes more prolonged and serious in the future, the Group’s business performance could be adversely affected by such factors as a contraction in the Japanese advertising market due to a decrease in the number of advertisers, a shrinkage in the hometown tax donation market because of a decline in individual residence and income tax, and further restrictions on business activities.

The Group is composed of two business segments — Consumer Service and Online Advertising — operating under the corporate vision “Creating a Business for the Future.” In the market for the Hometown Tax Donation business, which is the mainstay of the Consumer Service segment, the hometown tax donation amount in fiscal 2020 increased by approximately 1.4 times year on year to 672.5 billion yen while the number of hometown tax donations also increased by approximately 1.5 times to 34.89 million\*<sup>1</sup>.

In addition, the number of people eligible for the hometown tax donation credit (the number of people who actually made a hometown tax donation and were eligible for a residence tax credit) also increased year on year by approximately 1.3 times\*<sup>1</sup> to 5.524 million people, as it becomes more widely accepted as a stable system in line with its initial purpose of realizing regional revitalization\*<sup>2</sup>.

Moreover, in the domestic online advertising market, which is a core business domain in the Online Advertising segment, online advertising expenditure in 2020 increased by 5.9% year on year to 2,229.0 billion yen, and despite being impacted by COVID-19, growth remained steady with the acceleration in the digitization of society serving as a tailwind. In particular, in the area of online advertising media expenditures, programmatic advertising expenditures amounted to 1,455.8 billion yen, up 9.7% year on year, and demand for programmatic advertising increased, mainly from major platformers, with increased opportunities for exposure to social media, e-commerce, and video streaming services due to lifestyle behavioral changes resulting from voluntary restraint on leaving home\*<sup>3</sup>. Further, overall online advertising media expenditure in 2021 is forecast to increase by 7.7% year on year to 1,891.2 billion yen\*<sup>4</sup>.

In this business climate, the Group has worked to further enhance corporate value, leveraging the technology and marketing expertise cultivated in the core Online Advertising (Ad Network) business to transform its business portfolio into one that is highly profitable by developing new markets, and investing in growth business sectors. With Furunavi, the Hometown Tax Donation business which has

functions for solving social issues, such as the revitalization of local communities, we identified the growth phase of the market to increase the number of local governments we do business with, as well as working with local governments to plan experience-based gifts in return such as dining and lodging gift certificates, and to promote peripheral businesses. We have also worked for the penetration of the hometown tax donation system and to increase our customer base by building recognition of the Furunavi brand through ongoing television commercials and running aggressive promotional campaigns. In the Online Advertising segment, we worked to increase media-related business for the Media Solution business and the App Operation business, which are both focus areas. Moreover, in the Ad Network business, which is facing a challenging market environment due to the growing market dominance of large-scale platformers and intensifying competition, we also focused on gaining new customers and overseas customers as well as striving to improve the earnings structure and ensure stable profits. In addition, the government has also been stepping up efforts to ensure the soundness of the digital advertising market, and the Group has been working to strengthen its ability to offer more effective and appropriate advertising operations in response to changes in the market.

As a result of these efforts, for the fiscal year ended July 31, 2021, the Group recorded net sales of 17,833,542 thousand yen, up 19.7% year on year, operating profit of 3,382,383 thousand yen, up 50.6% year on year, ordinary profit of 3,366,686 thousand yen, up 49.8% year on year, and profit attributable to owners of parent of 2,299,961 thousand yen, up 33.1% year on year.

- \*1 Source: Results of Survey on Current Status of Hometown Tax Donations, Municipal Tax Planning Division, Local Tax Bureau, Ministry of Internal Affairs and Communications, July 30, 2021
- \*2 The results including the hometown tax donation amount were calculated based on the municipal fiscal year (from April 1 to March 31 of the following year), which differs from the calculation of residence tax. We believe that a decline in the actual figures from FY2018 to FY2019 does not indicate a contraction of the market itself, as it is reasonable to consider that the market was impacted by a rush demand of hometown tax donations from the end of 2018 up until March 2019, before revisions to the hometown tax donation system went into effect on June 1, 2019.
- \*3 Source: *2020 Advertising Expenditures in Japan*, Dentsu Inc., February 25, 2021
- \*4 Source: *2020 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media*, Cyber Communications Inc., D2C Inc., Dentsu Inc., Dentsu Digital Inc., March 10, 2021

Business performance by segment was as follows.

Net sales for each segment include inter-segment sales and transfers.

#### Consumer Service segment

In the Consumer Service segment, the Company operates the Hometown Tax Donation business “Furunavi,” as well as the Furunavi Travel business, Restaurant PR business, and Loyalty Points Service business as peripheral businesses. The core Hometown Tax Donation business “Furunavi” was driven by an increase in time spent online, at-home consumption, and frugality owing to the impact of COVID-19, in addition to market growth due to greater awareness of the hometown tax donation system. In the mainstay Furunavi Hometown Tax Donation business, the number of members and the number of donations both increased and the amount of donations exceeded the previous fiscal year thanks to increases in the number of agreements with municipalities and gifts in return, and the success of measures to attract new members such as television commercials, reminders for repeat users, and promotions in collaboration with Yahoo! Japan. Moreover, in the Furunavi Travel business and the Restaurant PR business, the Company also steadily increased the number of agreements with

municipalities for experience-based gifts in return, including dining and lodging gift certificates. Withdrawal from unprofitable businesses such as the online crane game (netch) business in the previous fiscal year also had the effect of improving segment profit.

As a result, net sales in the Consumer Service segment for the fiscal year ended July 31, 2021 were 7,846,052 thousand yen, up 71.9% year on year, and segment profit was 1,962,015 thousand yen, up 48.0% year on year, recording large growth in both sales and profit.

#### Online Advertising segment

In the Online Advertising segment, the Company operates the Ad Network business, the Affiliate business (payment-by-result ads), the Media Solution business, the Ad Agency business (Cyber Consultant, Inc.), and the App Operation business (Ohte, Inc.). In the online advertising market, the decrease in the number of advertisers due to COVID-19 had a temporary impact on earnings by causing a decline in the cost-per-mille (CPM) of advertisements, but the market has recovered to a level close to that before the COVID-19 pandemic. In the Media Solution business, which is a focus area, we increased earnings by steadily maintaining the number of partners. In the App Operation business, business performance remained strong as we steadily gained new clients through aggressive advertising investment in addition to increasing advertising effectiveness. Moreover, from the current fiscal year, the Group shifted to an organization and product structure that can provide total solutions to clients in the Ad Network business and focused on increasing the number of orders received by reconfiguring marketing methods and systems, including revisions to target advertisers and budget scales. The Group also maintained its success in winning orders for large-scale projects, including influencer media acquisition, games, and e-commerce, in the Affiliate business, which contributed to earnings. Meanwhile, IDFA acquisition restrictions were implemented due to growing concerns over the protection of personal information. However, the Group expanded its business utilizing its own know-how, including the launch of new support services to counter declines in advertising revenue.

As a result, net sales in the Online Advertising segment for the fiscal year ended July 31, 2021 were 12,163,427 thousand yen, up 6.1% year on year, and segment profit was 1,420,367 thousand yen, up 63.9% year on year, recording a large increase in profit due to the contributions of businesses with high operating profit margin.

#### (2) Capital Investments

The total amount of capital investments for the fiscal year ended July 31, 2021 was 45,256 thousand yen. They mainly consisted of acquisition of software related to in-house development in the Consumer Service segment of 14,706 thousand yen, acquisition of software related to in-house development in the Online Advertising segment of 21,062 thousand yen, and acquisition of property, plant and equipment mainly for interior work of the head office and other facilities of 9,488 thousand yen.

There was no significant retirement or sale of facilities in the fiscal year ended July 31, 2021.

#### (3) Financing

Not applicable

#### (4) Sale of Business, Absorption-type Company Split, or Incorporation-type Company Split

Not applicable

(5) Acquisition of Business of Other Companies

Not applicable

(6) Succession to Rights and Obligations for Business of Other Corporations due to Absorption-type Merger or Absorption-type Company Split

Not applicable

(7) Acquisition or Disposal of Shares and Other Equity or Share Acquisition Rights of Other Companies

Not applicable

(8) Issues to be Addressed

Based on the corporate vision “Creating a Business for the Future,” the Group has prepared its medium-term management plan targeting the fiscal year ending July 31, 2024, and is pushing forward with its businesses to achieve the plan. In the Consumer Service segment centered on the Hometown Tax Donation business, the Group will expand peripheral businesses by enhancing the acquisition of users and support activities for local governments. In the Online Advertising segment, the Group will improve advertising effectiveness to optimize and maximize the value of both advertisers and media with a view to enhancing competitiveness. The Group is determined to enhance its corporate value by optimally allocating assets and maximizing synergies in these two business segments as well as promoting new growth businesses, such as app operations and overseas markets.

To further expand the businesses and continuously improve the corporate value, the Group recognizes and will address the following issues.

1) Acquire users and enhance user engagement

The Group recognizes that, to achieve sustainable growth, it needs to enhance the publicity of the Group and its services, acquire users, and expand the number of users. To achieve this goal, the Group will continue active advertising activities and measures for guiding users between its services. Further, the Group will endeavor to enhance engagement and ensure the long-term use of its services by capturing the needs of existing users, continuously enhancing the quality of services, and developing peripheral services with high customer satisfaction.

2) Improve ad delivery performance

The Group recognizes that, in the Online Advertising segment, it needs to secure a competitive advantage in ad delivery performance according to changes in the competitive environment and the business environment. The Group will provide more competitive ad delivery services by enhancing ad delivery technologies in statistical processing and machine learning and purchasing efficient ad space based on sufficient user data.

3) Expand the business portfolio by creating new businesses

The Group believes that, as a strategy for achieving continuous growth, it is important not only to take measures for the growth of existing businesses but also to develop peripheral businesses, take measures for guiding users between services, and continuously work on various new businesses.

Based on a portfolio strategy combining businesses with different user segments, the Group will diversify business models to contribute to the sustainable growth of earnings in the future.

4) Aggressive business alliances and corporate acquisitions

The Group believes that, to further stabilize its earnings base and achieve sustainable growth, it needs to diversify earnings sources by creating and expanding businesses which will be responsible for future growth. To achieve this goal, the Group will continue its efforts toward growth by investing in new businesses and services through business alliances and M&As as well as in-house development.

5) Strengthen the development framework

The business environment surrounding the Group is characterized by rapid technological innovations and market changes and requires the Group to make new responses on a daily basis. To further expand the businesses in such an environment, the Group will establish a flexible service development framework focusing on competitiveness by accelerating investments in the technological area, the adoption of high-quality development methods, and research on artificial intelligence technologies.

Moreover, since the Group's businesses are operated on the web, the Group recognizes that it needs to stably operate the system and speedily resolve problems if they occur. To provide users with services in an agreeable condition, the Group will strive to develop technologies and secure human resources for stably operating the system.

6) Develop and secure talented human resources

The Group believes that, to achieve further growth in the future, all employees need to deeply understand and implement the Group's corporate philosophy and management policy. To achieve this goal, the Group will endeavor to establish a pleasant working environment for employees as well as improving the awareness and abilities of all employees through establishing a training framework for developing human resources. Moreover, to prevent a decline in flexibility resulting from the expansion of the organization, the Group will ensure streamlining and flexibility in decision-making by establishing an organization framework according to business development and appropriately assigning human resources.

7) Responses to COVID-19

The Internet-related industry where the Group belongs is less exposed to the immediate and direct impacts of the spread of COVID-19. The Group has no problem with its operations partly thanks to the successful establishment of a remote work environment. Currently, there is no item which has a major impact on the businesses and business performance of the Group. Nevertheless, depending on the future status of infections, COVID-19 may affect the business development and operating results of the Company.



(9) Trends in Assets and Income

1) Trends in assets and income of the Group

(Thousands of yen unless otherwise indicated)

Item	11th Fiscal Year ended July 2018	12th Fiscal Year ended July 2019	13th Fiscal Year ended July 2020	14th Fiscal Year ended July 2021 (current fiscal year)
Net sales	17,981,446	21,138,951	14,901,589	17,833,542
Ordinary profit	2,095,363	3,149,944	2,248,091	3,366,686
Profit attributable to owners of parent	1,165,641	1,367,614	1,727,854	2,299,961
Basic earnings per share (yen)	55.06	57.34	76.66	107.39
Total assets	15,465,875	16,911,421	15,359,065	18,992,553
Net assets	12,040,255	13,145,990	13,222,836	14,720,129
Net assets per share (yen)	554.77	542.17	607.12	683.85

Note: Net sales do not include consumption tax.

2) Trends in assets and income of the Company

(Thousands of yen unless otherwise indicated)

Item	11th Fiscal Year ended July 2018	12th Fiscal Year ended July 2019	13th Fiscal Year ended July 2020	14th Fiscal Year ended July 2021 (current fiscal year)
Net sales	12,735,692	16,905,441	12,833,982	15,757,132
Ordinary profit	2,218,415	2,869,429	2,105,223	2,798,782
Net income	1,445,011	1,212,774	1,538,993	1,884,767
Basic earnings per share (yen)	68.25	50.84	68.28	88.00
Total assets	14,314,038	16,225,691	14,964,797	18,052,561
Net assets	11,894,671	12,935,725	12,994,893	14,076,991
Net assets per share (yen)	561.74	541.91	596.65	653.94

Note: Net sales do not include consumption tax.

(10) Parent and Significant Subsidiaries

1) Parent company

Not applicable

2) Significant subsidiaries

Name of company	Share capital (thousand yen)	Ownership ratio of the Company (%)	Major business
Cyber Consultant, Inc.	30,000	100.0	Online advertising
Ohte, Inc.	2,500	100.0	Online advertising

Notes: 1. There are no subsidiaries that fall under the category of specified wholly-owned subsidiaries.  
2. open-career Co., Ltd. has been excluded from the scope of consolidation due to completion of liquidation.

(11) Major Business

As of July 31, 2021

Business	Description
Consumer Service	Hometown Tax Donation "Furunavi," Furunavi Travel, Restaurant PR, Loyalty Points Service, and others
Online Advertising	Ad Network, Affiliate, Media Solution, Ad Agency, App Operation, and others

(12) Major Offices

1) The Company

Headquarters: Tokyo head office (Shibuya-ku, Tokyo)

Sales office: Kansai branch office (Kita-ku, Osaka-shi, Osaka)

2) Subsidiaries and associates

Japan: Shibuya-ku, Tokyo

(13) Employees

1) Employees of the Group

As of July 31, 2021

Number of employees	Changes from the end of the previous fiscal year
204 (—)	Decreased by 20 (—)

Notes: 1. The number of employees is the number of full-time employees. The number of temporary employees is separately shown in parentheses.

2. The number of temporary employees includes part-time workers and excludes agency contractors.

2) Employees of the Company

As of July 31, 2021

Number of employees	Changes from the end of the previous fiscal year	Average age	Average years of service
197 (—)	Decreased by 18 (—)	32.46	4.74

Note: The number of employees is the number of full-time employees. The number of temporary employees, which includes part-time workers and excludes agency contractors, is omitted as the total number of temporary employees is less than 10% of the number of employees.

(14) Major Lenders

Not applicable

(15) Other Important Matters Regarding the Current Situation of the Group

Not applicable

## 2. Shares of the Company

- (1) Total Number of Shares Authorized to be Issued: 87,000,000 shares  
(2) Total Number of Shares Issued: 21,848,196 shares (incl. 345,050 treasury shares)  
(3) Number of Shareholders: 11,772  
(4) Major Shareholders

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
T-net Co.,Ltd.	4,160	19.35
Agiletech Co., Ltd.	4,000	18.60
Toshihiko Tanaka	2,433	11.32
Tetsuya Noguchi	2,320	10.79
The Master Trust Bank of Japan, Ltd. (Trust account)	593	2.76
Custody Bank of Japan, Ltd. (Trust account)	175	0.81
DBS Bank Ltd. 700152	163	0.76
BNY GCM Client Account JPRD AC ISG (FE-AC)	153	0.71
BBH Boston Custodian for Japan Equity Premium Fund of Credit Suisse Univer 620373	127	0.59
Northern Trust Co. (AVFC) RE UKDP AIF Clients Non- Lending 10PCT Treaty Account	125	0.58

Note: The shareholding ratio, the number of shares held to the total number of shares issued, is rounded to the nearest hundredth.

In addition to the above, the Company holds 345,050 treasury shares.

The shareholding ratio is calculated excluding treasury shares.

### (5) Other Important Matters Concerning the Shares of the Company

#### 1) Exercise of Share Acquisition Rights

As a result of the exercise of share acquisition rights during the current fiscal year, the total number of shares issued increased by 68,430 shares, share capital increased by 11,427 thousand yen, and legal capital surplus increased by 11,427 thousand yen.

#### 2) Acquisition of Treasury Shares

Based on the resolution at the meeting of the Board of Directors held on October 21, 2020, the Company has acquired treasury shares as follows.

Class and number of shares acquired: Common stock, 650,000 shares

Total acquisition value: 986,712 thousand yen

Acquisition period: From October 23, 2020 to November 27, 2020

### 3. Share Acquisition Rights of the Company

#### (1) Share Acquisition Rights Issued to the Company's Officers as Consideration for the Execution of Duties

	Second series of share acquisition rights (without charge)	Third series of share acquisition rights (without charge)	Forth series of share acquisition rights (without charge)
Date of resolution	July 15, 2015	December 7, 2015	April 26, 2021
Number of share acquisition rights	270 units	291 units	150 units
Paid-in amount for share acquisition rights	Without monetary consideration	Without monetary consideration	Without monetary consideration
Class and number of holders	Director of the Company, 1	Director of the Company, 2	Director of the Company, 1
Class and number of shares underlying the share acquisition rights	Common stock 8,100 shares	Common stock 29,100 shares	Common stock 15,000 shares
Paid-in amount upon exercise of share acquisition rights	¥334	¥1,128	¥1,482
Exercise period for share acquisition rights	From August 1, 2017 to July 31, 2024	From January 2, 2018 to Dec. 31, 2024	From April 27, 2023 to April 26, 2031
Conditions for exercise of share acquisition rights	Persons who have been allotted share acquisition rights must hold the position of director, audit & supervisory board member, employee, advisor, external partner, or other equivalent positions at the Company or a subsidiary of the Company at the time of exercising the share acquisition rights.	Persons who have been allotted share acquisition rights must hold the position of director, audit & supervisory board member, employee, advisor, external partner, or other equivalent positions at the Company or a subsidiary of the Company at the time of exercising the share acquisition rights.	(See Notes)

Notes: 1. The share acquisition rights holders may exercise their share acquisition rights during the exercise period up to the number of shares specified below for each period.

April 27, 2023 to April 26, 2024: 1/3 of granted units

April 27, 2024 to April 26, 2025: 2/3 of granted units

April 27, 2025 to April 26, 2031: All of granted units

- At the time of exercising the share acquisition rights, the share acquisition rights holder must hold the position of director, audit & supervisory board member, employee or other equivalent positions at the Company or a subsidiary of the Company. However, this shall not apply when the share acquisition rights holders retire due to expiration of term of office or mandatory retirement, or when the Board of Directors approves that there is a legitimate reason.
- In the event of the death of a holder of share acquisition rights, the share acquisition rights may not be exercised by the heirs of the holder. However, this shall not apply if, after due consideration of various circumstances, the Board of Directors approves the exercise of the share acquisition rights as an exceptional case.
- If, through the exercise of this series of share acquisition rights, the total number of issued shares of the Company exceeds the number of authorized shares at that time, such share acquisition rights may not be exercised.
- Respective series of share acquisition rights may not be exercised for less than one unit.

(2) Share Acquisition Rights Issued to the Company's Employees During the Current Fiscal Year as Consideration for the Execution of Duties

		Forth series of share acquisition rights (without charge)
Date of resolution		April 26, 2021
Number of share acquisition rights		1,150 units
Class and number of shares underlying the share acquisition rights		Common stock 115,000 shares (100 shares per share acquisition right)
Paid-in amount for share acquisition rights		Without monetary consideration
Paid-in amount upon exercise of share acquisition rights		¥148,200 per share acquisition right (¥1,482 per share)
Exercise period for share acquisition rights		From April 27, 2023 to April 26, 2031
Conditions for exercise of share acquisition rights		(See Notes)
Share acquisition rights granted to employees and others	Employees of the Company	Number of share acquisition rights: 1,000 units Number of shares underlying the share acquisition rights: 100,000 shares Number of grantees: 13
	Officers of subsidiaries	Number of share acquisition rights: 150 units Number of shares underlying the share acquisition rights: 15,000 shares Number of grantees: 1

Notes: 1. The share acquisition rights holders may exercise their share acquisition rights during the exercise period up to the number of shares specified below for each period.

April 27, 2023 to April 26, 2024: 1/3 of granted units

April 27, 2024 to April 26, 2025: 2/3 of granted units

April 27, 2025 to April 26, 2031: All of granted units

2. At the time of exercising the share acquisition rights, the share acquisition rights holder must hold the position of director, audit & supervisory board member, employee or other equivalent positions at the Company or a subsidiary of the Company. However, this shall not apply when the share acquisition rights holders retire due to expiration of term of office or mandatory retirement, or when the Board of Directors approves that there is a legitimate reason.
3. In the event of the death of a holder of share acquisition rights, the share acquisition rights may not be exercised by the heirs of the holder. However, this shall not apply if, after due consideration of various circumstances, the Board of Directors approves the exercise of the share acquisition rights as an exceptional case.
4. If, through the exercise of this series of share acquisition rights, the total number of issued shares of the Company exceeds the number of authorized shares at that time, such share acquisition rights may not be exercised.
5. Respective series of share acquisition rights may not be exercised for less than one unit.

### (3) Other Significant Information on Share Acquisition Rights

	First series of share acquisition rights (with charge)
Date of resolution	April 26, 2021
Number of share acquisition rights	2,050 units
Class and number of shares underlying the share acquisition rights	Common stock 205,000 shares (100 shares per share acquisition right)
Paid-in amount for share acquisition rights	¥800 per share acquisition right
Paid-in amount upon exercise of share acquisition rights	¥130,500 per share acquisition right (¥1,305 per share)
Exercise period for share acquisition rights	From the date of final settlement of accounts for the fiscal year ending July 31, 2022 to May 13, 2027
Conditions for exercise of share acquisition rights	(See Notes)

Notes: 1. This series of share acquisition rights may be exercised if the operating profit reported on the consolidated statement of income (or the non-consolidated statement of income, if consolidated statement of income is not prepared) of the Company meets the levels set forth below during the four fiscal years from the fiscal year ending July 2022 to the fiscal year ending July 2025 (the “Determination Period”). The individual holders of this series of share acquisition rights may exercise the share acquisition rights up to the percentage specified in each provision (the “Exercisable Proportion”) of the granted units. However, the conditions in item 2. below shall be established for the period and number of share acquisition rights that may be exercised.

(a) If the operating profit of any fiscal year during the Determination Period exceeds 4.2 billion yen,  
Exercisable Proportion: 30%

(b) If the operating profit of any fiscal year during the Determination Period exceeds 4.5 billion yen,  
Exercisable Proportion: 100%

The above stated operating profit shall be determined on the basis of amount reported in the audited consolidated statement of income of the Company’s annual securities report.

If the Board of Directors approves that the operating profit have increased due to mergers, share purchases, issuances of new shares, share exchanges, share transfers, company splits, and others (“Mergers, etc.,” only those occurring on or after the date of resolution for issuance of this share acquisition rights), the incremental amount arising from the Mergers, etc. is deducted from the operating profit reported on the consolidated statement of income.

2. If the above mentioned condition in 1.(a) or (b) is met, the holders of this series of share acquisition rights may exercise the share acquisition rights up to the proportion of the units set forth below during the fiscal years following the fiscal year in which such condition is achieved.

(i) If above mentioned condition 1.(a) is achieved,

- Fiscal year following the fiscal year in which the condition is met: 15% of granted units
- Two fiscal years following the fiscal year in which the condition is met: 30% of granted units

(ii) If above mentioned condition 1.(b) is achieved,

- Fiscal year following the fiscal year in which the condition is met: 50% of granted units
- Two fiscal years following the fiscal year in which the condition is met: All of granted units

If the above mentioned condition in 1.(a) and (b) are progressively achieved, the percentage for the item “(ii) Fiscal year following the fiscal year in which the condition is met” is changed to 35% of granted units. Furthermore, in such case, this series of share acquisition rights may be exercised up to the cumulative proportion of the units that become exercisable as each condition is achieved.

3. At the time of exercising the share acquisition rights, the share acquisition rights holder must hold the position of director, audit & supervisory board member, employee, advisor, external partner, or other equivalent positions at the Company or a subsidiary of the Company. However, this shall not apply when the share acquisition rights holders retire due to expiration of term of office or mandatory retirement, or when the Board of Directors approves that there is a legitimate reason.

4. This series of share acquisition rights may not be exercised by heirs of the holders.

5. If, through the exercise of this series of share acquisition rights, the total number of issued shares of the Company exceeds the number of authorized shares at that time, such share acquisition rights may not be exercised.

6. Respective series of share acquisition rights may not be exercised for less than one unit.

## 4. Officers of the Company

### (1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities and significant concurrent positions
Representative Director, Chairman	Toshihiko Tanaka	General Manager, Representative Project Headquarters of the Company
Representative Director, CEO	Tetsuya Noguchi	
Director	Yoshinori Mizota	General Manager, Ad Platform Business Headquarters of the Company
Director	Masahide Tomishige	Officer in charge of Corporate General Headquarters of the Company Director of Algorithm Inc.
Director	Kunihiro Tanaka	Representative Director and President, Chief Executive Officer of SAKURA internet Inc. Representative Director and President of Kunihiro Tanaka Office Outside Director of i-plug, Inc. Outside Director of ABEJA, Inc.
Director	Satoshi Shima	Outside Director of mixi, Inc. External Director of Aucfan Co., Ltd. Outside Director of Neo Career Co., Ltd. External Director of OUTSOURCING TECHNOLOGY Inc. Outside Director of Hanwha Solutions Corporation
Audit & Supervisory Board Member (Full-time)	Yukio Todoroki	Outside Director and Audit & Supervisory Committee Member of Geniee, Inc. Corporate Auditor of Cyber Consultant, Inc. Corporate Auditor of Ohte, Inc.
Audit & Supervisory Board Member	Tadatsugu Ishimoto	Representative Partner of Mentor Capital Tax Corporation Representative Director of Mentor Capital FAS Outside Director of UNITED, Inc. Outside Director and Audit & Supervisory Committee Member of Visional, Inc. Outside Auditor of SunBridge Inc.
Audit & Supervisory Board Member	Akira Takagi	Director of Takagi CPA Office Representative Director of Stradia, Inc. Outside Auditor of bitbank, Inc. Outside Auditor of REXEV Inc. Outside Auditor of LPIXEL Inc. Outside Director of AVIX, Inc. Outside Auditor of PLAY LIFE INC.

- Notes:
1. Directors Mr. Kunihiro Tanaka and Mr. Satoshi Shima are Outside Directors.
  2. Audit & Supervisory Board Members Mr. Yukio Todoroki, Mr. Tadatsugu Ishimoto, and Mr. Akira Takagi are Outside Audit & Supervisory Board Members.
  3. Audit & Supervisory Board Members Mr. Yukio Todoroki and Mr. Tadatsugu Ishimoto qualify as certified public tax accountants and have an adequate knowledge and insight about finance and accounting.
  4. Audit & Supervisory Board Member Mr. Akira Takagi qualifies as a certified public accountant and has an adequate knowledge and insight about finance and accounting.
  5. The Company has designated Directors Mr. Kunihiro Tanaka and Mr. Satoshi Shima, and Audit & Supervisory Board Members Mr. Yukio Todoroki, Mr. Tadatsugu Ishimoto, and Mr. Akira Takagi as independent officers as specified by the Tokyo Stock Exchange and has reported to the Exchange as such.

### (2) Limited Liability Agreement

For the purpose of enabling Outside Directors and Outside Audit & Supervisory Board Members to fully demonstrate their expected roles in the performance of their duties, the Company has entered into an agreement with them to limit liability for damages under Article 423, Paragraph 1 of the Companies

Act, in accordance with the provisions of Article 427, Paragraph 1 of the said act. The maximum amount of the liability for damages under the said agreement is the minimum liability amount stipulated in laws and regulations.

(3) Directors and Officers Liability Insurance (D&O Insurance) Contract

The Company has entered into a directors and officers liability insurance (“D&O Insurance”) contract with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The contract insures all officers of the Company and of its subsidiaries. In the event that the insured persons are held liable for damages arising from performance of their duties, this contract covers the damages borne by the insured persons and compensates for certain expenses and others incurred by the Company. The insurance premiums are fully paid by the Company.

The contract will be renewed with the same details at the next renewal.

(4) Amount of Compensation and Benefits to Directors and Audit & Supervisory Board Members for the Fiscal Year under Review

Class of officers	Total amount of compensation (thousand yen)	Subtotals for each type of compensation (thousand yen)			Number of eligible officers
		Basic compensation	Performance-based compensation	Non-monetary remuneration	
Director (of which, Outside Director)	194,802 (12,000)	194,076 (12,000)	— (—)	726 (—)	6 (2)
Audit & Supervisory Board Member (of which, Outside Audit & Supervisory Board Member)	17,800 (17,800)	17,800 (17,800)	—	—	3 (3)
Total (of which, outside officer)	212,602 (29,800)	211,876 (29,800)	— (—)	726 (—)	9 (5)

Notes: 1. At the Extraordinary General Meeting of Shareholders on June 7, 2011, it was resolved that the maximum amount of compensation for Directors shall be 400,000 thousand yen or less per year (not including salaries for their employees). At the conclusion of said General Meeting of Shareholders, the number of Directors was three.

At the Annual General Meeting of Shareholders on October 27, 2017, it was resolved that the remuneration provided separately as stock options shall be limited to no more than 80,000 thousand yen per year. At the conclusion of this General Meeting of Shareholders, the number of Directors was five.

2. At the Extraordinary General Meeting of Shareholders on January 20, 2015, it was resolved that the maximum amount of compensation for Audit & Supervisory Board Members shall be 30,000 thousand yen or less per year. At the conclusion of said General Meeting of Shareholders, the number of Audit & Supervisory Board Members was three.

(5) Policy for Determining Compensation Amounts of Officers or Calculation Methods

1) Basic policy for compensation

The Company’s basic policy is to make the compensation for Directors of the Company adequately function as an incentive for them to perform their duties aimed at increasing corporate value of the Company and achieving sustainable growth, as well as securing talented human resources. In determining the compensation of individual Directors, the Company shall, in principle, set the remuneration at an appropriate level based on the duties and responsibilities of each position. The compensation comprises basic compensation as monetary remuneration and stock options and other share-based compensation as non-monetary remuneration. Outside Directors, who are responsible for the supervisory function, are paid only basic compensation in light of their duties.



2) Policy for determining compensation amounts of individual directors

(a) Basic compensation policy

At the General Meeting of Shareholders held on June 7, 2011, the total amount of Director compensation was determined to be 400 million yen or less per year. The amount shall be commensurate with individual duties and responsibilities, based on comparisons with other companies in the same industry and available survey data on management compensation from external expert institutions.

(b) Basic compensation as monetary remuneration

The authority to determine the amount of basic compensation for individual Directors shall be delegated to the Representative Director & CEO as resolved by the Board of Directors. For the fiscal year under review, the Board of Directors passed a resolution at the meeting held on October 23, 2020, to delegate the authority for determining the amount of individual Director's remuneration to Mr. Tetsuya Noguchi, the Representative Director & CEO. The authority herein refers to determining the basic compensation amount for individual Directors. It seemed reasonable to delegate the authority to the Representative Director & CEO, who is well aware of the Company's business as a whole and capable of evaluating business segments undertaken by the respective Director's duties from the perspective of the company-wide performance. Representative Director & CEO shall determine the amount of basic compensation to be paid to each Directors based on factors such as their positions, areas of their business operations, duties and responsibilities (full-time or part-time, execution of duties, scope of duties, and others), and years in office, on the assumption that the amount of compensation is sufficient enough to retain talented people. The basic compensation for each full year shall be provided as fixed monetary compensation in equal monthly installments.

(c) Stock options and other share-based compensation as non-monetary remuneration

Based on resolutions pertaining to the eligibility for each of the Directors and the number of shares to be provided, which were passed at the General Meeting of Shareholders on June 7, 2011, and the General Meeting of Shareholders and the Board of Directors' meeting on October 27, 2017, the Company shall provide the Directors with incentives as remuneration in the form of stock options to encourage their contribution toward sustainably enhancing the corporate value and sharing the same value with the shareholders. The amount allotted to each Director shall be comprehensively determined according to the position, duties, and responsibilities, taking into consideration the levels of other companies, the business performance of the Company, the level of employee salaries, the number of shares already owned by the Director, and other factors, while maintaining a balance with fixed remuneration.

## (6) Outside Officers

Position	Name	Significant concurrent positions	Major activities
Director	Kunihiro Tanaka	Representative Director and President, Chief Executive Officer of SAKURA internet Inc. Representative Director and President of Kunihiro Tanaka Office Outside Director of i-plug, Inc. Outside Director of ABEJA, Inc.	Mr. Tanaka attended 17 out of 17 meetings of the Board of Directors held during the current fiscal year. He offers suggestions and opinions that are valuable to the management of the Company as necessary based on his extensive experience and broad insight as a corporate manager. He has appropriately fulfilled his role in strengthening the corporate governance system of the Company.
Director	Satoshi Shima	Outside Director of mixi, Inc. External Director of Aucfan Co., Ltd. Outside Director of Neo Career Co., Ltd. External Director of OUTSOURCING TECHNOLOGY Inc. Outside Director of Hanwha Solutions Corporation	Mr. Shima attended 17 out of 17 meetings of the Board of Directors held during the current fiscal year. He offers suggestions and opinions that are valuable to the management of the Company as necessary based on his extensive experience and broad insight as a corporate manager. He has appropriately fulfilled his role in strengthening the corporate governance system of the Company.
Audit & Supervisory Board Member (Full-time)	Yukio Todoroki	Outside Director and Audit & Supervisory Committee Member of Geniee, Inc. Corporate Auditor of Cyber Consultant, Inc. Corporate Auditor of Ohte, Inc.	Mr. Todoroki attended 17 out of 17 meetings of the Board of Directors and 15 out of 15 meetings of the Audit & Supervisory Board held during the current fiscal year. He makes necessary statements as appropriate based on his experience as auditor of other companies in the Internet advertising industry and his professional perspective as a certified public tax accountant.
Audit & Supervisory Board Member	Tadatsugu Ishimoto	Representative Partner of Mentor Capital Tax Corporation Representative Director of Mentor Capital FAS Outside Director of UNITED, Inc. Outside Director and Audit & Supervisory Committee Member of Visional, Inc. Outside Auditor of SunBridge Inc.	Mr. Ishimoto attended 17 out of 17 meetings of the Board of Directors and 15 out of 15 meetings of the Audit & Supervisory Board held during the current fiscal year. He makes necessary statements as appropriate based mainly on his professional perspective as a certified public tax accountant.
Audit & Supervisory Board Member	Akira Takagi	Director of Takagi CPA Office Representative Director of Stradia, Inc. Outside Auditor of bitbank, Inc. Outside Auditor of REXEV Inc. Outside Auditor of LPIXEL Inc. Outside Director of AVIX, Inc. Outside Auditor of PLAY LIFE INC.	Mr. Takagi attended 17 out of 17 meetings of the Board of Directors and 15 out of 15 meetings of the Audit & Supervisory Board held during the current fiscal year. He makes necessary statements as appropriate based mainly on his professional perspective as a certified public accountant.

Note: Cyber Consultant, Inc. and Ohte, Inc. are consolidated subsidiaries of the Company. The Company has no special interest with any other companies above.

## 5. Accounting Auditor

### (1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

### (2) Amount of Compensation and Benefits to Accounting Auditor for the Current Fiscal Year

	Amount of compensation and benefits
Amount of compensation and benefits to Accounting Auditor for the current fiscal year	¥30,000 thousand
Amount of cash and other financial benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	¥35,000 thousand

- Notes:
1. The audit engagement between the Company and the Accounting Auditor does not distinguish between the compensation for auditing services under the Companies Act and the Financial Instruments and Exchange Act, and it is impractical to distinguish them. Therefore, the amount of compensation and benefits to the Accounting Auditor for the current fiscal year shows an aggregated compensation amount.
  2. The Audit & Supervisory Board confirmed the changes in the audit hours and audit fees in the audit plans, the status of the audit plans and actual results for the past fiscal years, and considered the reasonableness of the estimate of the compensation. As a result, the Audit & Supervisory Board determined that the compensation and benefits to the Accounting Auditor is appropriate and gave consent to it as stipulated in Article 399, Paragraph 1 of the Companies Act.

### (3) Non-Audit Services Provided by Accounting Auditor

The Company pays consideration to the Accounting Auditor for services other than those pursuant to Article 2, Paragraph 1 of the Certified Public Accountant Act (non-auditing services), such as issuance of a comfort letter for a secondary offering of shares, and advisory and guidance services for the adoption of “Accounting Standard for Revenue Recognition.”

### (4) Policy on Determination of Dismissal or Non-Reappointment of Accounting Auditor

The Audit & Supervisory Board dismisses the Accounting Auditor with the unanimous consent of the Audit & Supervisory Board Members if it is deemed that the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act.

In addition to the above cases, the Audit & Supervisory Board proposes the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders when it is deemed difficult to conduct an appropriate audit due to reasons such as the occurrence of an event that impairs the eligibility or independence of the Accounting Auditor.

## **6. Systems to Ensure the Appropriateness of Business Operations and the Operational Status**

### **Systems to Ensure the Appropriateness of Business Operations**

The following is a summary of the decisions made regarding the systems to ensure that the execution of duties by the Directors complies with laws and regulations and the Articles of Incorporation and regarding other systems to ensure the appropriateness of the Company's business operations.

#### (1) Systems to Ensure that the Execution of Duties by the Directors and Employees Complies with Laws and Regulations and the Articles of Incorporation

- (a) In order to ensure that the execution of duties by the Directors and employees complies with laws and regulations, the Company has established a code of conduct and disseminated it thoroughly throughout the Company and its subsidiaries.
- (b) The Company has established an internal whistle-blowing hotline for the early detection and correction of legal violations and other compliance-related problems.
- (c) The CEO and Representative Director designates persons in charge of internal audit to conduct internal audits on a regular basis in order to verify whether the execution of duties by the Directors and employees complies with laws and regulations, the Articles of Incorporation, and internal regulations.
- (d) The Audit & Supervisory Board Members exercise the authority prescribed by laws and regulations and audit the execution of duties by the Directors.
- (e) The Company properly disciplines officers and employees for violations of service rules and laws and regulations in accordance with the employment regulations.
- (f) In order to ensure the reliability of financial reporting, the Company designs and operates appropriate internal controls in accordance with the Financial Instruments and Exchange Act and other laws and regulations. In addition, the Company discloses information as required by laws and regulations in a timely and appropriate manner.
- (g) For the purpose of sound corporate management, the Company will never have any relationship with antisocial forces and resolutely reject any unreasonable demands.

#### (2) Systems to Store and Manage Information Related to the Execution of Duties by the Directors

The Directors prepare internal regulations such as the Document Management Regulations and appropriately store and manage documents and other information related to the execution of their duties in accordance with laws and regulations.

#### (3) Regulations and Other Systems to Manage the Risk of Loss

In accordance with the Risk Management Regulations, the Risk Management Committee takes necessary measures to appropriately identify and manage risks related to business execution.

#### (4) Systems to Ensure the Efficient Execution of Duties by the Directors

- (a) In addition to holding regular meetings of the Board of Directors once a month, extraordinary meetings of the Board of Directors are held to make decisions flexibly, thereby ensuring a system that enables appropriate execution of duties by the Directors.
- (b) In order to efficiently execute day-to-day duties based on the decisions made by the Board of

Directors, authority is delegated in accordance with internal regulations such as the Regulations on Duties and Authority, and the responsible persons at each level divide duties based on the decision-making rules.

(5) Systems to Ensure the Appropriateness of Business Operations of the Corporate Group Consisting of the Company and Its Subsidiaries

(a) Systems to report to the Company on matters related to the execution of duties by the directors and others officers of subsidiaries

With respect to the management of subsidiaries, in accordance with the Affiliated Companies Management Regulations, subsidiaries consult with the departments in charge of the Company in advance regarding important matters. They also determine matters to report to the Company and report the matters on a regular basis in order for the Company to accurately grasp the details of the management of subsidiaries.

(b) Regulations and other systems to manage the risk of loss in subsidiaries

The Company has established the Risk Management Committee as the organization in charge of risk management for the Group, and deliberates on issues and measures to promote risk management for the entire Group.

(c) Systems to ensure the efficient execution of duties by the directors and others officers of subsidiaries

Important management matters of subsidiaries are discussed and approved by the Board of Directors of the Company in accordance with the Affiliated Companies Management Regulations. In addition, for each subsidiary, the progress meetings with the officers of the Company are held on a regular basis to exchange opinions and information on the efficiency of business operations, compliance with laws and regulations, response to revisions of various laws and regulations, and risk management.

(d) Systems to ensure that the execution of duties by the directors and others officers and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation

In order to enhance the compliance systems of the subsidiaries, the Company's internal auditors monitor the risk management systems of the subsidiaries. They also exchange sufficient information and observe to ensure appropriate transactions and accounting procedures of the subsidiaries.

(6) Matters Related to Employees Who Are Requested to Assist the Audit & Supervisory Board Members in Their Duties

The CEO and Representative Director promptly appoints employees to assist the Audit & Supervisory Board Members in their duties if requested to do so by the Audit & Supervisory Board Members.

(7) Matters on the Independence of Employees in (6) from the Directors and Matters on Ensuring the Effectiveness of Instructions to the Employees

When the employee in (6) receives a request for assistance from the Audit & Supervisory Board Member, he or she does not receive commands and orders from the Directors and other employees regarding the request. In addition, the Audit & Supervisory Board Members need to consent to the appointment, transfer, disciplinary action, and evaluation of the employee.

(8) Systems for the Directors and Employees to Report to the Audit & Supervisory Board Members and Other Systems to Report to the Audit & Supervisory Board Members

- (a) The Audit & Supervisory Board Members may attend meetings of the Board of Directors and other important meetings and request reports on the status of execution of duties from the Directors and employees.
- (b) The Directors and employees promptly report to the Audit & Supervisory Board Members when they discover facts that violate laws and regulations or facts that may cause significant damage to the Company.
- (c) The Directors and employees promptly report matters related to the execution of business operations when requested to do so by the Audit & Supervisory Board Members.

(9) Systems for Directors, Audit & Supervisory Board Members, Employees of Subsidiaries, or Those Who Receive Reports from These Persons, to Report to the Company's Audit & Supervisory Board Members

The Company has a system in place whereby the directors, audit & supervisory board members, employees of subsidiaries, or persons receiving reports from these persons, may directly report to the Audit & Supervisory Board Members of the Company on facts that may cause significant damage to the subsidiaries. The Audit & Supervisory Board Members of the Company may request reports from the directors, audit & supervisory board members, and employees of subsidiaries as necessary.

(10) Systems to Ensure the Prohibition of Disadvantageous Treatment

The Company prohibits disadvantageous treatment of the Directors, Audit & Supervisory Board Members, and employees of the Company or its subsidiaries who have reported to the Audit & Supervisory Board Members due to their reporting or consultation with the Audit & Supervisory Board Members. The Company protects such reporters.

(11) Matters on the Policy to Prepay Expenses or Repay Debts Arising from the Execution of Duties by the Audit & Supervisory Board Members

When an Audit & Supervisory Board Member requests for advance payment of expenses or others necessary for the execution of his or her duties, the Company promptly pays such expenses or debts, unless the expenses or debts related to such request are deemed to be unnecessary for the execution of his or her duties.

(12) Systems to Ensure that the Audit & Supervisory Board Members Conduct Audits Effectively

- (a) In accordance with laws and regulations, the Audit & Supervisory Board requires the attendance of Outside Audit & Supervisory Board Members and ensures its fairness and transparency.
- (b) The Audit & Supervisory Board Members exchange opinions with the CEO and Representative Director on a regular basis and promote mutual understanding.
- (c) The Audit & Supervisory Board Members regularly exchange information with the Accounting Auditor and the persons in charge of internal audit and ensure mutual cooperation.
- (d) The Audit & Supervisory Board Members may hear opinions from attorneys, certified public accountants, and other experts at the Company's expense when deemed necessary for their audit work.

## **Overview of the Operational Status of the Systems to Ensure the Appropriateness of Business Operations**

In accordance with the Systems to Ensure the Appropriateness of Business Operations, the Company has established internal systems and is striving to ensure the proper operation of the systems. An overview of the operational status of the systems during the fiscal year under review is as follows.

### **(1) Matters on Ensuring the Appropriateness and Efficiency of the Duties of the Directors**

During the fiscal year under review, the meeting of the Board of Directors was held 17 times and actively exchanged opinions on important decisions, reports on the execution status of duties, and other matters. The Board of Directors oversees the duties of the Directors properly and ensures the effectiveness of the system.

### **(2) Matters Related to Compliance**

The Company strives to raise awareness of compliance by regularly providing compliance training to officers and employees. In addition, the Company has a whistle-blowing hotline in place to ensure early detection and resolution of problems.

### **(3) Matters Related to Risk Management**

In accordance with the Risk Management Regulations, the Company's Risk Management Committee manages the risks related to business execution and reports its status of activities to the Board of Directors as appropriate.

### **(4) Systems to Ensure the Appropriateness of Business Operations of the Corporate Group Consisting of the Company and Its Subsidiaries**

In order to ensure the appropriateness of business operations of the corporate group consisting of the Company and its subsidiaries, the Company has a system under which the status of subsidiaries is reported to the Company in accordance with the Affiliated Companies Management Regulations. The Company inculcates compliance management and risk management throughout the Group and ensures corporate governance under this system.

### **(5) Matters Related to Audits by the Audit & Supervisory Board Members**

The full-time Audit & Supervisory Board Members attend meetings of the Board of Directors and meetings of committees, and express their opinions as necessary. They also regularly exchange information with the Accounting Auditor and the persons in charge of internal audit to strengthen and improve the management monitoring function.

## **7. Basic Policy on the Control of the Company**

The Company does not have a specific basic policy regarding the persons who control decisions on the Company's financial and business policies.

## **8. Policy on Determination of Dividends from Surplus**

The Company's basic policy is to return profits to shareholders through total shareholder return after securing resources to maintain its business base and achieve sustainable growth, taking into account performance trends, financial condition, internal reserves, and other factors on a comprehensive basis.

The Company pays dividends of surplus once a year as a year-end dividend. However, in accordance with Article 459, Paragraph 1 of the Companies Act, the Company has a provision in its Articles of Incorporation that dividends from surplus shall be determined by a resolution of the Board of Directors, with July 31 as the record date of the year-end dividend and January 31 as the record date of the interim dividend. The Board of Directors is the decision-making body for matters concerning dividends.

For the current fiscal year, the Company resolved to distribute dividends of surplus of 100 yen per share, ordinary dividend of 30 yen and commemorative dividend of 70 yen, with the record date dated July 31, 2021, at the meeting of the Board of Directors held on September 8, 2021. As a result, the annual dividend for the current fiscal year is 100 yen per share.

In addition, the Company will consider share buybacks in a suitable and appropriate manner, taking into account the financial condition of the Company.



Note: Amounts and numbers of shares shown in this business report are rounded down to the nearest indicated unit.



## Consolidated Balance Sheet

As of July 31, 2021

(Thousands of yen)

Items	Amounts	Items	Amounts
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>17,627,072</b>	<b>Current liabilities</b>	<b>4,208,597</b>
Cash and deposits	15,422,020	Accounts payable – trade	1,177,715
Accounts receivable – trade	1,626,962	Accounts payable – other	491,388
Other	582,521	Income taxes payable	1,000,599
Allowance for doubtful accounts	(4,432)	Deposits received	430,918
<b>Non-current assets</b>	<b>1,365,480</b>	Provision for bonuses	74,732
<b>Property, plant and equipment</b>	<b>150,336</b>	Provision for sales promotion expenses	561,243
Buildings	106,146	Provision for point card certificates	1,967
Tools, furniture and fixtures	33,816	Other	470,031
Other	10,373	<b>Non-current liabilities</b>	<b>63,826</b>
<b>Intangible assets</b>	<b>370,555</b>	Asset retirement obligations	63,826
Software	84,272	<b>Total liabilities</b>	<b>4,272,423</b>
Goodwill	215,534	<b>Net assets</b>	
Other	70,747	<b>Shareholders' equity</b>	<b>14,712,096</b>
<b>Investments and other assets</b>	<b>844,588</b>	Share capital	152,082
Investment securities	383,896	Capital surplus	1,661,424
Deferred tax assets	314,809	Retained earnings	13,422,310
Other	205,915	Treasury shares	(523,720)
Allowance for doubtful accounts	(60,032)	<b>Accumulated other comprehensive income</b>	<b>(7,129)</b>
		Valuation difference on available-for-sale securities	(7,129)
		<b>Share acquisition rights</b>	<b>15,162</b>
		<b>Total net assets</b>	<b>14,720,129</b>
<b>Total assets</b>	<b>18,992,553</b>	<b>Total liabilities and net assets</b>	<b>18,992,553</b>

## Consolidated Statement of Income

August 1, 2020 to July 31, 2021

(Thousands of yen)

Items	Amounts	
<b>Net sales</b>		<b>17,833,542</b>
<b>Cost of sales</b>		<b>6,196,963</b>
<b>Gross profit</b>		<b>11,636,579</b>
<b>Selling, general and administrative expenses</b>		<b>8,254,195</b>
<b>Operating profit</b>		<b>3,382,383</b>
<b>Non-operating income</b>		
Interest income	375	
Dividend income	1,549	
Foreign exchange gains	8,291	
Subsidy income	969	
Gain on valuation of investments in capital	7,261	
Benefits received	3,602	
Other	4,630	<b>26,680</b>
<b>Non-operating expenses</b>		
Loss on valuation of investment securities	3,034	
Commission expenses	986	
Donations	26,000	
Stock offering expenses	12,250	
Other	106	<b>42,377</b>
<b>Ordinary profit</b>		<b>3,366,686</b>
<b>Extraordinary losses</b>		
Loss on valuation of investment securities	48,877	
Other	0	<b>48,878</b>
<b>Profit before income taxes</b>		<b>3,317,808</b>
Income taxes – current	1,188,231	
Income taxes – deferred	(170,385)	<b>1,017,846</b>
<b>Net income</b>		<b>2,299,961</b>
<b>Profit attributable to owners of parent</b>		<b>2,299,961</b>

## Consolidated Statement of Changes in Equity

August 1, 2020 to July 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	140,654	1,967,782	11,122,348	—	13,230,785
Changes during period					
Issuance of new shares	11,427	11,427	—	—	22,855
Profit attributable to owners of parent	—	—	2,299,961	—	2,299,961
Purchase of treasury shares	—	—	—	(986,712)	(986,712)
Disposal of treasury shares	—	(317,785)	—	462,991	145,205
Increase in retained earnings due to change in scope of consolidation	—	—	0	—	0
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	11,427	(306,358)	2,299,961	(523,720)	1,481,310
Balance at end of period	152,082	1,661,424	13,422,310	(523,720)	14,712,096

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(7,948)	(7,948)	—	13,222,836
Changes during period				
Issuance of new shares	—	—	—	22,855
Profit attributable to owners of parent	—	—	—	2,299,961
Purchase of treasury shares	—	—	—	(986,712)
Disposal of treasury shares	—	—	—	145,205
Increase in retained earnings due to change in scope of consolidation	—	—	—	0
Net changes in items other than shareholders' equity	819	819	15,162	15,982
Total changes during period	819	819	15,162	1,497,292
Balance at end of period	(7,129)	(7,129)	15,162	14,720,129

## Non-Consolidated Balance Sheet

As of July 31, 2021

(Thousands of yen)

Items	Amounts	Items	Amounts
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>16,335,178</b>	<b>Current liabilities</b>	<b>3,904,288</b>
Cash and deposits	14,368,137	Accounts payable – trade	1,143,270
Accounts receivable – trade	1,407,279	Accounts payable – other	450,516
Prepaid expenses	534,855	Accrued expenses	75,110
Other	28,267	Income taxes payable	787,873
Allowance for doubtful accounts	(3,361)	Advances received	16,872
<b>Non-current assets</b>	<b>1,717,382</b>	Deposits received	430,367
<b>Property, plant and equipment</b>	<b>147,988</b>	Provision for bonuses	74,732
Buildings	103,998	Provision for sales promotion expenses	561,243
Machinery and equipment	8,373	Provision for point card certificates	1,967
Tools, furniture and fixtures	33,616	Other	362,333
Land	2,000	<b>Non-current liabilities</b>	<b>71,281</b>
<b>Intangible assets</b>	<b>155,020</b>	Asset retirement obligations	63,826
Patent right	46,250	Other	7,455
Software	84,272	<b>Total liabilities</b>	<b>3,975,569</b>
Other	24,497	<b>Net assets</b>	
<b>Investments and other assets</b>	<b>1,414,373</b>	<b>Shareholders' equity</b>	<b>14,068,958</b>
Investment securities	294,620	<b>Share capital</b>	<b>152,082</b>
Shares of subsidiaries and associates	603,406	<b>Capital surplus</b>	<b>1,661,550</b>
Investments in capital	86,275	Legal capital surplus	74,082
Distressed receivables	63,980	Other capital surplus	1,587,468
Deferred tax assets	290,217	<b>Retained earnings</b>	<b>12,779,045</b>
Other	135,905	Other retained earnings	12,779,045
Allowance for doubtful accounts	(60,032)	Reserve for special depreciation	3,109
		Retained earnings brought forward	12,775,935
		<b>Treasury shares</b>	<b>(523,720)</b>
		<b>Valuation and translation adjustments</b>	<b>(7,129)</b>
		Valuation difference on available-for-sale securities	(7,129)
		<b>Share acquisition rights</b>	<b>15,162</b>
		<b>Total net assets</b>	<b>14,076,991</b>
<b>Total assets</b>	<b>18,052,561</b>	<b>Total liabilities and net assets</b>	<b>18,052,561</b>

## **Non-Consolidated Statement of Income**

August 1, 2020 to July 31, 2021

(Thousands of yen)

Items	Amounts	
<b>Net sales</b>		<b>15,757,132</b>
<b>Cost of sales</b>		<b>5,586,941</b>
<b>Gross profit</b>		<b>10,170,191</b>
<b>Selling, general and administrative expenses</b>		<b>7,445,451</b>
<b>Operating profit</b>		<b>2,724,740</b>
<b>Non-operating income</b>		
Interest income	1,904	
Dividend income	1,549	
Reversal of allowance for doubtful accounts	101,100	
Other	11,806	<b>116,359</b>
<b>Non-operating expenses</b>		
Donations	26,000	
Stock offering expenses	12,250	
Other	4,066	<b>42,317</b>
<b>Ordinary profit</b>		<b>2,798,782</b>
<b>Extraordinary losses</b>		
Loss on valuation of investment securities	48,877	
Loss on debt forgiveness	83,809	
Other	1,012	<b>133,700</b>
<b>Profit before income taxes</b>		<b>2,665,082</b>
Income taxes – current	935,862	
Income taxes – deferred	(155,547)	<b>780,314</b>
<b>Net income</b>		<b>1,884,767</b>

## Non-Consolidated Statement of Changes in Equity

August 1, 2020 to July 31, 2021

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surpluses	Other retained earnings	Total retained earnings	
				Reserve for special depreciation	Retained earnings brought forward		
Balance at beginning of period	140,654	62,654	1,905,253	1,967,908	6,143	10,888,134	10,894,278
Changes during period							
Issuance of new shares	11,427	11,427	—	11,427	—	—	—
Net income	—	—	—	—	—	1,884,767	1,884,767
Purchase of treasury shares	—	—	—	—	—	—	—
Disposal of treasury shares	—	—	(317,785)	(317,785)	—	—	—
Reversal of reserve for special depreciation	—	—	—	—	(3,033)	3,033	—
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—
Total changes during period	11,427	11,427	(317,785)	(306,358)	(3,033)	1,887,801	1,884,767
Balance at end of period	152,082	74,082	1,587,468	1,661,550	3,109	12,775,935	12,779,045

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	—	13,002,842	(7,948)	(7,948)	—	12,994,893
Changes during period						
Issuance of new shares	—	22,855	—	—	—	22,855
Net income	—	1,884,767	—	—	—	1,884,767
Purchase of treasury shares	(986,712)	(986,712)	—	—	—	(986,712)
Disposal of treasury shares	462,991	145,205	—	—	—	145,205
Reversal of reserve for special depreciation	—	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	819	819	15,162	15,982
Total changes during period	(523,720)	1,066,116	819	819	15,162	1,082,098
Balance at end of period	(523,720)	14,068,958	(7,129)	(7,129)	15,162	14,076,991

## Reference Documents for the General Meeting of Shareholders

### Proposal 1 Partial Revision to the Articles of Incorporation

#### 1. Reasons for proposal

- (1) We intend to transform into a company with an Audit & Supervisory Committee to enhance corporate governance by strengthening the supervisory function of the Board of Directors and to expedite the decision-making process for executing duties. Accordingly, the Company proposes new provisions to be added for Directors serving as the Audit & Supervisory Committee Members or Audit & Supervisory Committee while making necessary amendments (including deletions of the Audit & Supervisory Board and its members) and revision to the Articles of Incorporation.
- (2) Besides those mentioned above, the Company intends to add provisions related to delivering materials for general meetings of shareholders electronically in line with the amendment to the Companies Act, provisions for delegating a decision on the execution of important operations under Article 399-13, Paragraph 6 of the Companies Act, and provisions for handling the interest on dividends.

#### 2. Details of revision

The following are the proposed revision and amendment to the Articles of Incorporation.

Current	Proposed changes
<p>Article 4. Organizational Bodies</p> <p>The Company shall have the following organizational bodies in addition to Directors and the general meeting of shareholders.</p> <ol style="list-style-type: none"> <li>1. Board of Directors</li> <li>2. <u>Audit &amp; Supervisory Board Members</u></li> <li>3. <u>Audit &amp; Supervisory Board</u></li> <li>4. Accounting Auditor</li> </ol>	<p>Article 4. Organizational Bodies</p> <p>The Company shall have the following organizational bodies in addition to Directors and the general meeting of shareholders.</p> <ol style="list-style-type: none"> <li>1. Board of Directors</li> <li>2. <u>Audit &amp; Supervisory Committee</u></li> <li>3. Accounting Auditor</li> </ol>
<p>Article 14. <u>Online Disclosure and Deemed Provision of Reference Documents and Other Information for General Meetings of Shareholders</u></p> <p><u>In convening a general meeting of shareholders, the Company may deem to have supplied information stated or indicated in the reference documents for the general meeting, business reports, financial statements, consolidated financial statements to the shareholders by disclosing the information via the Internet in accordance with the applicable ordinances of the Ministry of Justice.</u></p>	<p>(Deleted)</p>

Current	Proposed changes
(New)	<p>Article 14. <u>Electronic Delivery of Reference Documents for General Meetings of Shareholders</u></p> <p>1. <u>In convening a general meeting of shareholders, the Company shall use the electronic delivery method prescribed in Article 325-2 of the Companies Act.</u></p> <p>2. <u>Of all items to be provided electronically, the Company shall not be required to include all items specified in the applicable ordinances of the Ministry of Justice in documents to be issued to shareholders who request to receive such documents in the method prescribed in Article 325-5 of the Companies Act on or before the record date.</u></p>
<p>Article 17. Number of Directors</p> <p><u>The number of Directors of the Company shall not exceed seven.</u></p> <p>(New)</p>	<p>Article 17. Number of Directors</p> <p>1. <u>The number of Directors who are not the Audit &amp; Supervisory Committee Members shall not exceed seven.</u></p> <p>2. <u>The number of Directors who serve as the Audit &amp; Supervisory Committee Members shall not exceed four.</u></p>



Current	Proposed changes
<p>Article 18. Appointment Procedure</p> <ol style="list-style-type: none"> <li>1. Directors shall be appointed by a general meeting of shareholders.</li> <li>2. The resolution for appointing Directors at a shareholders meeting is passed by a majority of the votes of the shareholders present at the meeting attended by shareholders holding at least one-third of the voting rights who are entitled to vote.</li> <li>3. The resolution for appointing Directors shall not be made by cumulative voting.</li> </ol> <p style="text-align: center;">(New)</p>	<p>Article 18. Appointment Procedure</p> <ol style="list-style-type: none"> <li>1. Directors shall be appointed by a general meeting of shareholders.</li> <li>2. <u>Appointment of Directors defined in the preceding paragraph requires a separate resolution for Directors who serve as the Audit &amp; Supervisory Committee Members and for Directors who are not the Audit &amp; Supervisory Committee Members.</u></li> <li>3. The resolution for appointing Directors at a shareholders meeting is passed by a majority of the votes of the shareholders present at the meeting attended by shareholders holding at least one-third of the voting rights who are entitled to vote.</li> <li>4. The resolution for appointing Directors shall not be made by cumulative voting.</li> <li>5. <u>In case the number of Audit &amp; Supervisory Committee Members falls short of the number required by the laws and regulations, the Company may appoint a Director who serves as a Substitute Audit &amp; Supervisory Committee Member at a general meeting of shareholders.</u></li> <li>6. <u>The resolution for appointing Director serving as a substitute Audit &amp; Supervisory Committee Member specified in the preceding paragraph shall remain effective up to the start of the annual general meeting of shareholders for the last fiscal year that will end within two years from the resolution.</u></li> </ol>

Current	Proposed changes
<p>Article 19. Term of Office</p> <p>The term of office of a <u>Director</u> shall expire at the end of the annual general meeting of shareholders for the last fiscal year out of the fiscal years terminating within one year after their appointment.</p> <p>(New)</p>	<p>Article 19. Term of Office</p> <p><u>1. The term of office of a Director who does not serve as an Audit &amp; Supervisory Committee Member shall expire at the end of the annual general meeting of shareholders for the last fiscal year out of the fiscal years terminating within one year after their appointment.</u></p> <p><u>2. The term of office of a Director who serve as an Audit &amp; Supervisory Committee Member shall expire at the end of the annual general meeting of shareholders for the last fiscal year out of the fiscal years terminating within two years after their appointment.</u></p> <p><u>3. The term of office of a Director who is elected as a substitute Audit &amp; Supervisory Committee Member for the Director serving as the Audit &amp; Supervisory Member who had retired before the expiry of its term shall expire at the end of the term of office for the retired Audit &amp; Supervisory Committee Member.</u></p>
<p>Article 20. Representative Directors and Executive Officers with Managerial Titles</p> <p>1. The Board of Directors shall appoint Representative Directors by resolution.</p> <p>2. The Board of Directors may appoint one Chairperson and one President by resolution, and they may also appoint several Vice Presidents, Senior Managing Directors, and Managing Directors as necessary.</p>	<p>Article 20. Representative Directors and Executive Officers with Managerial Titles</p> <p>1. The Board of Directors shall elect Representative Directors by resolution <u>among Directors who are not the Audit &amp; Supervisory Committee Members.</u></p> <p>2. The Board of Directors may appoint one Chairperson and one President <u>among Directors who are not the Audit &amp; Supervisory Committee Members</u> by resolution, and they may also appoint several Vice Presidents, Senior Managing Directors, and Managing Directors as necessary.</p>
<p>Article 21. Convener of Board of Directors' Meeting and its Chairperson</p> <p>(Omitted)</p> <p>(New)</p>	<p>Article 21. Convener of Board of Directors' Meeting and its Chairperson</p> <p>(Omitted)</p> <p><u>3. Notwithstanding the provisions of the preceding paragraph 2, an Audit &amp; Supervisory Committee Member appointed by the Audit &amp; Supervisory Committee can convene a meeting of the Board of Directors.</u></p>

Current	Proposed changes
<p>Article 22. Notice of Board of Directors' Meeting</p> <p>1. Each of the Directors <u>and Audit &amp; Supervisory Board Members</u> shall be notified of a meeting of the Board of Directors at least three days before the date set for the meeting. However, this period can be shortened in case of an emergency.</p> <p>2. With the consent of all Directors <u>and Audit &amp; Supervisory Board Members</u>, the Board of Directors' meeting can be convened without the predefined procedures.</p>	<p>Article 22. Notice of Board of Directors' Meeting</p> <p>1. Each of the Directors shall be notified of a meeting of the Board of Directors at least three days before the date set for the meeting. However, this period can be shortened in case of an emergency.</p> <p>2. With the consent of all Directors, the Board of Directors' meeting can be convened without the predefined procedures.</p>
<p>(New)</p>	<p><u>Article 24. Delegating a Decision on the Execution of Important Operations</u>  <u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of the decisions on the execution of important business operations (excluding matters listed in Paragraph 5 of the same Article) by resolution of the Board of Directors.</u></p>
<p>Article <u>24</u>. Rules on the Board of Directors  (Omitted)</p>	<p>Article <u>25</u>. Rules on the Board of Directors  (Omitted)</p>
<p>Article <u>25</u>. Remuneration  The compensation, bonuses, and other financial benefits ("Remuneration") that the Company provides for the Director's executed duties shall be determined by resolution of the general meeting of shareholders.</p>	<p>Article <u>26</u>. Remuneration  The compensation, bonuses, and other financial benefits ("Remuneration") that the Company provides for the Director's executed duties shall be determined <u>respectively for the Non-Audit &amp; Supervisory Committee Directors and the Audit &amp; Supervisory Committee Directors</u> by resolution of the general meeting of shareholders.</p>
<p>Article <u>26</u>. Exemption from Liability of Directors  (Omitted)</p>	<p>Article <u>27</u>. Exemption from Liability of Directors  (Omitted)</p>
<p>Chapter 5. <u>Audit &amp; Supervisory Board and its Members</u></p>	<p>Chapter 5. <u>Audit &amp; Supervisory Committee</u></p>
<p>Article 27. <u>Number of Committee Members</u>  <u>The number of Audit &amp; Supervisory Board Members of the Company shall not exceed four.</u></p>	<p>(Deleted)</p>

Current	Proposed changes
<p>Article 28. <u>Appointment Procedure</u></p> <p>1. <u>The Audit &amp; Supervisory Board Members shall be appointed by resolution of the general meeting of shareholders.</u></p> <p>2. <u>The resolution for appointing the Audit &amp; Supervisory Board Members at a shareholders meeting is passed by a majority of the votes of the shareholders present at the meeting attended by shareholders holding at least one-third of the voting rights of shareholders entitled to vote.</u></p>	<p>(Deleted)</p>
<p>Article 29. <u>Term of Office</u></p> <p>1. <u>The term of office of an Audit &amp; Supervisory Board Member shall expire at the end of the annual general meeting of shareholders for the last fiscal year out of the fiscal years terminating within four years after their appointment.</u></p> <p>2. <u>The term of office of an Audit &amp; Supervisory Board Member who was elected as a substitute Audit &amp; Supervisory Board Member for the member who had retired before the expiry of its term shall expire at the end of the term of office for the retired Audit &amp; Supervisory Board Member.</u></p>	<p>(Deleted)</p>
<p>Article 30. <u>Full-Time Audit &amp; Supervisory Board Members</u></p> <p><u>The Audit &amp; Supervisory Board shall appoint full-time Audit &amp; Supervisory Board Members by resolution.</u></p>	<p>Article 28. <u>Full-Time Audit &amp; Supervisory Committee Members</u></p> <p><u>The Audit &amp; Supervisory Committee may appoint full-time Audit &amp; Supervisory Committee Members by resolution.</u></p>
<p>Article 31. <u>Notice of the Audit &amp; Supervisory Board Meeting</u></p> <p>1. Each of <u>the Audit &amp; Supervisory Board Members</u> shall be notified of a meeting of <u>the Audit &amp; Supervisory Board</u> at least three days before the date set for the meeting. However, this period can be shortened in case of an emergency.</p> <p>2. With the consent of all <u>the Audit &amp; Supervisory Board Members</u>, a meeting of the <u>Audit &amp; Supervisory Board</u> can be convened without the predefined procedures.</p>	<p>Article 29. <u>Notice of the Audit &amp; Supervisory Committee Meeting</u></p> <p>1. Each of <u>the Audit &amp; Supervisory Committee Members</u> shall be notified of a meeting of <u>the Audit &amp; Supervisory Committee</u> at least three days before the date set for the meeting. However, this period can be shortened in case of an emergency.</p> <p>2. With the consent of all <u>the Audit &amp; Supervisory Committee Members</u>, a meeting of the <u>Audit &amp; Supervisory Committee</u> can be convened without the predefined procedures.</p>
<p>Article 32. <u>Rules on the Audit &amp; Supervisory Board</u></p> <p>Matters concerning the <u>Audit &amp; Supervisory Board</u> shall be determined by the <u>Rules on the Audit &amp; Supervisory Board</u> defined by <u>the Audit &amp; Supervisory Board</u>, in addition to the applicable laws and regulations, and the Articles of Incorporation.</p>	<p>Article 30. <u>Rules on the Audit &amp; Supervisory Committee</u></p> <p>Matters concerning the <u>Audit &amp; Supervisory Committee</u> shall be determined by the <u>Rules on the Audit &amp; Supervisory Committee</u> defined by <u>the Audit &amp; Supervisory Committee</u>, in addition to the applicable laws and regulations, and the Articles of Incorporation.</p>
<p>Article 33. <u>Remuneration</u></p> <p><u>Remuneration for the Audit &amp; Supervisory Board Members shall be determined by resolution of the general meeting of shareholders.</u></p>	<p>(Deleted)</p>

Current	Proposed changes
<p>Article 34. <u>Exemption from Liability of Audit &amp; Supervisory Board Members</u></p> <p>1. <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Audit &amp; Supervisory Board Members (including those who served the positions before) from their liability for damages arising from failure to carry out their duties to the extent legally permissible.</u></p> <p>2. <u>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an Audit &amp; Supervisory Board Member to limit their liability for damages arising from failure to carry out their duties. However, the maximum liability for damages under such agreement shall be as prescribed by laws and regulations.</u></p>	<p>(Deleted)</p>
<p>Article 35. Fiscal Year (Omitted)</p>	<p>Article 31. Fiscal Year (Omitted)</p>
<p>Article 36. Authority to Determine Dividends of Surplus (Omitted)</p>	<p>Article 32. Authority to Determine Dividends of Surplus (Omitted)</p>
<p>Article 37. Record Dates for Dividends of Surplus (Omitted)</p>	<p>Article 33. Record Dates for Dividends of Surplus (Omitted)</p>

Current	Proposed changes
<p>Article 38. Limitation on Claim for Dividends When dividend assets are in cash, the Company shall be exempted from the obligation to pay dividends if the dividends have not been received after three full years from the commencement of payment thereof.</p> <p>(New)</p>	<p>Article 34. Limitation on Claim for Dividends</p> <ol style="list-style-type: none"> <li>1. When dividend assets are in cash, the Company shall be exempted from the obligation to pay dividends if the dividends have not been received after three full years from the commencement of payment thereof.</li> <li>2. <u>No interest shall be accrued on unpaid dividends.</u></li> </ol>
<p>(New)</p>	<p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Article 1. Interim Measures for Delivering Documents for General Meetings of Shareholders Electronically</u></p> <ol style="list-style-type: none"> <li>1. <u>The deletion of the current Article 14 from the Articles of Incorporation and the amended Article 14 shall go into effect on the date of enforcement stipulated in Supplementary Provisions 1 of the Act Partially Amending the Companies Act (Act No.70 of 2019; enacted December 2019).</u></li> <li>2. <u>Notwithstanding the provisions of the preceding paragraph, the current provisions of Article 14 shall be effective through the general meeting of shareholders to be held within six months from the date of enforcement.</u></li> <li>3. <u>This Article shall be automatically deleted on the date that is six months after the date of enforcement or three months after the date of the general meeting of shareholders set forth in the preceding paragraph, whichever comes later.</u></li> </ol>
<p>(New)</p>	<p><u>Article 2. Interim Measures for the Audit &amp; Supervisory Board Members' Exemption from Liability</u> <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Audit &amp; Supervisory Board Members (including those who served the positions before) from their liability to the extent legally possible for damages arising from failure to carry out their duties executed before the effective date of the partially revised Articles of Incorporation to be approved at the 14th Annual General Meeting of Shareholders.</u></p>

Proposal 2 Election of Six Directors (Excluding Audit & Supervisory Committee Members)

Subject to the approval of Proposal 1 “Partial Revision to the Articles of Incorporation,” the Company is scheduled to be transformed into a company with an Audit & Supervisory Committee, and all the incumbent Directors’ terms of office are set to expire. Therefore, the Company nominates six Directors (excluding those who are the Audit & Supervisory Committee Members; the same applies to the rest of this proposal) for approval.

This proposal shall go into effect on the condition that Proposal 1 “Partial Revision to the Articles of Incorporation” comes into force.

The nominees for the Directors are as follows.

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions		Number of the Company’s shares owned
1	Toshihiko Tanaka (February 5, 1979)	Apr. 2000 Feb. 2001 Sep. 2001 Sep. 2002 Jan. 2006	Joined Calbee, Inc. Joined OBM, Inc. Joined Msta Inc. Joined AD-degital, Inc. Founded Cyber Consultant, Inc. Representative Director and President of Cyber Consultant, Inc.	2,433,400 shares
		Aug. 2007	Founded the Company Representative Director, CEO of the Company	
		Oct. 2017	Representative Director, Chairman of the Company (current position)	
		Aug. 2018	General Manager, Representative Project Headquarters of the Company (current position)	
2	Tetsuya Noguchi (April 14, 1974)	Apr. 1999 Jul. 2004 Aug. 2007 Oct. 2017	Joined IBM Japan, Ltd. Joined Arthur D. Little Japan, Inc. Director of the Company Representative Director, CEO of the Company (current position)	2,320,100 shares
3	Yoshinori Mizota (October 21, 1980)	Oct. 2003 Aug. 2005 Mar. 2009 Aug. 2013  Jan. 2015 Aug. 2015  Oct. 2015  Oct. 2017 Oct. 2018 Aug. 2019	Joined Leopal Inc. Joined Global Juhan Corporation Joined the Company General Manager, Ad Network Business Division of the Company Executive Officer of the Company Director of the Company General Manager, Ad Platform Business Headquarters of the Company (current position) Representative Director and Vice President of the Company Director and Vice President of the Company Director of the Company (current position) Director of Ohte, Inc.	23,900 shares

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions		Number of the Company's shares owned
4	Yasuhiro Fumita (November 2, 1969)	May 1994 Jan. 2008 Aug. 2014 Sept. 2019  Jul. 2020  Feb. 2021	Joined Jusphoto Co., Ltd. (currently Kitamura Co., Ltd.) Joined Broadleaf Co., Ltd. Joined Oak Lawn Marketing Inc. Joined the Company Senior Manager, Corporate Planning Division of the Company Executive Officer of the Company (current position) Deputy General Manager, Corporate Headquarters Senior Manager, Corporate Planning Division of the Company (current position) Executive Officer of the Company (current position) General Manager, Corporate General Headquarters of the Company (current position) Senior Manager, Corporate Planning Division of the Company (current position)	—
5	Kunihiro Tanaka (January 14, 1978)	Apr. 1998 Aug. 1999 Dec. 2000 Jun. 2004 Nov. 2007 Jun. 2008 Aug. 2009 Jul. 2010 Nov. 2010 May. 2011 Oct. 2011 Apr. 2014 Jul. 2014 Apr. 2015 Jul. 2015 Oct. 2016 Apr. 2018 Jun. 2019 Dec. 2019	Founded inforest inc. Representative Director of inforest inc. Founded SAKURA internet Inc. Representative Director and President of SAKURA internet Inc. Representative Director and Vice President of SAKURA internet Inc. Director and Chief Operating Officer of SAKURA internet Inc. Representative Director and President, Chief Executive Officer of SAKURA internet Inc. Representative Director and President of SAKURA internet Inc. (current position) Founded Kunihiro Tanaka Office Representative Director and President of Kunihiro Tanaka Office (current position) Head of Internal Audit Office of SAKURA internet Inc. Head of New Businesses Office of SAKURA internet Inc. Manager of Development Department of SAKURA internet Inc. Manager of Planning Department of SAKURA internet Inc. Manager of Human Resource Department of SAKURA internet Inc. Manager of Internet Services Department of SAKURA internet Inc. Representative Director and President, Chief Executive Officer of Joe's Cloud Computing Inc. Chief Executive Officer of SAKURA internet Inc. (current position) Outside Director of the Company (current position) Director of Joe's Cloud Computing Inc. Outside Director of i-plug, Inc. (current position) Outside Director of ABEJA, Inc. (current position)	6,000 shares



Candidate No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions		Number of the Company's shares owned
6	Satoshi Shima (April 25, 1958)	Apr. 1986	Graduated from the Matsushita Institute of Government and Management	3,500 shares
		Apr. 1994	Headmaster of Tokyo Institute of the Matsushita Institute of Government and Management	
		Oct. 1996	Elected Member of the House of Representatives, Japan (re-elected and served for three consecutive terms)	
		Nov. 2005	Joined SoftBank Corp. (currently SoftBank Group Corp.) Senior vice-president of CEO's office, SoftBank Corp.	
		Apr. 2014	Adviser of SoftBank Corp. (currently SoftBank Group Corp.)	
		Apr. 2014	Special Adviser of SoftBank Mobile Corp. (currently SoftBank Corp.)	
		Apr. 2015	Visiting Professor at Tama University	
		Apr. 2017	Outside Director of Minrevi Co., Ltd. (currently Yoriso Co., Ltd.)	
		Jun. 2017	Outside Director of Vortex Co., Ltd.	
		Jun. 2017	Outside Director of mixi, Inc. (current position)	
		Dec. 2017	External Director of Aucfan Co., Ltd. (current position)	
		Oct. 2018	Outside Director of the Company (current position)	
		Dec. 2018	Outside Director of Neo Career Co., Ltd. (current position)	
		Aug. 2019	External Director of OUTSOURCING TECHNOLOGY Inc. (current position)	
		Mar. 2020	Outside Director of Hanwha Solutions Corporation (current position)	

- Notes: 1. There is no conflict of interest between the Company and the above nominees.
2. The reasons for electing the nominees, excluding those for Outside Directors, are as follows.
- 1) Mr. Toshihiko Tanaka, a nominee for Director, has devoted himself to building a foundation for the Company to grow as he demonstrated strong leadership to enhance corporate value and monetize multiple businesses after becoming the Company's Representative Director as a co-founder in August 2007. We expect that he will continue to harness his wealth of experience to create new growth segments as well as contributing to the sustainable growth of corporate value through developing managerial talent and instilling the entrepreneurial spirit.
  - 2) Mr. Tetsuya Noguchi, a nominee for Director, started the Company as a co-founder and has contributed to the Company's growth through his highly specialized knowledge and experience, primarily in the technological field. Since being appointed the Representative Director and CEO of the Company in October 2017, he has led the Company's growth through his extensive insight and outstanding leadership in business and management. We expect that he will be competent to restructure the business model and formulate growth strategies for the Company, thereby contributing to the sustainable growth of corporate value.
  - 3) Mr. Yoshinori Mizota, a nominee for Director, possesses extensive corporate experience and specialized knowledge of the Company's businesses and has led the Ad Network team since he joined the Company. In January 2015, he became General Manager of the Ad Platform segment and has been contributing to the Company's growth by expanding the business domain and restructuring the profit model. We expect that he will contribute to the sustainable growth of corporate value by leveraging his insights into highly specialized businesses and knowledge with a proven track record.
  - 4) Mr. Yasuhiro Fumita, a nominee for Director, possesses extensive experience in formulating managerial and business strategies throughout his career as manager in corporate planning division and business strategy division, and experiencing other positions in listed companies. Ever since he joined the Company, he has led the Company's growth strategies by taking part in the formulation of financial strategies and management plans, along with the IR activities, leveraging his extensive corporate

experience. Since he became Executive Officer of the Company in July 2020, he has reinforced the Company's growth by further strengthening the corporate structure. He is also well versed in public policy. The Company nominated him as a candidate for Director for his broad range of work experience and knowledge. We expect that he will contribute to the sustainable growth of corporate value by promoting the Company's growth strategies and strengthening the corporate governance structure.

3. Mr. Kunihiro Tanaka and Mr. Satoshi Shima are nominated for Outside Directors.
4. Mr. Kunihiro Tanaka and Mr. Satoshi Shima are currently Outside Directors of the Company, and will have served for five years and three years, respectively, at the conclusion of this General Meeting of Shareholders.
5. The reasons for electing the nominees for Outside Directors are as follows.
  - 1) Mr. Kunihiro Tanaka has served as Representative Director and President of SAKURA internet Inc. for years. We expect that based on his extensive experience and broad insight as a corporate manager, he continues to oversee the management and advise on the overall management of the Company, thereby contributing to stronger corporate governance of the Company.
  - 2) Mr. Satoshi Shima has extensive experience as a former member of the House of Representatives, Japan. From the experience, he has broad insight about various business activities of new businesses and growing companies from a view point close to entrepreneurs. We expect that, based on his experience and insight, he continues to contribute to stronger corporate governance of the Company.
6. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company concluded a contract with Mr. Kunihiro Tanaka and Mr. Satoshi Shima for limiting liability for damages under Article 423, Paragraph 1 of the Companies Act within the scope of the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. The limited liability agreement continues between the Company and the two Outside Directors when their reappointment is approved.
7. The Company has concluded a directors and officers liability insurance contract with an insurance company to cover all the Directors and Audit & Supervisory Board Members of the Company as insured, as provided in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers damages to the insured individuals and certain expenses incurred for the Company due to claims for damages arising from duties executed by the insureds. The Company pays the full amount of the insurance premium. When each of the nominees is approved and appointed as Director, all of them will be insured under this insurance policy. The Company plans to renew the said insurance policy with the same terms and conditions at the next renewal.
8. The Company has reported Mr. Kunihiro Tanaka and Mr. Satoshi Shima to the Tokyo Stock Exchange as independent officers as defined by the Exchange. If reappointed as proposed, they will continue to be designated as independent officers.

Proposal 3 Election of Three Directors Serving as Audit & Supervisory Committee Members

Subject to the approval of Proposal 1 “Partial Revision to the Articles of Incorporation,” the Company is scheduled to be transformed into a company with an Audit & Supervisory Committee. Therefore, the Company nominates three Directors who serve as the Audit & Supervisory Committee Members for approval.

The Company has obtained the consent of the Audit & Supervisory Board for this proposal.

This proposal shall go into effect on the condition that Proposal 1 “Partial Revision to the Articles of Incorporation” comes into force.

Five of the nine Directors will serve as outside directors upon the effective date of Proposal 1 “Partial Revision to the Articles of Incorporation,” Proposal 2 “Election of Six Directors (Excluding Audit & Supervisory Committee Members,” and Proposal 3 “Election of Three Directors Serving as Audit & Supervisory Committee Members.”

The Company nominated the candidates for Directors serving as Audit & Supervisory Committee Members as follows.

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions		Number of the Company’s shares owned
1	Yukio Todoroki (May 5, 1958)	Apr. 1981	Joined The Long-Term Credit Bank of Japan, Limited.	—
		Nov. 1998	Joined SoftBank Corp. (currently SoftBank Group Corp.)	
		Apr. 1999	Joined Softbank Finance Corporation	
		Jun. 1999	Corporate Auditor of Yahoo Japan Corporation (currently Z Holdings Corporation)	
		Dec. 2013	Managing Director of SBI Securities Co., Ltd.	
		Jun. 2017	Outside Audit & Supervisory Board Member of Geniee, Inc.	
		Jun. 2018	Outside Director and Audit & Supervisory Committee Member of Geniee, Inc. (current position)	
		Oct. 2019	Outside Audit & Supervisory Board Member of the Company (current position)	
		Oct. 2019	Corporate Auditor of Cyber Consultant, Inc. (current position)	
		Jul. 2020	Registered as a certified public tax accountant	
		Oct. 2020	Corporate Auditor of Ohte, Inc. (current position)	
2	Tadatsugu Ishimoto (October 9, 1973)	Oct. 2002	Head of Mentor Capital Tax Office (currently Mentor Capital Tax Corporation) (current position) Representative Director of Mentor Capital FAS (current position)	—
		Jan. 2015	Outside Audit & Supervisory Board Member of Money Forward, Inc.	
		Jan. 2015	Outside Audit & Supervisory Board Member of the Company (current position)	
		Jun. 2016	Outside Director of UNITED, Inc. (current position)	
		Feb. 2020	Outside Director and Audit & Supervisory Committee Member of Visional, Inc. (current position)	
		Apr. 2021	Outside Auditor of SunBridge Inc. (current position)	

3	Akira Takagi (October 7, 1983)	Apr. 2009	Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC)	—
		Oct. 2014	Joined Sato & Partners	
		Jan. 2015	Outside Audit & Supervisory Board Member of the Company (current position)	
		Aug. 2017	Director of Takagi CPA Office (current position)	
		Jul. 2018	Representative Director of Stradia, Inc. (current position)	
		Mar. 2019	Outside Auditor of bitbank, Inc. (current position)	
		Nov. 2019	Outside Auditor of REXEV Inc. (current position)	
		Mar. 2020	Outside Auditor of LPIXEL Inc. (current position)	
		Jun. 2021	Outside Director of AVIX, Inc. (current position)	
		Aug. 2021	Outside Auditor of PLAY LIFE Inc. (current position)	

- Notes:
1. There is no conflict of interest between the Company and the nominees.
  2. Mr. Yukio Todoroki, Mr. Tadatsugu Ishimoto, and Mr. Akira Takagi are nominated as Outside Directors serving as Audit & Supervisory Committee Members.
  3. Mr. Yukio Todoroki, Mr. Tadatsugu Ishimoto, and Mr. Akira Takagi are currently the outside Audit & Supervisory Board Members of the Company. As of the conclusion of this general meeting of shareholders, the term of office for Mr. Yukio Todoroki will be two years, and that for Mr. Tadatsugu Ishimoto and Mr. Akira Takagi will be six years and nine months.
  4. The Company nominated candidates for Outside Directors serving as Audit & Supervisory Committee Members based on the following reasons:
    - 1) Mr. Yukio Todoroki, a nominee for Outside Director serving as the Audit & Supervisory Committee Member, possesses a wealth of experience and a broad view cultivated through serving as an auditor of listed companies, along with considerable knowledge of finance and accounting as certified public tax accountant. We expect him to objectively monitor and supervise the executives' duties and make managerial decisions independently as Outside Director based on his expertise and experience.
    - 2) Mr. Tadatsugu Ishimoto, a nominee for Outside Director serving as the Audit & Supervisory Committee Member, is a certified public tax accountant and possesses considerable knowledge of finance and accounting. We expect him to objectively monitor and supervise the executives' duties and make managerial decisions independently as Outside Director based on his expertise and experience.
    - 3) Mr. Akira Takagi, a nominee for Outside Director serving as the Audit & Supervisory Committee Member, is a certified public accountant of Japan and possesses considerable knowledge of finance and accounting with experience working in an auditing firm. We expect him to objectively monitor and supervise the executives' duties and make managerial decisions independently as Outside Director based on his expertise and experience.
  5. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company concluded a contract with Mr. Yukio Todoroki, Mr. Tadatsugu Ishimoto, and Mr. Akira Takagi for limiting liability for damages under Article 423, Paragraph 1 of the Companies Act within the scope of the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act. If each of the nominees is approved as Directors who serve as the Audit & Supervisory Committee Members, the Company plans to conclude a contract with each of the nominees for limiting their liability under the same terms and conditions described herein.
  6. The Company has concluded a directors and officers liability insurance contract with an insurance company to cover all the Directors and Audit & Supervisory Board Members of the Company as insured, as provided in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers damages to the insured individuals and certain expenses incurred for the Company due to claims for damages arising from duties executed by the insureds. The Company pays the full amount of the insurance premium. When each of the nominees is approved and appointed as Director, all of them will be insured under this insurance policy. The Company plans to renew the said insurance policy with the same terms and conditions at the next renewal.
  7. The Company has reported Mr. Yukio Todoroki, Mr. Tadatsugu Ishimoto, and Mr. Akira Takagi to the Tokyo Exchange as independent officers defined by the Exchange. If the nominees are approved as proposed, they will continue to serve as independent officers.

## Reference

Name	Attendance at Board of Directors' meetings	Years of service	Expertise (◎ indicates an area of expertise expected from Outside Director)						Audit & Supervisory Committee
			Corporate Management	Business Strategies	Sales, Industry	IT, R&D	Corporate Planning, Finance, Administration	Legal, Risk Management	
Toshihiko Tanaka	17/17 (100%)	14 yrs	●	●	●				
Tetsuya Noguchi	17/17 (100%)	14 yrs	●	●	●	●			
Yoshinori Mizota	17/17 (100%)	6 yrs		●	●				
Yasuhiro Fumita	—	—	●	●			●	●	
Kunihiro Tanaka <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	5 yrs	◎	●	●	●			
Satoshi Shima <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	3 yrs	◎	●	●		●	●	
Yukio Todoroki <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	2 yrs			●		◎	◎	●
Tadatsugu Ishimoto <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	6 yrs			●		◎	●	●
Akira Takagi <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	6 yrs			●		◎	●	●

In addition to the number of Board of Directors' meetings shown in the table above, four written resolutions were deemed to have been made by the Board of Directors under the Articles of Incorporation and Article 370 of the Companies Act.

Outside:	Outside Director
Independent:	Independent Officer
Corporate Management:	Experience in corporate management and expertise in management strategy
Business Strategies:	Expertise in business strategy and marketing
Sales, Industry:	Expertise in sales strategy and industry-related knowledge such as online ads
IT, R&D:	Expertise in technological strategy and R&D in IT
Corporate Planning, Finance, Administration:	Expertise in corporate planning, M&A and financial accounting, managerial accounting, and corporate activities including HR strategies
Legal, Risk Management:	Expertise in legal and compliance-related matters for risk management, and knowledge of politics and government affairs

Proposal 4 Election of One Director Serving as a Substitute Audit & Supervisory Committee Member Subject to the approval of Proposal 1 “Partial Revision to the Articles of Incorporation,” the Company is scheduled to be transformed into a company with an Audit & Supervisory Committee. Therefore, the Company nominates one Substitute Director serving as the Audit & Supervisory Committee Member in case the number of Audit & Supervisory Committee Members falls short of the number required by the laws and regulations.

The Company has obtained the consent of the Audit & Supervisory Board for this proposal.

This proposal shall go into effect on the condition that Proposal 1 “Partial Revision to the Articles of Incorporation” comes into force.

The Company nominated the candidate for Director serving as a substitute Audit & Supervisory Committee Member as follows.

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions		Number of the Company’s shares owned
—	Shohei Furukawa (July 19, 1980)	Dec. 2007	Registered as a lawyer (Oh-Ebashi LPC & Partners, Osaka Office)	—
		Apr. 2014	Policy Planning Specialist, Surcharge System Policy Review Committee, Consumer Affairs Agency	
		Jan. 2015	Policy Planning Specialist, Policy Planning Division/Representation Division, Consumer Affairs Agency	
		Apr. 2016	Attorney at Law, Oh-Ebashi LPC & Partners (Tokyo Office) (current position)	

- Notes: 1. There is no conflict of interest between the Company and Mr. Shohei Furukawa.
2. Mr. Shohei Furukawa, a nominee for Outside Director who serves as a Substitute Audit & Supervisory Committee Member, possesses considerable knowledge in the legal field as an attorney at law. We expect him to audit and give advice on duties executed by Directors of the Company from an objective standpoint based on his expertise and experience.
3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company will conclude an agreement with Mr. Shohei Furukawa for limiting liability for damages under Article 423, Paragraph 1 of the Companies Act within the scope of the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act in the event that his nomination is approved and appointed as Outside Director who serves as the Audit & Supervisory Committee Member.
4. The Company has concluded a directors and officers liability insurance contract with an insurance company to cover all the Directors and Audit & Supervisory Board Members of the Company as insured, as provided in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers damages to the insured individuals and certain expenses incurred for the Company due to claims for damages arising from duties executed by the insureds. The Company pays the full amount of the insurance premium. When Mr. Shohei Furukawa is approved to be appointed as Outside Director who serves as the Audit & Supervisory Committee Member, he will be also insured under this insurance policy. The Company plans to renew the said insurance policy with the same terms and conditions at the next renewal.
5. When Mr. Shohei Furukawa is approved to be appointed as Outside Director who serves as the Audit & Supervisory Committee Member, the Company plans to register Mr. Shohei Furukawa as an independent director defined by the Tokyo Stock Exchange.

Proposal 5 Maximum Amount of Remuneration for Directors (Excluding Audit & Supervisory Committee Members)

The Company has been providing remuneration to Directors as resolved in the following: At the Extraordinary General Meeting held on June 7, 2011, the shareholders approved the Directors' compensation amount to be within 400 million yen (excluding salaries as employees) per year, and at the Annual General Meeting held on October 27, 2017, the shareholders approved the share acquisition rights granted to Directors as stock options within the amount of 80 million yen (excluding salaries as employees) per year, in addition to the Directors' compensation.

Pursuant to the provisions of Article 361, Paragraph 1 and 2 of the Companies Act, and subject to the approval of Proposal 1 "Partial Revision to the Articles of Incorporation," the wording in the Articles of Incorporation will be changed from "Directors" to "Directors (excluding Directors who serve as the Audit & Supervisory Committee Members)," and the maximum amount of remuneration will be set to 400 million yen per year, in addition to the share acquisition rights granted as stock options not exceeding 80 million yen per year (Note that the said compensation and remuneration do not include salaries as employees.). The Company believes this proposal is reasonable because the proposed amount is practically consistent with the maximum compensation amount for Directors prior to transitioning to a company with an Audit & Supervisory Committee.

The Company currently has six Directors including two Outside Directors. If Proposal 1 "Partial Revision to the Articles of Incorporation" and Proposal 2 "Election of Six Directors (Excluding Audit & Supervisory Committee Members)" are approved as proposed, the Company will have six Directors who do not serve as the Audit & Supervisory Committee Members, including two Outside Directors.

This proposal shall go into effect on the condition that Proposal 1 "Partial Revision to the Articles of Incorporation" comes into force.

Proposal 6 Maximum Amount of Remuneration for Directors Serving as Audit & Supervisory Committee Members

Pursuant to the provisions of Article 361, Paragraph 1 and 2 of the Companies Act, and subject to the approval of Proposal 1 “Partial Revision to the Articles of Incorporation,” the maximum amount of remuneration for Directors who serve as the Audit & Supervisory Committee Members will be set to 30 million yen per year. This amount is consistent with the maximum remuneration for Audit & Supervisory Board Members, as approved by the shareholders at the Extraordinary General Meeting held on January 20, 2015. The Company believes this proposal is reasonable because the proposed amount is practically consistent with the maximum compensation amount for Audit & Supervisory Board Members prior to transitioning to a company with an Audit & Supervisory Committee.

If Proposal 1 “Partial Revision to the Articles of Incorporation” and Proposal 3 “Election of Three Directors Serving as Audit & Supervisory Committee Members” are approved as proposed, the Company will have three Directors serving as the Audit & Supervisory Committee Members, including three Outside Directors. This proposal shall go into effect on the condition that Proposal 1 “Partial Revision to the Articles of Incorporation” comes into force.



Proposal 7 Remuneration Associated with the Restricted Stock Provided to Directors (Excluding Outside Directors and Directors who serve as the Audit & Supervisory Committee Members)

Proposal 5 “Maximum Amount of Remuneration for Directors (Excluding Audit & Supervisory Committee Members)” proposes the maximum remuneration for the Company’s Directors should be 400 million yen per year after transitioning to a company with an Audit & Supervisory Committee. Aside from the compensation mentioned above for the Directors (excluding those who are the Audit & Supervisory Committee Members), the proposal includes the share acquisition rights granted as stock options without exceeding 80 million yen per year (excluding salaries as employees).

Upon reviewing the remuneration plan for Directors and other officers, the Company seeks approval for adopting the restricted stock compensation plan (“Stock Compensation Plan”) to provide the restricted shares of the Company to Eligible Directors as remuneration. By creating a stronger correlation between the Company’s stock price and remuneration for Eligible Directors (excluding Outside Directors and Directors who serve as the Audit & Supervisory Committee Members), Eligible Directors who receive the incentives will be encouraged to work toward enhancing corporate value on a sustainable manner and viewing the Company from the same perspective as the shareholders.

The Company currently has six Directors including two Outside Directors. If Proposal 1 “Partial Revision to the Articles of Incorporation” and Proposal 2 “Election of Six Directors (Excluding Audit & Supervisory Committee Members)” are approved as proposed, the Company will have four Directors (excluding Outside Directors and Directors who serve as the Audit & Supervisory Committee Members).

#### 1. Overview of Stock Compensation Plan

Upon resolution of the Board of Directors’ meeting, Eligible Directors shall receive the Company’s common shares to be issued or disposed of by the Company. The Board of Directors shall determine the specific timing and the number of shares granted to each Eligible Director.

The total number of common shares to be issued or disposed of for the allotment of restricted shares in Stock Compensation Plan shall be 100,000 shares or less without exceeding 300 million yen per year (excluding salaries for Directors who also serve as employees.). The Company plans to provide the remuneration as a lump sum at the beginning of the three fiscal years by allotting the total number of shares corresponding to the compensation for duties executed by each of the Eligible Directors. The actual remuneration amount is expected to be within 100 million yen consisting of no more than 33,333 shares (rounded down to the nearest whole number) per year. However, in the event of a stock split (including allotment of the common shares without contribution) or a reverse stock split of the Company’s common stock, which becomes effective on or after the date on which this proposal is approved, or if any adjustment is needed for the total number of the Company’s common shares to be issued or disposed of under Stock Compensation Plan, the Company may adjust the amount within a reasonable range.

No monetary contribution is required for Eligible Directors if the Company issues or disposes of such shares under Stock Compensation Plan. The Company determines whether or not the amount had reached the upper limit of 300 million yen per year based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on a business day immediately before the date of the Board of Directors’ resolution on the allotment of shares (if no trade took place, it is the closing price on the nearest trade date prior to the date), then the Company will issue shares at a price determined by the Board of Directors within a reasonable range to ensure it is not particularly advantageous to Eligible Directors. In issuing or disposing of the common shares under Stock Compensation Plan, the Company shall conclude an agreement on the allotment of restricted shares (“Allotment Agreement”) with each of the Eligible Directors (The common shares allotted under the Allotment Agreement will be referred to as “Allotted Shares” hereinafter.).

(1) Transfer restriction period

Eligible Directors are not allowed to transfer the shares, offer them as collateral or make any other deposition of Allotted Shares during the period (“Transfer Restriction Period”) from the payment date of Allotted Shares to the date of resignation or retirement from the position defined by the Board of Directors.

(2) Conditions for lifting the transfer restriction

Transfer restriction on all of the allotted shares held by Eligible Directors shall be lifted upon expiration of Transfer Restriction Period, provided that each of the Eligible Directors has continuously served as Director or assumed another position defined by the Company’s Board of Directors in a period from the payment date of Allotted Shares to the conclusion of the annual general meeting of shareholders for the second fiscal years after the fiscal year in which the relevant payment date falls.

However, if an Eligible Director resigns or retires from the position (including cases due to their death) during a period from the payment date of Allotted Shares to the conclusion of the annual general meeting of shareholders for the second fiscal year after the fiscal year in which the relevant payment date falls, the Board of Directors may make reasonable adjustment to the date on which the transfer restriction shall be lifted, as appropriate. If the date on which the transfer restriction shall be lifted falls within three months from the end of the fiscal year in which the allotment of restricted shares will be made, the transfer restriction shall be lifted after three months have elapsed from the end of the same fiscal year.

(3) Reason for acquisition without compensation

If the transfer restriction has not been lifted for any of the Allotted Shares as of the expiration of Transfer Restriction Period defined in (2) above, the Company shall automatically acquire the Allotted Shares without compensation.

(4) Treatment in case of organizational restructuring, etc.

Notwithstanding the provisions of (1) stated above, if a merger agreement in which the Company becomes an absorbed company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or if any other matters relating to organizational restructuring are approved at a general meeting of shareholders of the Company (if such approval is not needed for the organizational restructuring, the Board of Directors shall decide on the matter), the Company may make reasonable adjustment to the number of Allotted Shares for which the transfer restriction shall be lifted and the period in which the restriction shall be lifted, as appropriate. Under such circumstances, if the transfer restriction has not been lifted for any of the Allotted Shares at the time immediately after the transfer restriction being lifted, the Company shall automatically acquire the Allotted Shares without compensation. If the date on which the transfer restriction shall be lifted falls within three months from the end of the fiscal year in which the allotment of restricted shares will be made, the Company shall automatically acquire all of the shares held by Eligible Directors just before the business day immediately preceding the date when the organizational restructuring takes place.

(5) Other matters

Any other matters related to Allotment Agreement shall be determined by the Company’s Board of Directors.

## 2. Reasonable Grounds for the Proposal

Stock Compensation Plan is intended to increase a correlation between the Company's stock price and remuneration for Directors in order to encourage their contribution toward sustainably enhancing the corporate value and sharing the same value with the shareholders as the Company grants the restricted shares to Eligible Directors under the Plan.

At the Board of Directors' meeting held on April 20, 2021, the Company formulated a policy on determining individual remuneration of Directors, which is summarized on page 16 of the Business Report. If this proposal is approved, the Company plans to revise the policy to include Stock Compensation Plan.

This proposal is deemed necessary and reasonable for providing individual remuneration to Directors in a manner consistent with the revised policy. The restricted stock shall be appraised at a price determined by the Board of Directors within a reasonable range to ensure it is not particularly advantageous to Eligible Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on a business day immediately before the date of the Board of Directors' resolution on the allotment of shares (if no trade took place, it is the closing price on the nearest trade date prior to the date). Since the amount is set within the annual limit specified in Paragraph 1 above, and the rate of dilution is insignificant as the ratio of the restricted shares to the total number of issued shares remains at 0.46%, the Company has determined that the content of this proposal is reasonable.

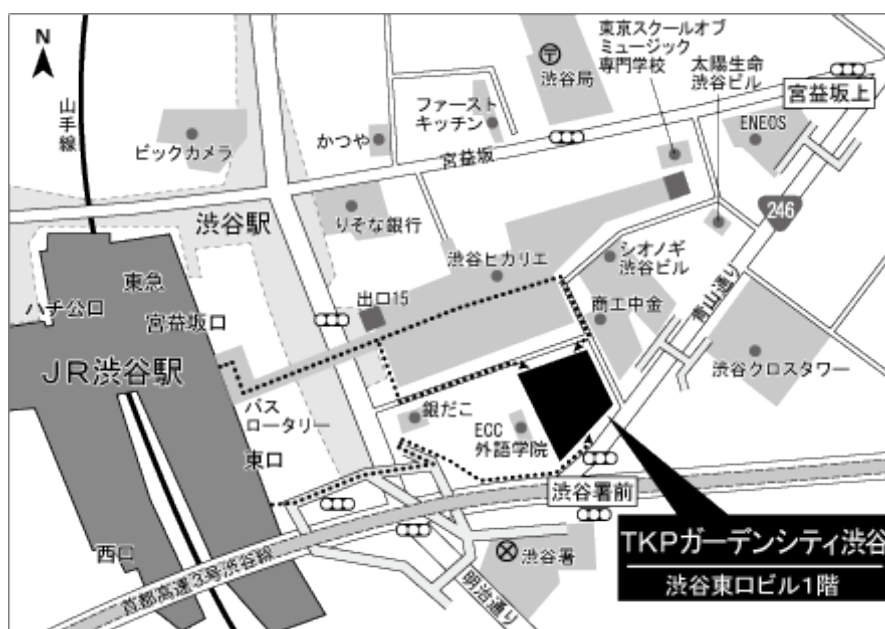
During the Transfer Restriction Period, the shares allotted to Eligible Directors under Stock Compensation Plan shall be managed in a dedicated account opened by each of the Eligible Directors at a brokerage firm designated by the Company to prevent the beneficiaries from transferring the shares, offering them as collateral, or making any other depositions.

### Reference

If this proposal is approved, the Company plans to allocate the restricted shares to Executive Officers who do not concurrently serve as Directors of the Company in a manner similar to those specified herein (However, the Executive Officers who do not concurrently serve as Directors of the Company shall provide a monetary claim as the in-kind contribution to receive the restricted shares to be issued or disposed of by the Company.).

## Guide Map to the Venue of the General Meeting of Shareholders

Venue: Hall A, TKP Garden City Shibuya  
Shibuya Higashiguchi Building 1F  
2-22-3 Shibuya, Shibuya-ku, Tokyo, Japan  
Telephone +81-3-6418-1073



### Public Transportation

- Three-minute walk from the East Exit of Shibuya Station on the JR Yamanote Line, Saikyo Line, and Shonan Shinjuku Line
- Two-minute walk from Exit 15 of Shibuya Station on the Tokyo Metro Ginza Line, Hanzomon Line, and Fukutoshin Line.
- Three-minute walk from the connecting passage to Hikarie of Shibuya Station on the Tokyu Toyoko Line and Dentosshi Line
- Six-minute walk from the Central Exit of Shibuya Station on the Keio Inokashira Line

### Note on Business Briefing

In order to shorten the meeting time, the business briefing that was usually held after the General Meeting of Shareholders will not take place this year.