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Securities code: 6238
June 3, 2022

To: Shareholders

Takashi Mishima, President
FURYU Corporation
2-3 Uguisudani-cho, Shibuya-ku, Tokyo

Notice of the 16th Annual General Meeting of Shareholders

The Company would like to announce the holding of the 16th Annual General Meeting of Shareholders of FURYU Corporation (the “Company”) as follows.

In lieu of attending the meeting on the day, you can vote in writing or by electromagnetic method (via the Internet, etc.). Accordingly, we would appreciate it if you would refer to the Reference Documents for the General Meeting of Shareholders below, and exercise your voting rights in accordance with the “Information on Exercise of Voting Rights” (p. 3) by Thursday, June 23, 2022, at 6 p.m. (JST).

- 1. Date and Time:** Friday, June 24, 2022, at 10 a.m. (JST)
2. Venue: CERULEAN TOWER TOKYU HOTEL, Second Basement Floor, Ballroom
26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

3. Subjects

Reporting Items

1. Reporting of the 16th Fiscal Year (from April 1, 2021 to March 31, 2022) Business Report and Consolidated Financial Statements, as well as reports of the results of the audit of Consolidated Financial Statements by the Accounting Auditor and Board of Auditors.
2. Reporting of the 16th Fiscal Year (from April 1, 2021 to March 31, 2022) Non-consolidated Financial Statements

Resolutions

- Proposal No. 1:** Partial Amendment to the Articles of Incorporation
Proposal No. 2: Election of Six Directors
Proposal No. 3: Election of Two Substitute Auditors

For those attending the meeting on the day, please submit the enclosed voting form at the reception desk of the venue.

Among the documents to be provided in conjunction with this Notice, the “System for Ensuring Appropriate Business and Its Operational Status” of the Business Report, the “Notes to Consolidated Financial Statements” of the Consolidated Financial Statements, and the “Notes to Non-consolidated Financial Statements” of the Non-consolidated Financial Statements are not included in the Reference Documents for this Notice, as they are posted on the Company’s website (Japanese only: <https://www.furyu.jp/>) in accordance with the provisions of laws and regulations as well as Article 15 of the Company’s Articles of Incorporation. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements included in the Reference Documents for this Notice are part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements which were audited by the Accounting Auditor and Auditors when preparing their Accounting Audit Report and Audit Report.

If revisions to the content of the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements are required, the Company shall publish a notification on the Company’s website (<https://www.furyu.jp/>).

[Measures for the novel coronavirus disease (COVID-19) and requests to shareholders]

- The venue, start time, etc., may be subject to unavoidable changes depending on the situation of the spread of COVID-19 or announcements by the government, etc., by the day of the General Meeting of Shareholders. In such cases, we will post the changes on the Company’s website (<https://www.furyu.jp/>). We ask that you make sure to check the Company’s website before coming to the venue if you plan to come to the meeting on the day.
- Near the reception of the venue, there will be alcohol-based hand sanitizers for shareholders. We would appreciate it if you could bring and wear a mask. We may decline entry to shareholders who do not bring and wear a mask in the meeting room, and ask you to leave.
- After measuring your body temperature at the entrance of the venue, we may decline entry if you seem to have a fever or be in bad health, and ask you to leave.
- The operations staff of the General Meeting of Shareholders will receive you while wearing masks and after having their health checked including measuring their body temperature.
- The venue will be operated with additional spacing between seats and limited number of seats. In the event that a seat is not available, we ask for your understanding and patience.
- At this General Meeting, detailed explanations on the Reporting Items (including Audit Reports) and proposals on the floor shall be omitted to shorten the meeting’s duration from the viewpoint of preventing the spread of COVID-19. Shareholders are requested to read the Convocation Notice in advance.

Information on Exercise of Voting Rights

You may exercise your voting rights using one of the following three methods.

Exercise of voting rights by attending the Annual General Meeting of Shareholders

You are kindly requested to exercise your voting rights by submitting the voting form to the reception desk at the meeting.

Date and time: Friday, June 24, 2022, at 10 a.m. (JST) (Reception to start at 9:30 a.m.)

Venue: CERULEAN TOWER TOKYU HOTEL, Second Basement Floor, Ballroom
26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

Exercise of voting rights in writing (mail)

You are kindly requested to indicate your vote of approval or disapproval of each proposal on the enclosed voting form, and return the completed voting form to the Company. You do not need to affix a stamp.

Deadline: to be received by Thursday, June 23, 2022, at 6 p.m. (JST)

Exercise of voting rights via the Internet

Please access the website for the exercise of voting rights designated by the Company (<https://soukai.mizuho-tb.co.jp/>), log in using the voting code and password on the right-hand side of the enclosed voting form, and indicate whether you approve or disapprove of each proposal following the guidance on the screen. You will need to change the password when you log in for the first time.

Deadline: to be entered by Thursday, June 23, 2022, at 6 p.m. (JST)

- 1 Please handle the password with care, as it is the means to confirm that the persons using it are the shareholders themselves. The Company or the shareholder register administrator will never ask you for the password.
- 2 A new voting code and password (including the one changed by shareholders) shall be issued for each General Meeting of Shareholders.
- 3 The password will become unusable if entered wrongly a certain number of times in succession. In such cases, please take procedures while following the guidance on the screen.
- 4 The website for the exercise of voting rights is checked for its operations using typical Internet-connecting devices, but it may not be possible to use it depending on the device used or its condition.

Other

- 1 In the case of duplicate voting done by both the voting form and electromagnetic means, the vote placed by electromagnetic means will be considered valid. In the case of duplicate voting by electromagnetic means, the last vote placed will be considered valid.
- 2 Costs for an Internet connection and usage will be the responsibility of the shareholder.
- 3 Institutional investors may use the “Electronic Voting Platform for Institutional Investors” operated by ICJ, Inc.

For inquiries about the operation of the website for the exercise of voting rights:
Stock Transfer Agency, Mizuho Trust & Banking Co., Ltd.
0120-768-524 (Toll Free, only in Japan)
(Business hours: 9 a.m. – 9 p.m. (JST), excluding the New Year holidays)

In order to prevent the spread of COVID-19, regardless of your health condition, we would appreciate it if you refrained from coming to the venue on the day of the General Meeting of Shareholders and exercised your voting rights either in writing (mail) or via the Internet in advance.

(Reference Documents)

Business Report

(From April 1, 2021 to March 31, 2022)

1. The Current Status of the Corporate Group

(1) Business for the Fiscal Year under Review

1) Business Development and Outcome

Since Olu.Inc. was established on April 1, 2021, the consolidated financial statements of the corporate group (the “Group”) have been prepared from the fiscal year under review, so no comparative analysis with the end of the previous fiscal year has been performed.

During the fiscal year under review, the Japanese economy underwent a deepening sense of stagnation due to the renewed spread of COVID-19 infections from the beginning of the period, which led to the re-issuance of declarations of states of emergency in each region and restrictions on socioeconomic activities due to the application of priority preventative measures. On the other hand, progress with vaccinations led to expectations of a normalization of economic activities due in part to a significant decrease in the number of infected persons temporarily. However, the environment remained very harsh due to the renewed spread of infection with the new variant strain, sluggish personal consumption due to long-term restrictions on socioeconomic activities, and additionally, due to soaring crude oil prices and rising consumer prices.

Under these circumstances, with the Group’s corporate philosophy “Create quality entertainment that brings happiness and fulfillment to people,” the Group focused on expanding the Photo Sticker Business, diversifying monetization utilizing the customer base of young women, and selling products using character IPs (intellectual properties).

As a result, for the fiscal year under review, the Group saw net sales of ¥34,058 million, operating profit of ¥3,709 million, ordinary profit of ¥3,707 million, and profit attributable to owners of parent of ¥2,544 million.

Operating results by segment are as follows:

(Photo Sticker Business)

In the Photo Sticker Business, amid the continuing severe market environment as mentioned above, we launched the new models “97%” in June, “neko to kanojo” in October, and “HARUIROSEKAI” in February. We undertook measures, including promotions featuring YouTubers and popular artists, to recover play count, resulting in the play count in the fiscal year under review reaching 31.97 million (105.9% of the previous fiscal year). However, the play count remained at only 70% of that for fiscal year ended March 31, 2020, before the spread of COVID-19.

As a result, for the fiscal year under review, the Group saw net sales of ¥7,576 million, and an operating loss of ¥252 million.

(Content and Media Business)

In the Content and Media Business, the number of paying members for the photo sticker image acquisition and viewing service “Pictlink” temporarily declined to 1.42 million following the declaration of the state of emergency, but after the declaration was lifted, the number gradually increased and reached to 1.46 million by the end of March 2022.

Sales of colored contact lenses, despite the launch of the new product “ramurie,” fell below the previous fiscal year’s level due to a decline in demand associated with going out.

In the Programmatic Advertising Business, sales increased due to an increase in the number of projects.

In the fashion D2C business, the e-commerce site “Olu.” was opened in October 2021. Although sales grew steadily, expenses exceeded revenues because it was in the start-up phase.

As a result, for the fiscal year under review, net sales were ¥8,324 million, and operating profit was ¥3,173 million.

(Character Merchandizing Business)

In the Character Merchandizing Business, we acquired and commercialized numerous new character copyrights for popular manga works, popular artists, and games with worldwide popularity, etc. Sales and profits grew significantly due to the expansion of the market for amusement prizes, a big hit with popular IP-related products, expansion of sales channels in the U.S. in addition to China for overseas merchandise sales, and an increase in the number of items for high-end hobby items. As a result, for the fiscal year under review, the Group saw net sales of ¥15,175 million, and an operating profit of ¥2,408 million.

(Game and Anime Business)

In the Game and Anime Business, the Group's efforts by business segment were as follows:

In the video game software business, new original titles "The Caligula Effect 2" and "Monark" were released.

In the game application business, we released a new title, "Renai Sengoku Romanesque: Kagemushahime wa Ummei o Ayanasu," at the end of September.

The animation business performed well, driven mainly by videogram sales of the TV animation program "LAID-BACK CAMP SEASON 2" and distribution income from the production committee. In addition, we worked on promotion of the movie "LAID-BACK CAMP," which is planned for release in July 2022.

As a result, for the fiscal year under review, the Group saw net sales of ¥2,980 million, and an operating profit of ¥26 million.

2) Issues to Be Addressed

The Group recognizes the following items as major issues that it should address:

(i) Impact of COVID-19

The resurgence of COVID-19 led to the re-issuance of declarations of states of emergency and restrictions on socioeconomic activities due to the application of priority preventative measures. The future consumption trend is thus unclear in the absence of a prospect for the end of the spread of COVID-19. In the amusement market to which the Group's Photo Sticker Business and Character Merchandizing Business belong, it is expected that the Company may be affected by a request for closure of amusement facilities, etc., and also significantly affected by changing consumer sentiment. These factors pose an important management issue of responding to such changes in the environment.

(ii) Reinforcement of User Acquisition

In the Group's Content and Media Business, and Game and Anime Business, we believe it will be necessary to increase the number of users of the content provided in order to enhance earnings. To acquire users, compliance is also considered to be extremely important, while it is necessary to improve the quality of contents and make them recognized widely. Accordingly, the Group will strive to improve the acquisition rate and paid user rate and increase the number of users, by implementing effective measures such as enhancing the contents while being more conscious about compliance with laws, regulations and social norms going forward.

(iii) Initiatives for New Businesses for Diversification of Revenue Bases

The Group has been expanding its earnings by entering into various businesses and diversifying revenue bases since its establishment. From now on, in order to realize medium- and long-term and sustainable growth, the Group will continue to strengthen its revenue base and management

base that can flexibly respond to changes in the markets, by launching businesses quickly and efficiently, utilizing the knowledge, know-how, etc., that it has accumulated in the existing businesses.

(iv) Stabilization of Revenue in the Game and Anime Business

For the game market in Japan and abroad, the environment is likely to become more competitive, as an increase in new competitors and integration are also expected going forward, while the whole market is growing moderately. Accordingly, it will become necessary to quickly develop an infrastructure to continuously create hit titles in order to stabilize revenue in the game market.

The Group will strive to ensure stable revenue by maximizing the value of IPs through synergies among titles, making titles into series and expanding international sales.

(v) Diversification of Characters and Rapid Changes in Customer Preferences

Belonging to a market with characteristics such as diversification of characters and rapid changes in customer preferences, the Group's Character Merchandizing Business and Game and Anime Business will need to acquire the copyrights of profitable characters and develop major characters in order to expand earnings. Accordingly, the Group will strive to develop further relationships with right holders.

(vi) Securing of Excellent Human Resources and Strengthening of the Organizational Structure

The Group recognizes that it is essential to secure excellent human resources in order to develop further going forward. In securing human resources, the Group has the policy of recruiting human resources who match its corporate culture and have the qualifications it requires, by implementing mid-career recruitment as necessary, in addition to the planned recruitment of new graduates.

Moreover, considering employees as the most important embodiment of corporate philosophy, the Group will continuously implement initiatives for all employees to enable them to perform to their best, by implementing development programs for them.

(2) Capital Investment, Etc.

Not applicable.

(3) Financing

Not applicable.

(4) Business Transfer, Absorption-type Company Split or Incorporation-type Company Split

Not applicable.

(5) Receipt of Other Companies' Businesses

Not applicable.

(6) Succession to Rights and Obligations of Other Companies' Businesses by Absorption-type Merger or Absorption-type Company Split

Not applicable.

(7) Acquisition or Disposal of Other Companies' Shares and Other Interest or Share

Acquisition Rights

On March 31, 2022, the Company acquired additional shares of Olu. Inc., which had been a subsidiary of the Company, making it a wholly owned subsidiary.

(8) Assets, Profit and Loss

1) Group Assets, Profit and Loss

(Millions of yen)

	13th Fiscal Year (from April 1, 2018 to March 31, 2019)	14th Fiscal Year (from April 1, 2019 to March 31, 2020)	15th Fiscal Year (from April 1, 2020 to March 31, 2021)	16th Fiscal Year (Fiscal year under review) (from April 1, 2021 to March 31, 2022)
Net sales	27,134	–	–	34,058
Ordinary profit	3,531	–	–	3,707
Profit attributable to owners of parent	1,882	–	–	2,544
Earnings per share (yen)	66.53	–	–	93.01
Total assets	25,021	–	–	28,146
Net assets	17,948	–	–	21,250

Note: Standards including the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020) have been applied from the beginning of the fiscal year under review. All figures for the current fiscal year are shown after the application of these accounting standards.

2) The Company's assets, profit and loss

(Millions of yen)

	13th Fiscal Year (from April 1, 2018 to March 31, 2019)	14th Fiscal Year (from April 1, 2019 to March 31, 2020)	15th Fiscal Year (from April 1, 2020 to March 31, 2021)	16th Fiscal Year (Fiscal year under review) (from April 1, 2021 to March 31, 2022)
Net sales	26,405	27,431	24,777	33,978
Ordinary profit	3,801	3,656	2,716	3,871
Profit	1,901	3,020	1,844	2,681
Earnings per share (yen)	67.20	108.54	67.42	97.99
Total assets	24,186	24,024	24,012	28,236
Net assets	17,821	18,994	19,764	21,472

Note: Standards including the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020) have been applied from the beginning of the fiscal year under review. All figures for the current fiscal year are shown after the application of these accounting standards.

(9) Important Parent Company and Subsidiaries

1) Parent Company

Not applicable.

2) Subsidiaries and Associates

Company name	Share capital	The Company's ratio of shares owned	Main Businesses
Olu. Inc.	25 million yen	100.0%	Apparel on D2C

3) Other Important Business Combinations

On March 31, 2022, the Company acquired additional shares of Olu. Inc., which had been a subsidiary of the Company, making it a wholly owned subsidiary.

(10) Main Businesses (as of March 31, 2022)

1) Photo Sticker Business

- Planning, development and sale of photo sticker machines, etc.
- Operation of directly owned store “girls mignon,” etc.

2) Content and Media Business

- Planning, development, operation and sale of photo sticker image acquisition and viewing service “Pictlink”
- Planning, development and operation of other contents and media
- Sale of colored contact lenses
- Planning, production and operation of programmatic advertisements
- Planning and sale of apparel on D2C

3) Character Merchandizing Business

- Planning and sale of amusement prizes
- Planning and sale of products for overseas merchandise sales
- Planning and sale of character lottery MINNA NO KUJI
- Planning and sale of high-end hobby products with the high-quality hobby brand “F:NEX”
- Planning and publication of books with the book brand “villagebooks”

4) Game and Anime Business

- Planning, development and sale of video game software
- Planning, development, operation and sale of game applications
- Planning and sale of movies including TV animations

(11) Main Offices (as of March 31, 2022)

1) The Company

Head office: Shibuya-ku, Tokyo

Branch: Kyoto City, Kyoto and Ichinomiya City, Aichi

2) Subsidiary

Olu. Inc., Shibuya-ku, Tokyo

(12) Employees (as of March 31, 2022)

Category	Number of employees	Average age	Average service years
Male	231	39.5	9 years, 7 months
Female	257	34.5	6 years, 5 months
Total or average	488	37.0	8 years, 0 months

Notes: 1. Since the status of employees of the Group is described from the beginning of the fiscal year under review, no comparison with the previous period is made.

2. Number of employees does not include outsourcing, etc.

(13) Principal Lenders (as of March 31, 2022)

Not applicable.

2. Matters Related to Shares (as of March 31, 2022)

(1) Total Number of Shares Authorized to Be Issued	Common Shares	104,400,000 shares
(2) Total Number of Issued Shares	Common Shares	28,296,000 shares
(3) Number of Shareholders		10,425

(4) Major Shareholders

Name	Shares owned (shares)	Ratio of shares owned (%)
Furyu Shoji Corporation	4,040,000	14.77
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,092,400	7.65
Custody Bank of Japan, Ltd. (Trust Account)	1,894,600	6.92
FURYU Employee Shareholding Association	892,000	3.26
Yoshiro Tasaka	840,000	3.07
Masato Yoshida	840,000	3.07
Takashi Mishima	820,000	3.00
TM Corporation	800,000	2.92
Katsuyuki Inage	750,000	2.74
GOLDMAN SACHS INTERNATIONAL	742,194	2.71

Notes: 1. The Company holds 935,766 treasury shares but is excluded from the above major shareholders.

2. The ratio of shares owned is calculated excluding treasury shares.

3. SMBC Nikko Securities Inc. submitted a change report on April 7, 2022. While the change reports state that as of March 31, 2022, Sumitomo Mitsui DS Asset Management Company, Limited held 993,400 shares of the Company stock (shareholding ratio of 3.51%) and SMBC Nikko Securities Inc. held 209,300 shares (shareholding ratio of 0.74%), they are not included among the above major shareholders because the Company could not confirm the number of shares actually held at the end of the fiscal year under review.

(5) Other Important Matters Related to Shares

•The Company has introduced a share unit system with 100 shares as the share unit.

3. Matters Related to Share Acquisition Rights, Etc.

Not applicable.

4. Matters Related to Company Officers

(1) Position and Responsibility of Directors and Auditors (as of March 31, 2022)

Position at the Company	Name	Responsibility and significant concurrent positions outside the Company
President	Takashi Mishima	Director of Olu. Inc.
Executive Managing Director	Masato Yoshida	Strategy Officer General Manager of SEKAIKAN Business HQs General Manager of Corporate Strategy HQs
Managing Director	Katsuyuki Inage	Technical Officer General Manager of GIRLS Trend Business HQs in charge of GIRLS Research Institute
Director	Michinari Sasanuma	General Manager of Corporate Management HQs
Director	Takako Kotake	Managing Director of Corporate Branding Department of Cookpad Inc. External Director of HOKUTO Corporation
Director	Kento Uno	CEO of Ironforge LLP
Full-Time Auditor	Takayuki Nakamura	
Auditor	Omou Yamazaki	Representative CPA of Yamazaki CPA office Representative Director of GG Partners Co., LTD. External Director (Audit and Supervisory Committee Member) of T-NET JAPAN Co., Ltd. External Auditor of STYLEM TAKISADA-OSAKA CO., LTD.
Auditor	Shinichiro Yoshiba	Partner of SHIOMIZAKA External Director (Audit and Supervisory Committee Member) of Wantedly, Inc. External Director (Audit and Supervisory Committee Member) of STUDIO ATAO Co., Ltd. External Director (Audit and Supervisory Committee Member) of HAMAI INDUSTRIES LTD. External Auditor of CyberBuzz, Inc.

- Notes: 1. Among Directors, Takako Kotake and Kento Uno are External Directors.
2. Among Auditors, Omou Yamazaki and Shinichiro Yoshiba are External Auditors.
3. The Company has submitted notification to the Tokyo Stock Exchange that Directors Takako Kotake and Kento Uno as well as Auditors Omou Yamazaki and Shinichiro Yoshiba have been designated as independent officers as provided for by the aforementioned exchange.
4. Auditor Omou Yamazaki is qualified as a certified public accountant, with substantial insights into finance and accounting.
5. Auditor Shinichiro Yoshiba is qualified as an attorney at law, with substantial insights into laws.
6. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with External Directors Takako Kotake and Kento Uno as well as Auditor Takayuki Nakamura and External Auditors Omou Yamazaki and Shinichiro Yoshiba to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. The maximum amount of liability for damages under these agreements is the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.
7. The changes in positions, responsibilities and significant concurrent positions of Directors and Auditors during the fiscal year under review are as follows.
- On April 1, 2021, Takashi Mishima assumed office as Director of Olu. Inc., the Company's subsidiary.
 - On June 30, 2021, Auditor Omou Yamazaki retired from his concurrent position as External Director of WATABE WEDDING CORPORATION due to resignation.

- At the conclusion of the 15th Annual General Meeting of Shareholders held on June 22, 2021, Chairman Yoshiro Tasaka retired from office due to expiration of his term of office.
- On June 22, 2021, Masato Yoshida became Strategy Officer and Katsuyuki Inage became Technical Officer.
- From March 21, 2022, Masato Yoshida has served concurrently as General Manager of Corporate Strategy HQs, and Katsuyuki Inage has been in charge of GIRLS Research Institute.

(2) Summary of the Directors and Officers Limited Liability Agreement

The Company has entered into a directors and officers liability insurance policy with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act. It indemnifies the insured for such costs as litigation expenses and monetary damages incurred from claims for damages arising from acts carried out by the insured in the course of his or her duties. However, measures are being taken to ensure that the appropriateness of the execution of duties by directors and officers is not impaired. These measures include the exclusion from coverage of cases in which illegal benefits or favors are obtained, and cases of criminal acts and willful violations of laws and regulations.

The following describes the scope of eligibility as insured.

Directors, Auditors, executive officers, and employees in managerial or supervisory positions, etc. of the Company and its subsidiaries under the Companies Act

Insurance premiums for them are fully borne by the Company.

(3) Amount of Remuneration for Directors and Auditors

1) Policy for Deciding Remuneration for Officers

At the Board of Directors meeting held on February 12, 2021, the Company resolved the policy for determining the remuneration for individual Directors. For the resolution of the Board of Directors, the Company had consulted with the Nominating and Remuneration Committee about its content and received its report by return.

When deciding the remuneration for individual Directors, since the Nominating and Remuneration Committee conducts multifaceted examinations on the draft (calculated using the payment table by evaluation and formula stipulated in advance, based on their base amount and evaluation), including the consistency with the deciding policy, the Board of Directors basically respected its report to follow the deciding policy.

The contents of the policy for deciding the remuneration for individual Directors are as follows.

a. Basic Policy

It shall be the basic policy that the Company's remuneration structure should encourage Directors' contribution to not only short-term but also medium- to long-term corporate earnings, as well as clarifying their responsibility for earnings, and decisions on the remuneration for individual Directors should be at an appropriate level taking into consideration corporate earnings and individual Directors' contribution to management (including actions for improving medium- to long-term earnings).

Moreover, in order to design the remuneration scheme and decide specific amounts of remuneration in accordance with objective and transparent procedures, the Company shall decide it by respecting the contents of the report by the Nominating and Remuneration Committee, mainly composed of independent External Directors, as much as possible.

b. Policy for Deciding Amount of Individual Monetary Remuneration

The base for the Company's remuneration payment shall be determined while taking into consideration the maximum amount of existing employee's salary, the general level of remuneration for officers such as data of surveys on the remuneration for officers by external research organizations, earnings of the Company and the discussions and examinations by the Nominating and Remuneration Committee.

The remuneration for Directors of the Company shall be calculated by combining the remuneration determined for each position, using difference coefficients between positions stipulated by rules of remuneration for officers, and the remuneration calculated in line with short-term corporate earnings and each Director's contribution to management from medium- to long-term perspectives (calculations based on an eight-grade evaluation), within the limit on remuneration approved at the general meeting of shareholders.

The remuneration for an External Director shall be decided by comprehensively taking into consideration the External Director's contribution to the Company, social status and circumstances of assuming office.

c. Matters Concerning the Decision on Remuneration, etc. (Including Matters Concerning Delegation)

The deciding method, policy, and calculation method and its basis of the remuneration shall be determined by the Board of Directors, while the final evaluation of each Director and the final decision on the amount of individual remuneration shall be delegated to the President. In order for the President to exercise such authority appropriately, the Board of Directors shall consult with the Nominating and Remuneration Committee, mainly composed of independent External Directors, about the draft to receive its report, and the President with the above delegation shall respect the content of the report as much as possible, and make a decision on the amount of individual remuneration.

d. Policies for Timing to Grant and Conditions for Remuneration (Including Policies for the Ratio of Remuneration)

The remuneration for officers shall be fixed monetary remuneration only.

2) Total Amount of Remuneration for the Fiscal Year under Review

Category	Total amount of remuneration (thousands of yen)	Total amount of remuneration by type (thousands of yen)			Number of eligible officers
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors [of which, External Directors]	123,934 [9,600]	123,934 [9,600]	–	–	7 [2]
Auditors [of which, External Auditors]	24,804 [9,600]	24,804 [9,600]	–	–	3 [2]
Total [of which, external officers]	148,738 [19,200]	148,738 [19,200]	–	–	10 [4]

Notes: 1. The above Directors include one Director who retired at the 15th Annual General Meeting of Shareholders held on June 22, 2021.

2. The remuneration for officers of the Company is calculated within the limit on remuneration approved at the 9th Annual General Meeting of Shareholders held on June 29, 2015 (within the annual amount of ¥300 million for the remuneration of Directors (of which, within ¥20 million for External Directors) (two External Directors among eight Directors at the time of the resolution), and within the annual amount of ¥30 million for the remuneration of Auditors (three Auditors at the time of the resolution)).

3. Since the President is the most appropriate person to evaluate responsible businesses of individual Directors, while overseeing earnings of the entire Company, the Board of Directors resolved at the meeting held on June 22, 2021 that President Takashi Mishima shall be delegated with the final

evaluation of individual Directors and the final decision on the amount of individual remuneration. In order for the President to exercise such authority appropriately, the Board of Directors determined the deciding method, policy, calculation method and its basis of the remuneration for Directors, consulted with the Nominating and Remuneration Committee, mainly composed of independent External Directors, about the draft and received its report.

(4) Matters Related to External Officers

1) Significant Concurrent Positions at Other Corporations, etc., and Relationship of the Company with Such Corporations, Etc.

Category	Name	Where the person is concurrently employed	Concurrent position
Director	Takako Kotake	Cookpad Inc.	Managing Director of Corporate Branding Department
		HOKUTO Corporation	External Director
Director	Kento Uno	Ironforge LLP	CEO
Auditor	Omou Yamazaki	Yamazaki CPA office	Representative CPA
		GG Partners Co., LTD.	Representative Director
		T-NET JAPAN Co., Ltd.	External Director (Audit and Supervisory Committee Member)
		STYLEM TAKISADA-OSAKA CO., LTD.	External Auditor
Auditor	Shinichiro Yoshiba	SHIOMIZAKA	Partner
		Wantedly, Inc.	External Director (Audit and Supervisory Committee Member)
		STUDIO ATAO Co., Ltd.	External Director (Audit and Supervisory Committee Member)
		HAMAI INDUSTRIES LTD.	External Director (Audit and Supervisory Committee Member)
		CyberBuzz, Inc.	External Auditor

Note: There is no relationship to be disclosed between the Company and the above entities where external officers are concurrently employed.

2) Main Activities During the Fiscal Year Under Review

Category	Name	Summary of attendance, statement, and duties conducted for the role expected as an External Director
Director	Takako Kotake	During the fiscal year under review, Takako Kotake attended all 14 meetings of the Board of Directors and provided active advice and recommendations utilizing insights into branding and public relations accumulated through business experience at other companies, while also offering recommendations from the perspectives of diversity and sustainability, as well as the fresh perspective as External Director, in order to play an appropriate role in ensuring the validity and appropriateness of decision-making. Moreover, as a member of the Nominating and Remuneration Committee, she attended all two meetings held during the fiscal year under review, providing the supervisory function, from an objective and neutral position, in the processes of selecting candidates for the Company's officers, and evaluating each Director and deciding on the amount of its individual remuneration.
Director	Kento Uno	During the fiscal year under review, Kento Uno attended all 14 meetings of the Board of Directors, providing advice and recommendations, utilizing deep insights into IT, experience in launching new businesses, and abundant knowledge from the perspectives of digital transformation strategies, and formulation of business development and growth strategies as a management consultant, in order to play an appropriate role in ensuring the validity and appropriateness of decision-making. Moreover, as a member of the Nominating and Remuneration Committee, he attended all two meetings held during the fiscal year under review, providing the supervisory function, from an objective and neutral position, in the processes of selecting candidates for the Company's officers, and evaluating each Director and deciding on the amount of its individual remuneration.
Auditor	Omou Yamazaki	During the fiscal year under review, Omou Yamazaki attended all 14 meetings of the Board of Directors and all 13 meetings of the Board of Auditors, and made necessary statements on proposals, etc., mainly from an accounting perspective.
Auditor	Shinichiro Yoshiba	During the fiscal year under review, Shinichiro Yoshiba attended all 14 meetings of the Board of Directors and all 13 meetings of the Board of Auditors, and made necessary statements on proposals, etc., mainly from a legal perspective.

5. Matters Related to Accounting Auditor

(1) Name of Accounting Auditor Deloitte Touche Tohmatsu LLC

(2) The Amount of Remuneration, etc., for the Accounting Auditor and Reasons for Auditors’ Consent to the Remuneration

	Amount of remuneration, etc.
Amount of remuneration, etc., for the Accounting Auditor concerning the fiscal year under review	37,000 thousand yen
Total amount of cash and economic benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	37,000 thousand yen

Notes: 1. Since in the audit agreement entered into by the Accounting Auditor and the Company, there is no clear distinction between the amount of remuneration for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act, and since they cannot be practically distinguished either, the amount of remuneration, etc., for the Accounting Auditor concerning the fiscal year under review shows their total amount.

2. The Board of Auditors gave its consent to the amount of remuneration, etc., for the Accounting Auditor, after conducting the necessary verification on the appropriateness of the content of the audit plan of the Accounting Auditor, execution of the accounting audit and the grounds for calculating remuneration estimates.

(3) Policy for Deciding Removal or Refusal of Reappointment of Accounting Auditor

If deemed necessary, including where there is a problem in the execution of duties by the Accounting Auditor, the Board of Auditors shall decide on a proposal for removal or refusal of reappointment of the Accounting Auditor to be submitted to the general meeting of shareholders.

Moreover, if the Accounting Auditor is deemed to fall under items stipulated by each item of Article 340, paragraph (1) of the Companies Act, the Company shall remove the Accounting Auditor, based on the consent of all Auditors. In such cases, an Auditor selected by the Board of Auditors shall report the removal of the Accounting Auditor and its reasons at the first general meeting of shareholders to be convened after the removal.

(4) Summary of the Limited Liability Agreement

Not applicable.

6. Policy on Decisions on Dividends of Surplus

The Company considers that it is for the benefit of shareholders' common interest to implement, on a priority basis, strategic investments that lead to sustainable growth and improved corporate value. In addition, recognizing the return of profit to shareholders as one of the important management measures, the Company has the basic policy of regarding stable and continuous dividends as its basic principle and conducting the return of profit by comprehensively considering the trends of earnings and the enhancement of internal reserves required for future growth investments, among others. Furthermore, in addition to this policy, the Company will place greater emphasis on the sound increase of profit and the return of profit to shareholders in addition to promoting the improvement of ROE to 15% or more as a target for capital efficiency. Therefore, future dividends will be determined based on a comprehensive judgment, using a dividend payout ratio of 40% or dividend on equity ratio (DOE) of 5.0% as a reference index, and taking into consideration the amount of medium- to long-term investments aimed at enhancement of corporate value in the future. At the same time, the Company will also consider a flexible position with regard to share repurchases, in response to the state of cash flow and the share price trends. The Board of Directors shall decide on dividends of surplus.

In accordance with this basic policy, the Company proposes to pay a year-end dividend for the fiscal year under review of ¥52 per share (an ordinary dividend of ¥37 plus a commemorative dividend for the 15th anniversary of ¥15). As a result, the dividend payout ratio for the fiscal year under review becomes 55.9%, with a DOE of 6.7%. Regarding a dividend for the next fiscal year, a year-end dividend of ¥38 per share is envisaged.

Dividends of Surplus for the Fiscal Year under Review

Date of resolution	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)
May 12, 2022 Resolution of the Board of Directors	1,422,732	52

Note: The amounts in this Business Report are shown by rounding off fractions less than the unit of display.

Consolidated Balance Sheet

(As of March 31, 2022)

(Thousands of yen)

Assets		Liabilities and net assets	
Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	23,386,016	Current liabilities	6,708,143
Cash and deposits	14,662,406	Accounts payable - trade	862,036
Accounts receivable - trade	3,980,189	Electronically recorded obligations - operating	1,575,446
Electronically recorded monetary claims - operating	961,251	Lease obligations	371,960
Merchandise and finished goods	1,680,375	Accounts payable - other	749,887
Work in process	30,095	Accrued expenses	1,345,444
Raw materials and supplies	298,343	Income taxes payable	1,110,180
Advance payments to suppliers	839,214	Accrued consumption taxes	216,196
Prepaid expenses	272,742	Contract liabilities	64,498
Accounts receivable - other	468,695	Other	412,493
Other	200,072	Non-current liabilities	187,335
Allowance for doubtful accounts	(7,371)	Retirement benefit liability	180,186
Non-current assets	4,760,438	Other	7,148
(Property, plant and equipment)	2,633,617	Total liabilities	6,895,479
Buildings, net	178,490	Net assets	
Tools, furniture and fixtures, net	136,874	Shareholders' equity	21,257,410
Leased assets, net	2,205,217	Share capital	1,639,216
Other	113,035	Capital surplus	1,614,716
(Intangible assets)	554,864	Retained earnings	19,003,864
Software	274,131	Treasury shares	(1,000,385)
Other	280,733	Accumulated other comprehensive income	(6,434)
(Investments and other assets)	1,571,956	Deferred gains or losses on hedges	54,328
Investment securities	30,098	Remeasurements of defined benefit plans	(60,762)
Distressed receivables	20,150	Non-controlling interests	-
Long-term prepaid expenses	37,184		
Leasehold and guarantee deposits	440,217		
Deferred tax assets	1,053,481		
Other	10,975		
Allowance for doubtful accounts	(20,150)		
		Total net assets	21,250,976
Total assets	28,146,455	Total liabilities and net assets	28,146,455

Note: Amounts are shown by rounding off amounts less than 1,000 yen.

Consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Thousands of yen)

Account item	Amount	
Net sales		34,058,184
Cost of sales		18,093,061
Gross profit		15,965,122
Selling, general and administrative expenses		12,255,390
Operating profit		3,709,732
Non-operating income		
Gain on adjustment of accounts payable - other	12,373	
Subsidy income	9,457	
Gain on investments in investment partnerships	16,575	
Other	195	38,601
Non-operating expenses		
Interest expenses	98	
Foreign exchange losses	38,004	
Other	2,984	41,087
Ordinary profit		3,707,246
Extraordinary income		
Gain on sale of non-current assets	19	19
Extraordinary losses		
Loss on sale and retirement of non-current assets	4,883	
Impairment losses	14,193	19,077
Profit before income taxes		3,688,189
Income taxes - current	1,399,570	
Income taxes - deferred	(231,729)	1,167,841
Profit		2,520,347
Loss attributable to non-controlling interests		(24,500)
Profit attributable to owners of parent		2,544,847

Note: Amounts are shown by rounding off amounts less than 1,000 yen.

Consolidated Statement of Changes in Equity

(From April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2021	1,639,216	1,639,216	17,470,810	(1,000,345)	19,748,896
Cumulative effects of changes in accounting policies			(26,824)		(26,824)
Restated balance	1,639,216	1,639,216	17,443,986	(1,000,345)	19,722,072
Change during the fiscal year					
Dividends of surplus			(984,969)		(984,969)
Profit attributable to owners of parent			2,544,847		2,544,847
Purchase of treasury shares				(39)	(39)
Changes in ownership interest of parent due to transactions' with non-controlling interests		(24,500)			(24,500)
Net changes in items other than shareholders' equity					-
Total changes during period	-	(24,500)	1,559,877	(39)	1,535,338
Balance as of March 31, 2022	1,639,216	1,614,716	19,003,864	(1,000,385)	21,257,410

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2021	15,722	(78,885)	(63,163)	-	19,685,733
Cumulative effects of changes in accounting policies					(26,824)
Restated balance	15,722	(78,885)	(63,163)	-	19,658,909
Change during the fiscal year					
Dividends of surplus					(984,969)
Profit attributable to owners of parent					2,544,847
Purchase of treasury shares					(39)
Changes in ownership interest of parent due to transactions' with non-controlling interests					(24,500)
Net changes in items other than shareholders' equity	38,605	18,123	56,728	-	56,728
Total changes during period	38,605	18,123	56,728	-	1,592,066
Balance as of March 31, 2022	54,328	(60,762)	(6,434)	-	21,250,976

Note: Amounts are shown by rounding off amounts less than 1,000 yen.

Balance Sheet
(As of March 31, 2022)

(Thousands of yen)

Assets		Liabilities and net assets	
Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	22,987,735	Current liabilities	6,665,019
Cash and deposits	14,327,176	Accounts payable - trade	848,932
Accounts receivable - trade	3,958,614	Electronically recorded obligations - operating	1,575,446
Electronically recorded monetary claims - operating	961,251	Lease obligations	371,808
Merchandise and finished goods	1,655,320	Accounts payable - other	728,840
Work in process	30,095	Accrued expenses	1,340,494
Raw materials and supplies	298,343	Income taxes payable	1,110,000
Advance payments to suppliers	838,817	Accrued consumption taxes	216,196
Prepaid expenses	271,648	Contract liabilities	64,498
Accounts receivable - other	453,766	Other	408,801
Other	200,072	Non-current liabilities	99,262
Allowance for doubtful accounts	(7,371)	Provision for retirement benefits	92,632
Non-current assets	5,249,036	Other	6,629
(Property, plant and equipment)	2,621,328	Total liabilities	6,764,281
Buildings	169,120	Net assets	
Tools, furniture and fixtures	134,577	Shareholders' equity	21,418,162
Leased assets	2,204,596	Share capital	1,639,216
Other	113,035	Capital surplus	1,639,216
(Intangible assets)	543,205	Legal capital surplus	1,639,216
Software	262,472	Retained earnings	19,140,115
Other	280,733	Other retained earnings	19,140,115
(Investments and other assets)	2,084,502	Retained earnings brought forward	19,140,115
Investment securities	30,098	Treasury shares	(1,000,385)
Distressed receivables	20,150	Valuation and translation adjustments	54,328
Shares of subsidiaries and associates	50,000	Deferred gains or losses on hedges	54,328
Long-term loans receivable from subsidiaries and associates	500,000		
Long-term prepaid expenses	37,184		
Leasehold and guarantee deposits	432,887		
Deferred tax assets	1,023,356		
Other	10,975		
Allowance for doubtful accounts	(20,150)	Total net assets	21,472,490
Total assets	28,236,772	Total liabilities and net assets	28,236,772

Note: Amounts are shown by rounding off amounts less than 1,000 yen.

Statement of Income

(From April 1, 2021 to March 31, 2022)

(Thousands of yen)

Account item	Amount	
Net sales		33,978,079
Cost of sales		18,043,390
Gross profit		15,934,689
Selling, general and administrative expenses		12,065,326
Operating profit		3,869,362
Non-operating income		
Gain on adjustment of accounts payable - other	12,373	
Subsidy income	9,457	
Gain on investments in investment partnerships	16,575	
Other	4,468	42,875
Non-operating expenses		
Interest expenses	98	
Foreign exchange losses	38,004	
Other	2,984	41,087
Ordinary profit		3,871,150
Extraordinary income		
Gain on sale of non-current assets	19	19
Extraordinary losses		
Loss on sale and retirement of non-current assets	4,883	
Impairment losses	14,193	19,077
Profit before income taxes		3,852,092
Income taxes - current	1,399,390	
Income taxes - deferred	(228,396)	1,170,993
Profit		2,681,099

Note: Amounts are shown by rounding off amounts less than 1,000 yen.

Statement of Changes in Equity
(From April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance on April 1, 2021	1,639,216	1,639,216	1,639,216	17,470,810	17,470,810
Cumulative effects of changes in accounting policies				(26,824)	(26,824)
Beginning balance for the current period reflecting changes in accounting policies	1,639,216	1,639,216	1,639,216	17,443,986	17,443,986
Changes during period					
Dividends of surplus				(984,969)	(984,969)
Profit				2,681,099	2,681,099
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	–	1,696,129	1,696,129
Balance on March 31, 2022	1,639,216	1,639,216	1,639,216	19,140,115	19,140,115

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance on April 1, 2021	(1,000,345)	19,748,896	15,722	15,722	19,764,619
Cumulative effects of changes in accounting policies		(26,824)			(26,824)
Beginning balance for the current period reflecting changes in accounting policies	(1,000,345)	19,722,072	15,722	15,722	19,737,795
Changes during period					
Dividends of surplus		(984,969)			(984,969)
Profit		2,681,099			2,681,099
Purchase of treasury shares	(39)	(39)			(39)
Net changes in items other than shareholders' equity			38,605	38,605	38,605
Total changes during period	(39)	1,696,089	38,605	38,605	1,734,695
Balance on March 31, 2022	(1,000,385)	21,418,162	54,328	54,328	21,472,490

Note: Amounts are shown by rounding off amounts less than 1,000 yen.

This is the English translation of the audit report on consolidated financial statements which was originally issued in Japanese.

Accounting Audit Report on Consolidated Financial Statements

Audit Report of the Independent Auditor

May 17, 2022

To: Board of Directors of FURYU Corporation

Deloitte Touche Tohmatsu LLC

Tokyo Office

Designated Engagement Partner

Certified Public Accountant

Michiyuki Yamamoto

Designated Engagement Partner

Certified Public Accountant

Yuichiro Koga

Audit Opinions

Pursuant to the provisions of Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements for the fiscal year from April 1, 2021 to March 31, 2022 of FURYU Corporation, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of FURYU Corporation and the corporate group comprising its consolidated subsidiary as of March 31, 2022 and its consolidated financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in “Responsibilities of the Auditor in the Audit of the Consolidated Financial Statements.” In accordance with the provisions of the Code of Professional Ethics in Japan, we are independent of the company and its consolidated subsidiary, and we have fulfilled our other ethical responsibilities as the auditor. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information consists of the business report and supplementary schedules. Management is responsible for preparing and disclosing the other information. Auditors and the Board of Auditors are responsible for monitoring the execution of duties by Directors in the development and operation of the reporting process for the other information.

The scope of our opinion on the consolidated financial statements does not include the other information, and we do not provide our opinion on the other information.

Our responsibilities for the audit of the consolidated financial statements is to read through the other information, and in doing so, consider whether there are material differences between the other information and the consolidated financial statements or our knowledge acquired during the audit. This responsibility also includes paying attention to whether there are any other indications of material errors in the other information besides such material differences.

If we determine, based on the audit work performed, that there are material errors in the other information, we are required to report those facts.

We have no matters to report regarding the other information.

Responsibilities of Management, Auditors and the Board of Auditors for the Consolidated Financial Statements

Management is responsible for preparing and fairly presenting the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal control that is deemed necessary by management in order to prepare and fairly present the consolidated financial statements that are free of material misstatement due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the ability to continue as a going concern, and disclosing, as applicable, matters regarding the going concern in accordance with accounting principles generally accepted in Japan.

Auditors and the Board of Auditors are responsible for monitoring the execution of duties by Directors in the development and operation of the financial reporting process.

Responsibilities of Auditor for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Moreover, design and perform audit procedures in response to those risks of material misstatement. The selection and application of audit procedures depend on the auditor's judgement. Furthermore, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the consolidated financial statements to express an opinion on the

effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the validity of related notes.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether there are material uncertainties regarding events or situations that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements, or if the notes to the consolidated financial statements are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes are in accordance with accounting principles generally accepted in Japan, as well as the presentation, structure and content of the consolidated financial statements, including the related notes, whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieve fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the company and its consolidated subsidiary to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Auditors and the Board of Auditors regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by audit standards.

We also provide Auditors and the Board of Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interests Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partner do not have any interest in the company and its consolidated subsidiary which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Independent Auditor

May 17, 2022

To: Board of Directors of FURYU Corporation

Deloitte Touche Tohmatsu LLC

Tokyo Office

Designated Engagement Partner

Certified Public Accountant

Michiyuki Yamamoto

Designated Engagement Partner

Certified Public Accountant

Yuichiro Koga

Audit Opinions

Pursuant to the provisions of Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements for the 16th fiscal year from April 1, 2021 to March 31, 2022, of FURYU Corporation, namely, the balance sheet, statement of income, statement of changes in equity, the related notes and supplementary schedules thereof (“non-consolidated financial statements, etc.”).

In our opinion, the accompanying non-consolidated financial statements, etc., present fairly, in all material respects, the financial position as of March 31, 2022 and the financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinions

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Responsibilities of the Auditor in the Audit of the Non-consolidated Financial Statements, etc.” In accordance with the provisions of the Code of Professional Ethics in Japan, we are independent of the company, and we have fulfilled our other ethical responsibilities as the auditor. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information

Other information consists of the business report and the supplementary schedules. Management is responsible for preparing and disclosing the other information. Auditors and the Board of Auditors are responsible for monitoring the execution of duties by Directors in the development and operation of the reporting process for the other information.

The scope of our opinion on the non-consolidated financial statements, etc., does not include the other information, and we do not provide our opinion on the other information.

Our responsibilities for the audit of the non-consolidated financial statements, etc., is to read through the other information, and in doing so, consider whether there are material differences between the other

information and the non-consolidated financial statements, etc., or our knowledge acquired during the audit. This responsibility also includes paying attention to whether there are any other indications of material errors in the other information besides such material differences.

If we determine, based on the audit work performed, that there are material errors in the other information, we are required to report those facts.

We have no matters to report regarding the other information.

Responsibility of the Management, Auditors and the Board of Auditors for the Non-consolidated Financial Statements, Etc.

Management is responsible for preparing and fairly presenting the non-consolidated financial statements, etc., in accordance with accounting principles generally accepted in Japan. This includes the development and operation of internal control that is deemed necessary by management in order to prepare the non-consolidated financial statements, etc., that are free of material misstatement due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc., with the assumption of the ability to continue as a going concern, and disclosing as applicable, matters regarding the going concern in accordance with accounting principles generally accepted in Japan.

Auditors and the Board of Auditors are responsible for monitoring the execution of duties by Directors in the development and operation of the financial reporting process.

Responsibilities of Auditor for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether there the non-consolidated financial statements, etc., as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc., based on our audit from an independent point of view. Misstatements can arise from fraud or error, and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Moreover, design and perform audit procedures in response to those risks of material misstatement. The selection and application of audit procedures depend on the auditor's judgement. Furthermore, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the non-consolidated financial statements, etc., to express an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the validity of related notes.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether there are material uncertainties regarding events or situations that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc., or if the notes to the non-consolidated financial statements, etc. are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. are in accordance with accounting principles generally accepted in Japan, as well as the presentation, structure and content of the non-consolidated financial statements, etc., including the related notes, whether the non-consolidated financial statements, etc. represent the underlying transactions and accounting events in a manner that achieve fair presentation.

We communicate with Auditors and the Board of Auditors regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters required by audit standards.

We also provide Auditors and the Board of Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, communicate with them matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interests Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partner do not have any interest in the company and its consolidated subsidiary which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Board of Auditors

Audit Report

In regard to the director's performance of their duties for the 16th fiscal year from April 1, 2021 to March 31, 2022, the board of auditors has prepared this Audit Report after deliberations based on audit reports prepared by each auditors and reports as follows.

1. Method and Contents of Audits by Auditors and the Board of Auditors

- (1) The board of auditors determined the audit policies, the annual plan of audit, etc. and received reports from each auditor regarding the implementation status and results of their audits, in addition to which it received reports from directors, etc. and the accounting auditor regarding the status of performance of their duties and requested explanations as necessary.
- (2) In compliance with the audit standards for auditor established by the board of auditors and in accordance with the audit policies and division of duties, etc., each auditor communicated with the directors, the Internal Audit Office, and other employees, etc., endeavored to gather information and develop the audit environment, and conducted audits using the following methods.
 - 1) Auditors attended the board of directors and other important meetings, received reports from directors and employees, etc. regarding the status of the performance of their duties requested explanations as necessary, viewed important decision-making documents etc., and inspected the status of operations and assets at the head office and main business locations, and had interviews with the representative director and the director responsible for the Corporate Management HQs to exchange opinions and information concerning the issues regarding audits. Additionally, in regard to a subsidiary, the auditors communicated and exchanged information with the directors and auditors, etc. of the subsidiary, and received reports on business from the subsidiary as necessary.
 - 2) In regard to the content of resolutions of the board of directors regarding the development of system to ensure that the directors' performance of their duties complies with laws, regulations and the articles of incorporation and other systems provided for in Article 100, paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act as systems necessary to ensure the appropriateness of operations of the corporate group composed of a stock company and its subsidiary, as well as the systems developed pursuant to those resolutions (i.e., internal control systems) stated in the business report, the auditors periodically received reports from directors and employees, etc. regarding the status of the establishment and operation of those systems and as necessary requested explanations and expressed opinions in regard thereto.
 - 3) The auditors oversaw and verified whether the accounting auditor maintained an independent position and conducted an appropriate audit, received reports from the accounting auditor on the status of the performance of its duties, and requested explanations as necessary. Additionally, the auditors received notification from the accounting auditor that, in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), etc., it had developed systems in order to ensure that its duties are appropriately performed (i.e., notification of the matters stated in the items of Article 131 of the Regulations on Corporate Accounting) and requested explanations as necessary.

Using the methods above, the auditors examined the business report, the supplementary schedules thereto, the non-consolidated financial statements (i.e., the balance sheet, statement of income, statement of changes in equity, and notes to non-consolidated financial statements), and the supplementary schedules to the non-consolidated financial statements, and the consolidated financial statements (i.e., the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the fiscal year.

2. Audit Results

(1) Results of the Audit of the Business Report, Etc.

- 1) We find that the business report and the supplementary schedules thereto accurately present the status of the company in accordance with laws, regulations and the articles of incorporation.
- 2) We do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the articles of incorporation in relation to the directors' performance of their duties.
- 3) We find the content of the resolutions of the board of directors regarding internal control systems to be reasonable. Additionally, we do not find any matters that should be commented upon in regard to the statements in the business report or the directors' performance of their duties regarding to the internal control system.

(2) Results of audit of non-consolidated financial statements and supplementary schedules thereto

We find the method and results of the audit by accounting auditor, Deloitte Touche Tohmatsu LLC, to be reasonable.

(3) Results of the audit of consolidated financial statements

We find the method and results of the audit by accounting auditor, Deloitte Touche Tohmatsu LLC, to be reasonable.

3. Scope and Method of Audit by Each Auditor

Part-Time Auditors (Two persons): Attendance at the board of directors meetings, attendance at the board of auditors meetings, interviews with the accounting auditor, and audit of reasonableness of the resolution of the board of directors on the internal control system through interviews with directors

*Refer to the minutes of the board of directors meetings and the board of auditors meetings.

Full-Time Auditor: Attendance at the board of directors meetings, attendance at the board of auditors meetings, attendance at the management meetings, observation of inventory count, inspection of internally approved documents and various rules, interviews with directors, and interviews with the accounting auditor, among others

*Refer to the minutes of the board of directors meetings and the board of auditors meetings, and the records of audits.

May 20, 2022

Board of Auditors of FURYU Corporation
Full-Time Auditor Takayuki Nakamura
Auditor (External Auditor) Omou Yamazaki
Auditor (External Auditor) Shinichiro Yoshiba

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Partial Amendment to the Articles of Incorporation

1. Reasons for Amendments

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 15, paragraph 1 in “Proposed amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) Article 15, paragraph 2 in “Proposed amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 15 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the Amendments

The details of the amendments are as follows:

(Changes are underlined.)

Current Articles of Incorporation	Proposed amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 15. When the Company convenes a General Meeting Of Shareholders, if it discloses information that is to be stated or presented in the reference documents for the General Meeting Of Shareholders, Business Report, Financial Statements and Consolidated Financial Statements through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;">[Establishment]</p>	<p style="text-align: center;">[Deletion]</p> <p><u>(Measures, etc., for Providing Information in Electronic Format)</u></p> <p><u>Article 15.</u></p> <p style="padding-left: 20px;"><u>1. When the Company convenes a General Meeting Of Shareholders, it shall take measures for providing information that constitutes the content of reference documents for the General Meeting Of Shareholders, etc., in electronic format.</u></p>

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter 8. Supplementary Provisions [Establishment]</p>	<p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p>Chapter 8. Supplementary Provisions <u>(Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u> <u>Article 45.</u></p> <p><u>1. The amendment to the Articles of Incorporation pertaining to Article 15 shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p><u>2. Notwithstanding the provision of the preceding paragraph, Article 15 of the Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any General Meeting Of Shareholders held on a date within six months from the Date of Enforcement.</u></p> <p><u>3. This Article shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal No. 2: Election of six Directors

The terms of office of all six Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of the following six Directors.

The candidates for Director are as follows:

Candidate No.	Name		Current position and responsibility at the Company	Attributes
1	Takashi Mishima	(Male)	President	Re-election
2	Masato Yoshida	(Male)	Executive Managing Director Strategy Officer General Manager of SEKAIKAN Business HQs General Manager of Corporate Strategy HQs	Re-election
3	Katsuyuki Inage	(Male)	Managing Director Technical Officer General Manager of GIRLS Trend Business HQs GIRLS Research Institute management	Re-election
4	Michinari Sasanuma	(Male)	Director General Manager of Corporate Management HQs	Re-election
5	Takako Kotake	(Female)	External Director	Re-election External Independent
6	Kento Uno	(Male)	External Director	Re-election External Independent

Re-election: Candidate for Director to be re-elected

External: Candidate for External Director

Independent: Independent officer as defined by the securities exchange, etc.

Candidate No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Takashi Mishima (October 26, 1965) Re-election	<p>Apr. 1988 Joined Tateishi Electric Corporation (current OMRON Corporation)</p> <p>July 2003 OMRON Entertainment Co., Ltd. General Manager of Business Strategy Department</p> <p>Mar. 2007 Director and General Manager of Corporate Planning & Management Department of the Company</p> <p>Jun. 2010 Managing Director</p> <p>Jun. 2014 Executive Managing Director</p> <p>Mar. 2015 General Manager of Corporate Management HQs</p> <p>Mar. 2016 General Manager of GIRLS Trend Business HQs</p> <p>Jun. 2018 President (current position)</p> <p>Apr. 2021 Director of Olu. Inc. (current position)</p>	820,000
<p>[Reasons for nomination as candidate] Mr. Mishima reconstructed business strategies based on his experience of leading the corporate management and business divisions to improve earnings, actively implemented internal system reforms, and has exercised strong leadership as President since June 2018.</p>			
2	Masato Yoshida (March 08, 1966) Re-election	<p>Apr. 1989 Joined Tateishi Electric Corporation (current OMRON Corporation)</p> <p>July 2003 Joined OMRON Entertainment Co., Ltd.</p> <p>Sept. 2006 General Manager of Prize Div</p> <p>Apr. 2007 General Manager of Prize Div of the Company</p> <p>Jun. 2010 Director</p> <p>Jun. 2012 Managing Director</p> <p>Jan. 2014 Concurrently serving as General Manager of Game Software Div</p> <p>Jun. 2014 Executive Managing Director (current position)</p> <p>Mar. 2016 General Manager of SEKAIKAN Business HQs (current position)</p> <p>Jun. 2021 Strategy Officer (current position)</p> <p>Mar. 2022 General Manager of Corporate Strategy HQs (current position)</p>	840,000
<p>[Reasons for nomination as candidate] In addition to having established character merchandizing, game and anime business operations, Mr. Yoshida has established a firm position in the industry by demonstrating leadership as a business manager, and has abundant experience in expanding business overseas.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Katsuyuki Inage (September 12, 1966) Re-election	Apr. 1989 Joined Tateishi Electric Corporation (current OMRON Corporation)	750,000
		July 2003 Joined OMRON Entertainment Co., Ltd.	
Apr. 2007 General Manager of Development, Amusement Arcade machine Div of the Company			
Jun. 2013 Director			
Mar. 2016 General Manager of Photo Sticker Machine Div			
Mar. 2019 General Manager of GIRLS Trend Business HQs (current position)			
Jun. 2019 Managing Director (current position)			
Jun. 2021 Technical Officer (current position)			
Mar. 2022 GIRLS Research Institute directorship (current position)			
[Reasons for nomination as candidate] Mr. Inage has abundant experience of having greatly contributed to the expansion of the Photo Sticker Business through the variation strategy, etc., utilizing his experience in development of the Photo Sticker Business, and having led business in the GIRLS Trend field.			
4	Michinari Sasanuma (April 23, 1964) Re-election	Apr. 1988 Joined The Fuji Bank, Limited (current Mizuho Bank, Ltd.)	2,100
		Apr. 2013 General Manager of Tsurumi-Ekimae Branch	
May 2016 Temporary transfer to the Company			
July 2016 General Manager of Finance & Accounting Department			
Mar. 2017 General Manager of Risk Management Department and Finance & Accounting Department			
May 2017 Joined the Company			
Mar. 2018 General Manager of Corporate Management HQs (current position)			
Jun. 2018 Director (current position)			
[Reasons for nomination as candidate] Mr. Sasanuma has abundant operational experience in the finance and accounting, compliance and risk management areas at a major financial institution, and possesses insights and ability to actively promote the enhancement of corporate value and sustainability through improving the Company's governance system.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	Takako Kotake [Name in the family register: Takako Saito] (September 06, 1972) Re-election External Independent	May 2004 Joined Coin Ltd. (current Cookpad Inc.)	
		July 2008 Executive Officer	
		July 2010 Manager of President's Office	
		Feb. 2012 Retired from Cookpad Inc.	
		Jun. 2013 HOKUTO Corporation Director (External Director) (current position)	
		Nov. 2013 Established Kasumi Corporation Executive Director (current position)	
		Apr. 2016 Joined Cookpad Inc. Managing Director of Corporate Branding Department and Editing Department	
		Jun. 2018 External Director of the Company (current position)	
		Sept. 2020 Managing Director of Corporate Branding Department of Cookpad Inc. (current position)	
[Reasons for nomination and summary of expected roles] Ms. Kotake actively provides recommendations and advice on management with insights into branding and public relations utilizing her business experience in other companies, and also makes recommendations from new perspectives of diversity and sustainability as an External Director. We have continued to nominate her as candidate for External Director, expecting that she will continue to provide advice and recommendations utilizing her experience and insights to play an appropriate role in ensuring the validity and appropriateness of decision-making, as well as continue to play a role as a member of the Nominating and Remuneration Committee so as to help ensure the transparency of management and enhance the supervisory function over management.			
6	Kento Uno (February 09, 1977) Re-election External Independent	May 1999 Joined Accenture Japan Ltd	
		Aug. 2005 Joined transcocosmos inc.	
		Jan. 2009 Joined M-OUT Inc.	
		Sept. 2011 Founded Userus Inc. (current hacchu navi Inc.), CEO	
		Oct. 2018 Founded Ironforge LLP, CEO (current position)	
		Jun. 2020 External Director of the Company (current position)	
[Reasons for nomination and summary of expected roles] Mr. Uno has deep insights into IT, experience in launching new businesses, and abundant knowledge from the perspectives of digital transformation strategies, and formulation of business development and growth strategies as a management consultant, and actively provides advice and recommendations on management. We have continued to nominate him as candidate for External Director, expecting that he will continue to provide advice and recommendations utilizing his experience and insights to play an appropriate role in ensuring the validity and appropriateness of decision-making, as well as continue to play a role as a member of the Nominating and Remuneration Committee so as to help ensure the transparency of management and enhance the supervisory function over management.			

- Notes: 1. There is no special interest between any of the candidates for Director and the Company.
2. Takako Kotake and Kento Uno are candidates for External Director.
3. Takako Kotake is currently an External Director of the Company, and at the conclusion of this meeting, her tenure as External Director will have been four years. Kento Uno is currently an External Director of the Company, and at the conclusion of this meeting, his tenure as External Director will have been two years.
4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with External Directors Takako Kotake and Kento Uno to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. The maximum amount of liability for damages under these agreements is the minimum liability amount provided for by Article 425, paragraph (1) of the same Act. If the re-election of Ms. Kotake and Mr. Uno is approved, the Company plans to renew the aforementioned agreements with them.
5. All candidates for Director are currently Directors of the Company, and the Company has entered into a directors and officers liability insurance policy, which includes all Directors as the insured with an insurance company. The insurance policy indemnifies the insured for such costs as litigation expenses

and monetary damages incurred from claims for damages arising from acts carried out by the insured in the course of his or her duties. All premiums for the insured are fully borne by the Company, and if any of the Director candidates' re-election is approved, they will continue to be included in the policy as the insured. In addition, the Company plans to renew the policy with the same terms during their term of office.

6. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Takako Kotake and Kento Uno have been designated as independent officers as provided for by the aforementioned exchange. If their re-election is approved, the Company plans for their designation as independent officers to continue.
7. The number of the Company's shares owned by each candidate is that at the end of the fiscal year under review (March 31, 2022).

[Reference] Director candidates skill Matrix

In order for the Board of Directors to effectively fulfill its roles and responsibilities, the Company selects candidates for Director who are well informed about the Company's business and its issues, and who possess a wealth of experience, a high level of insight, and a high degree of expertise and ability as required by the Company. The Company also ensures the diversity of knowledge, experience, and ability of the Board members.

In the table below, we have defined the skills that we specifically expect from our candidates for Director, and present the primary knowledge and experience possessed by each director candidate.

Candidate No.	Name	Position and responsibility at the Company	Gender	Expertise/experience						
				Management	Company business operations	Information/ Technology	New business development	Overseas business operations	Finance/ Accounting	Sustainability
1	Takashi Mishima	President	(Male)	○	○		○		○	
2	Masato Yoshida	Executive Managing Director Strategy Officer General Manager of SEKAIKAN Business HQs General Manager of Corporate Strategy HQs	(Male)	○	○		○	○		
3	Katsuyuki Inage	Managing Director Technical Officer General Manager of GIRLS Trend Business HQs GIRLS Research Institute management	(Male)	○	○	○				
4	Michinari Sasanuma	Director General Manager of Corporate Management HQs	(Male)	○					○	○
5	Takako Kotake	External Director (Independent officer)	(Female)	○			○			○
6	Kento Uno	External Director (Independent officer)	(Male)	○		○	○			

Note: This table does not represent all the skills possessed by each candidate for Director.

Proposal No. 3: Election of two Substitute Auditors

The Company requests approval for the election of two substitute Auditors in advance to be ready to fill a vacant position should the number of Auditors fall below the number required by laws and regulations.

The Company requests approval for the election of Yukiyasu Takao as a substitute Auditor for Auditor Takayuki Nakamura, and Hidetake Kishimoto as a substitute Auditor for External Auditors Omou Yamazaki and Shinichiro Yoshiba.

Candidates for substitute Auditors shall assume office on condition that the number of Auditors falls below the number required by laws and regulations, and their tenure shall be until the expiration of the retiring Auditors' tenure. Moreover, this election shall be valid until the start of the next annual general meeting of shareholders.

In addition, the consent of the Board of Auditors has been obtained for this proposal.

The validity of this election can be nullified by resolution of the Board of Directors if the consent of the Board of Auditors has been obtained; provided, however, that this applies only at a time before assuming office.

The candidates for substitute Auditor are as follows:

Candidate No.	Name (Date of birth)	Career summary (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yukiyasu Takao (March 16, 1967)	Apr. 1989 Joined MEITEC CORPORATION Jun. 2010 Joined the Company Mar. 2017 GIRLS Trend Business HQs Photo Sticker Machine Div General Manager of Development Department Mar. 2018 GIRLS Trend Business HQs Vice General Manager of Photo Sticker Machine Div Mar. 2020 GIRLS Trend Business HQs Vice General Manager of Pictlink Div (current position)	10,578
[Reasons for nomination as candidate] Mr. Takao has abundant experience in manufacturing including product development in the Company's key business operations, and the Company would like to utilize his experience and knowledge as Auditor.			
2	Hidetake Kishimoto (December 8, 1974)	Oct. 2001 Joined ChuoAoyama PricewaterhouseCoopers Oct. 2006 Joined AGS Consulting Co., Ltd. Jun. 2014 Opened Kishimoto CPA Firm (current position) Mar. 2016 External Auditor, ANTEPRIMA JAPAN LTD (current position) Feb. 2019 Established SHIN Consulting Ltd., Chief Executive Officer (current position)	-
[Reasons for nomination as candidate for External Auditor] The Company would like Mr. Kishimoto to provide supervision and guidance from the perspective of finance and accounting, utilizing his abundant experience and broad insights as a certified public accountant.			

Notes: 1. There is no special interest between any of the candidates and the Company.

2. Hidetake Kishimoto is a candidate for substitute External Auditor.

3. If Yukiyasu Takao and Hidetake Kishimoto assume office, the Company plans to enter into limited liability agreements with them pursuant to the provisions of Article 427, paragraph (1) of the Companies Act to limit their liability for damages under Article 423, paragraph (1) of the same Act. The maximum amount of liability for damages under these agreements shall be the minimum liability amount provided for by Article 425, paragraph (1) of the same Act.

4. The Company has entered into a directors and officers liability insurance policy that includes all Auditors as the insured with an insurance company. The insurance policy indemnifies the insured for such costs as litigation expenses and monetary damages incurred from claims for damages arising from acts carried out by the insured in the course of his or her duties. All premiums for the insured are fully borne by the Company. When the policy is renewed, the Company plans to renew the policy with the

same terms. If Mr. Takao and Mr. Kishimoto assume office as Auditors, each of them will be included as an insured party in such insurance policy or an insurance policy with the same terms as such policy.

5. If Hidetake Kishimoto assumes office as Auditor, the Company plans to submit notification to Tokyo Stock Exchange, Inc. concerning his designation as an independent officer as provided for by the aforementioned exchange.
6. The number of the Company's shares owned by each candidate is that at the end of the fiscal year under review (March 31, 2022). The number of the Company's shares owned by Yukiyasu Takao is listed as his interest in the Fuyu Employee Shareholding Association.