

Securities Code 6535  
October 7, 2022

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

## Notice of the 15th Annual General Meeting of Shareholders

Dear Shareholders:

We would like to inform you that the 15th Annual General Meeting of Shareholders of i-mobile Co., Ltd. (the “Company”) will be held as described below.

In order to prevent the spread of the new coronavirus infections, we kindly request you to refrain from attending the meeting as much as possible and exercise your voting rights in writing instead. You are able to exercise your voting rights in writing or the Internet. Please consider the attached Reference Documents for the General Meeting of Shareholders, and if voting in writing, indicate your vote for or against the proposal in the enclosed Voting Rights Exercise Form, and mail it so that it is delivered by 5 p.m. on Wednesday, October 6, 2022 (JST). In the case of exercising your voting rights via the Internet, please exercise your voting rights by 5:00 p.m. on Wednesday, October 26, 2022 (JST). For details, please refer to “Guide to the Exercise of Voting Rights” on pages 3 to 5.

1. Date and Time: 10 a.m. on Thursday, October 27, 2022 (JST)  
(Reception starts at 9:30 a.m.)
2. Venue: Hall A, TKP Garden City Shibuya, Shibuya Higashiguchi  
Building 1F, 2-22-3 Shibuya, Shibuya-ku, Tokyo, Japan
3. Meeting Agenda:  
Matters to be reported:
  1. Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by Accounting Auditor and Audit & Supervisory Committee for the 15th Fiscal Year (August 1, 2021 to July 31, 2022)
  2. Non-Consolidated Financial Statements for the 15th Fiscal Year (August 1, 2021 to July 31, 2022)

Proposals to be resolved:

- |          |  |
|----------|--|
| Proposal | Election of Six Directors<br>(Excluding Audit & Supervisory Committee Members) |
|----------|--|

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

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

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

### **Request to shareholders**

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


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

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

## Guide to the Exercise of Voting Rights

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

● Via the Internet



**Exercise Deadline** By 5 p.m. on  
Wednesday, October 26, 2022 (JST)

Please access our website for exercising voting rights and indicate your vote for or against by the Exercise Deadline.


Access [voting rights exercise website: <https://soukai.mizuho-tb.co.jp/>], and use the voting code and password provided on the enclosed Voting Rights Exercise Form, and follow the on-screen instructions to indicate your vote for or against of each proposal.

\*Depending on your Internet environment, the services you subscribe to, and the model you are using, you may not be able to access the voting rights exercise website.

\*Shareholders are responsible for connection and communication charges when using the voting rights exercise website.

▶ Please refer to the next page for more about “Smart Exercise,” an method of access by scanning a QR code.

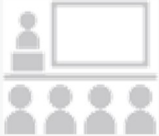
● Exercise by mail



**Exercise Deadline** Mail delivered by 5 p.m. on  
Wednesday, October 26, 2022 (JST)

Please indicate your vote for or against on the enclosed Voting Rights Exercise Form and return it so that it arrives by the Exercise Deadline.

● Attending the Shareholders Meeting



**Date and time of the meeting** Thursday, October 27, 2022  
10:00 a.m. (JST)  
(Reception starts at 9:30 a.m.)

Please complete and submit the enclosed Voting Rights Exercise Form at the reception desk.

In addition, we ask that you bring this booklet with you as meeting reference material.

When exercising your voting rights, please be aware of the following matters.

- If you exercise your voting rights both by postal mail using the Voting Rights Exercise Form and via the Internet, the voting rights exercised via the Internet will be handled as valid.
- In the event that you exercise your voting rights more than once via the Internet, the most recent exercise will be handled as valid.

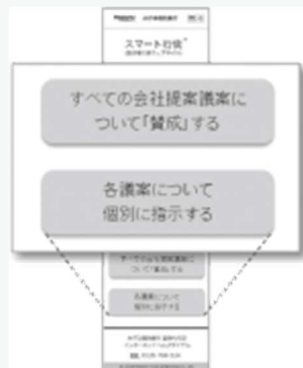
### ◆“Smart Exercise” method of scanning QR code◆

You can log in to the voting rights exercise website without entering your voting code and password.

- 1 Please scan the QR code at the bottom right of the Voting Rights Exercise Form.



- 2 Follow the instructions on the screen to enter your vote for or against.



“Smart Exercise” can be used **only once** to exercise your voting rights.

If you wish to change your vote(s) after exercising your voting rights, please access the site for computers, enter the “Voting Rights Exercise Code” and “Password” on the Voting Rights Exercise Form to log in, and exercise your voting rights again.

\*Scan the QR code again to be redirected to the site for computers.  
For details, please see the next page.

### ◆Method to access the Voting Rights Exercise Website◆

When exercising your voting rights on the Voting Rights Exercise Website (link below), please enter your “**Voting Rights Exercise Code**” and “**Password**” on the Voting Rights Exercise Form and then follow the instructions on the screen. For security purposes, you will need to change your password when you log in for the first time.

#### Voting Rights Exercise Website

<https://soukai.mizuho-tb.co.jp/>

#### Procedures for the Exercising Voting Rights

**1** ◆Accessing the Voting Rights Exercise Website◆

Click “**Next**”

**2** Log in

Enter the “Voting Rights Exercise Code” on your Voting Rights Exercise Form, and click “**Next**”

**3** Enter your password

Enter the “**Password**” on your Voting Rights Exercise Form and then enter your new password and click “**Register**”

Follow the instructions on the screen to enter your vote for or against.

#### Handling of password

- Your password (including those that have been changed) is valid only for this Annual General Meeting of Shareholders. You will be issued a new password at the next Annual General Meeting of Shareholders.
- If you enter the wrong password more than the prescribed number of times, your password will be locked and it can not be used. If your password becomes locked, follow the instructions on the screen.

If you have any questions, please contact us below.

Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.

Internet Help Dial

Tel. 0120-768-524 (toll free)

(Hours: 9:00 a.m. to 9:00 p.m. [excluding year-end and New Year's holidays])

(Attachment)

## **Business Report**

From August 1, 2021 to July 31, 2022

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

#### (1) Business Progress and Financial Results

During the fiscal year ended July 31, 2022, the Japanese economy showed signs of a moderate recovery amid the move toward normalization of economic activities, such as the easing of pandemic restrictions, in line with the entrenchment of measures against COVID-19, but the outlook remains uncertain, partly due to the rapid resurgence of COVID-19.

The i-mobile Group (the “Group”) had no significant impact on its business performance due to the spread of COVID-19 and the situation in Russia and Ukraine. However, if the economic impact becomes more prolonged and serious in the future, the Group’s business performance could be adversely affected by such factors as a contraction in the advertising market due to a decrease in the number of advertisers, a shrinkage in the hometown tax donation market because of a decline in individual residence tax and income tax, and further restrictions on business activities.

The Group is composed of two business segments — Consumer Service and Online Advertising — operating under the Group vision “Creating a Business for the Future.” In the market for the Hometown Tax Donation business, which is the mainstay of the Consumer Service segment, the hometown tax donation amount in fiscal 2021 increased by approximately 1.2 times year on year to 830.2 billion yen while the number of hometown tax donations also continuously increased by approximately 1.3 times to 44.47 million. In addition, the number of people eligible for the hometown tax donation credit (the number of people who actually made a hometown tax donation and were eligible for a residence tax credit) also increased year on year by approximately 1.3 times to 7.408 million people\*1, as it becomes more widely accepted as a system in line with its initial purpose of realizing regional revitalization.

Moreover, in the domestic online advertising market, which is a core business domain in the Online Advertising segment, online advertising expenditure in 2021 increased by 21.4% year on year to 2,705.2 billion yen, growth remained steady with the acceleration in the digitization of society serving as a tailwind. In particular, online advertising media expenditures grew 22.8% year on year to 2,157.1 billion yen, reflecting a rebound from the previous year, when consumption was sluggish due to the impact of COVID-19 and advertising placements declined, resulting in a marked increase in demand for video ads\*2. Overall online advertising media expenditures in 2022 is forecasted to reach 115.0% of the previous year’s level, or 2,481.1 billion yen\*3, and further market growth is expected.

As an Internet marketing company in this business climate, the Group has worked to further enhance corporate value, leveraging the technology and marketing expertise from multiple angles cultivated in the core Online Advertising (Ad Network) business by developing new markets, and investing in growth business sectors.

With the Hometown Tax Donation business which has functions for solving social issues, such as the local-community revitalization, we improved recognition of the Furunavi brand and ran promotion activities to increase the number of local governments we do business with, and strengthened original plans for experience-based gifts in return such as dining and lodging gift certificates, working with local governments on. In the Online Advertising segment, we worked to secure stable profits by

improving the earnings structure of the Ad Network business and promoted the growth of the Media Solution and App Operation businesses, which are both the focus areas. We also strived to expand our media-related business, including making Simple App Studio Inc. in the HealthTech field a subsidiary in October 2021.

Furthermore, in order to meet the expectations of society by engaging in sustainability management from a medium- to long-term perspective, the Group established an advisory committee of Independent Outside Directors in the fiscal year ended July 31, 2022 to deepen discussions and strengthen governance-related initiatives. In addition, the Company formulated a Basic Policy on Sustainability, and we are further enhancing and disclosing our efforts to resolve social issues, including environmental and climate change issues, in a timely manner. In December 2021, we established the Hometown Tax Donation Regional Revitalization Collaboration Lab and worked to resolve social issues using the Hometown Tax Donation system through industry-government-academia collaboration, including sending approximately 32 tons of rice to a total of 6,400 single-parent households in Tokyo that were exhausted by the COVID-19 pandemic.

As a result of these efforts, for the fiscal year ended July 31, 2022, the Group recorded net sales of 13,933 million yen, up 20.2% year on year, operating profit of 3,793 million yen, up 12.2% year on year, ordinary profit of 3,839 million yen, up 14.0% year on year, and profit attributable to owners of parent of 2,678 million yen, up 16.5% year on year.

The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, the “Revenue Recognition Accounting Standard”), etc. from the beginning of the fiscal year ended July 31, 2022. The figures for the current fiscal year are after the application of such accounting standards. Because the new accounting policy has been applied retrospectively to all prior periods in accordance with the principle stipulated in Paragraph 84 of the Revenue Recognition Accounting Standard, comparisons and analysis with the previous consolidated fiscal year have been made using figures after retrospective application of the said accounting standard, etc.

\*1 Source: Results of Survey on Current Status of Hometown Tax Donations, Municipal Tax Planning Division, Local Tax Bureau, Ministry of Internal Affairs and Communications of Japan, July 29, 2022

In addition, the results including the hometown tax donation amount were calculated based on the municipal fiscal year (from April 1 to March 31 of the following year), which differs from the calculation period of residence tax.

\*2 Source: *2021 Advertising Expenditures in Japan*, Dentsu Inc., February 24, 2022

\*3 Source: *2021 Advertising Expenditures in Japan: Detailed Analysis of Expenditures on Internet Advertising Media*, CARTA COMMUNICATIONS Inc., D2C Inc., Dentsu Inc., Dentsu Digital Inc., March 9, 2022

Business performance by segment was as follows.

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

From the fiscal year ended July 31, 2022, in order to more appropriately evaluate the performance of each segment, the Company has reviewed the method for allocation of corporate expenses and changed the method for calculating profit or loss for each segment. The rate of year-on-year change compares figures based on the calculation method for profit or loss after the change.

#### Consumer Service segment

In the Consumer Service segment, the Company operates the Hometown Tax Donation business “Furunavi,” as well as the Furunavi Travel business, Restaurant PR business, and Loyalty Points Service business as peripheral businesses. The mainstay “Furunavi” Hometown Tax Donation business continues to grow sustainably and consistently as both the number of members and the number of donations have risen due to the growth of the market resulting from increased recognition of the system, stay-at-home demand, an increase in the number of contracted local governments and the number of returned gifts, airing of TV commercials and web advertising on social media, and other services to attract new members and to strengthen reminders for repeat customers. Additionally, the number of municipalities that have signed up for our unique experience-based gifts in return that offer dining and lodging experiences is steadily increasing, and in December 2021 we started to handle other electricity-related gifts in return that can be used for payment of electricity bills when electricity derived from renewable energy is used. In addition, we are further improving customer convenience by expanding the exchange destinations of Furunavi Coin Service, which can be exchanged for various point-based services that can be used for cashless payment.

As a result, net sales in the Consumer Service segment for the fiscal year ended July 31, 2022 were 9,916 million yen, up 28.6% year on year, and segment profit was 2,495 million yen, up 26.4% year on year, recording large growth in both sales and profit.

#### Online Advertising segment

In the Online Advertising segment, the Company operates the Ad Network business, the Affiliate business (payment- by-result ads), the Media Solution business, the Ad Agency business (Cyber Consultant, Inc.), and the App Operation business (Ohte, Inc. and Simple App Studio Inc.). In the Media Solutions business, which is a growth area, we posted strong results as the number of partners reached a record high, despite the impacts from changes in Google platform specifications, etc. In the App Operation business, there has been a slowdown in growth since the lifting of COVID-19 restrictions such as the a state of emergency, but we are aiming to re-accelerate growth due to decreased opportunities for contact with apps through the acquisition of repeat customers by launching new titles.

As a result, net sales in the Online Advertising Segment for the fiscal year ended July 31, 2022 was 4,065 million yen, up 3.3% year on year, and segment profit was 1,415 million yen, down 2.4% year on year.

#### (2) Capital Investments

The total amount of capital investments for the fiscal year ended July 31, 2022 was 136 million yen. They mainly consisted of acquisition of software related to in-house development of 42 million yen and acquisition of server equipment, etc., of 30 million yen in the Online Advertising segment as well as acquisition of software related to in-house development in the Consumer Service segment of 34 million yen, and acquisition of property, plant and equipment mainly for computers, a companywide asset, of 26 million yen.

There was no significant retirement or sale of facilities in the fiscal year ended July 31, 2022.

#### (3) Financing

Not applicable

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

Not applicable



(5) Acquisition of Business of Other Companies

Not applicable

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

Not applicable

(7) Acquisition or Disposal of Shares and Other Equity or Share Acquisition Rights of Other Companies  
On October 1, 2021, the Company acquired shares of Simple App Studio Inc. and made it a wholly-owned subsidiary.

(8) Issues to be Addressed

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

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

1) Acquire users and enhance user engagement

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

2) Improve ad delivery performance

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

3) Expand the business portfolio by creating new businesses

The Group believes that, as a strategy for achieving continuous growth, it is important not only to take measures for the growth of existing businesses but also to develop peripheral businesses, take measures for guiding users between services, and continuously work on various new businesses. Based on a portfolio strategy combining businesses with different user segments, the Group will diversify business models to contribute to the sustainable growth of earnings in the future.

4) Aggressive business alliances and corporate acquisitions

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

5) Strengthen the development framework

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

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

6) Develop and secure talented human resources

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

(7) Realize a sustainable society

To realize the Group vision "Creating a Business for the Future," we are committed to solving social issues through our business and corporate activities and aim to become an attractive company for all stakeholders by continuously enhancing our corporate value.

The Group has identified four material issues (materiality) of "QOL improvement," "social value creation," "sustainable urban development," and "discovering local attraction" as issues that should be prioritized, and will contribute to the resolution of social issues and the realization of a sustainable society through regional support utilizing the Hometown Tax Donation business "Furunabi" and the corporate version of Hometown Tax Donation.

8) Response to COVID-19

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

(9) Trends in Assets and Income

1) Trends in assets and income of the Group

(Millions of yen unless otherwise indicated)

Item	12h Fiscal Year ended July 2019	13h Fiscal Year ended July 2020	14h Fiscal Year ended July 2021	15h Fiscal Year ended July 2022 (current fiscal year)
Net sales	10,611	7,485	11,592	13,933
Ordinary profit	3,149	2,248	3,366	3,839
Profit attributable to owners of parent	1,367	1,727	2,299	2,678
Basic earnings per share (yen)	57.34	76.66	107.39	125.04
Total assets	16,911	15,359	18,992	18,193
Net assets	13,145	13,222	14,720	13,406
Net assets per share (yen)	542.17	607.12	683.85	662.71

- Notes: 1. The Company applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended July 31, 2022. Figures for the fiscal year ended July 31, 2021 and earlier are the figures after retrospective application of the accounting standard, etc.
2. From the fiscal year ended July 31, 2022, the unit amount has been changed from thousands of yen to millions of yen. In order to facilitate comparisons, for the fiscal years ended July 31, 2019 to July 2021, the Company has changed the unit amount from thousands of yen to millions of yen.

2) Trends in assets and income of the Company

(Millions of yen unless otherwise indicated)

Item	12h Fiscal Year ended July 2019	13h Fiscal Year ended July 2020	14h Fiscal Year ended July 2021	15h Fiscal Year ended July 2022 (current fiscal year)
Net sales	9,337	6,489	10,125	12,459
Ordinary profit	2,869	2,105	2,798	3,213
Profit	1,212	1,538	1,884	2,295
Basic earnings per share (yen)	50.84	68.28	88.00	107.15
Total assets	16,225	14,964	18,052	16,930
Net assets	12,935	12,994	14,076	12,380
Net assets per share (yen)	541.91	596.65	653.94	611.71

- Notes: 1. The Company applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year ended July 31, 2022. Figures for the fiscal year ended July 31, 2021 and earlier are the figures after retrospective application of the accounting standard, etc.
2. From the fiscal year ended July 31, 2022, the unit amount has been changed from thousands of yen to millions of yen. In order to facilitate comparisons, for the fiscal years ended July 31, 2019 to July 2021, the Company has changed the unit amount from thousands of yen to millions of yen.

(10) Parent and Significant Subsidiaries

1) Parent company

Not applicable

2) Significant subsidiaries

Name of company	Share capital (million yen)	Ownership ratio of the Company (%)	Major business
Cyber Consultant, Inc.	30	100.0	Online Advertising
Ohte, Inc.	2	100.0	Online Advertising
Simple App Studio Inc.	1	100.0	Online Advertising

Notes: 1. There are no subsidiaries that fall under the category of specified wholly-owned subsidiaries.  
2. In the fiscal year ended July 31, 2022, the Company acquired the shares of Simple App Studio Inc. and made it a consolidated subsidiary.

(11) Major Business

As of July 31, 2022

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

(12) Major Offices

1) The Company

Headquarters: Tokyo head office (Shibuya-ku, Tokyo)  
Sales office: Kansai branch office (Kita-ku, Osaka-shi, Osaka)

2) Subsidiaries and associates

Japan: Shibuya-ku, Tokyo

(13) Employees

1) Employees of the Group

As of July 31, 2022

Number of employees	Changes from the end of the previous fiscal year
200 (—)	Decreased by 4 (—)

- Notes: 1. The number of employees is the number of full-time employees. The number of temporary employees is separately shown in parentheses.  
2. The number of temporary employees includes part-time workers and excludes agency contractors.

2) Employees of the Company

As of July 31, 2022

Number of employees	Changes from the end of the previous fiscal year	Average age	Average years of service
195 (—)	Decreased by 2 (—)	33.49	5.36

- Notes: 1. The number of employees is the number of full-time employees. The number of temporary employees is separately shown in parentheses.  
2. The number of temporary employees includes part-time workers and excludes agency contractors.

(14) Major Lenders

Not applicable

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

Not applicable

## 2. Shares of the Company

- (1) Total Number of Shares Authorized to be Issued: 87,000,000 shares  
(2) Total Number of Shares Issued: 20,382,396 shares (incl. 255,150 treasury shares)  
(3) Number of Shareholders 10,389  
(4) Major Shareholders

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
T-net Co., Ltd.	4,160	20.67
Agiletech Co., Ltd.	4,000	19.87
Toshihiko Tanaka	2,006	9.97
Tetsuya Noguchi	1,924	9.56
The Master Trust Bank of Japan, Ltd. (Trust account)	1,126	5.60
Custody Bank of Japan, Ltd. (Trust account)	518	2.58
DBS BANK LTD. 700152	243	1.21
Yoshihisa Yamashita	197	0.98
Northern Trust Co. (AVFC) RE FIDELITY FUNDS	157	0.78
BNY GCM Client Account JPRD AC ISG (FE-AC)	141	0.70

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

In addition to the above, the Company holds 255,150 treasury shares.  
The shareholding ratio is calculated excluding treasury shares.

- (5) Status of shares delivered to the Company's Officers as consideration for the execution of duties during the Current Fiscal Year

The Company granted two Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) 60,000 shares of the Company's common stock (restricted shares) on November 19, 2021.

- (6) Other Important Matters Concerning the Shares of the Company

1) Purchase of Treasury Shares

Based on the resolution at the meeting of the Board of Directors held on April 26, 2022, the Company has acquired treasury shares as follows.

Class and number of shares acquired: Common stock, 1,465,800 shares

Total acquisition value: 1,999 million yen

Acquisition period: From May 9, 2022 to July 14, 2022

2) Cancellation of Treasury Shares

Based on the resolution at the meeting of the Board of Directors held on April 26, 2022, the Company has canceled treasury shares as follows.

Class and number of shares canceled: Common stock, 1,465,800 shares

Cancellation amount: 2,033 million yen

Cancellation date: July 25, 2022

### 3. Share Acquisition Rights of the Company

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

	Second series of share acquisition rights (without charge)	Third series of share acquisition rights (without charge)
Date of resolution	As of July 15, 2015	As of December 7, 2015
Number of share acquisition rights	270 units	188 units
Paid-in amount for share acquisition rights	Without monetary consideration	Without monetary consideration
Class and number of holders	Director of the Company (Excluding Audit & Supervisory Committee member) 1	Director of the Company (Excluding Audit & Supervisory Committee member) 1
Class and number of shares underlying the share acquisition rights	Common stock 8,100 shares	Common stock 18,800 shares
Paid-in amount upon exercise of share acquisition rights	¥334	¥1,128
Exercise period for share acquisition rights	From August 1, 2017 to July 31, 2024	From January 2, 2018 to Dec. 31, 2024
Conditions for exercise of share acquisition rights	Persons who have been allotted share acquisition rights must hold the position of director, audit & supervisory committee member, employee, advisor, external partner, or other equivalent positions at the Company or a subsidiary of the Company at the time of exercising the share acquisition rights.	Persons who have been allotted share acquisition rights must hold the position of director, audit & supervisory committee member, employee, advisor, external partner, or other equivalent positions at the Company or a subsidiary of the Company at the time of exercising the share acquisition rights.

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

Not applicable

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

	First series of share acquisition rights (with charge)
Date of resolution	April 26, 2021
Number of share acquisition rights	2,000 units
Class and number of shares underlying the share acquisition rights	Common stock 200,000 shares (100 shares per share acquisition right)
Paid-in amount for share acquisition rights	¥800 per share acquisition right
Paid-in amount upon exercise of share acquisition rights	¥130,500 per share acquisition right (¥1,305 per share)
Exercise period for share acquisition rights	From the date of final settlement of accounts for the fiscal year ending July 31, 2022 to May 13, 2027
Conditions for exercise of share acquisition rights	(See Notes)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## 4. Officers of the Company

### (1) Directors

Position	Name	Responsibilities and significant concurrent positions
Representative Director, Chairman	Toshihiko Tanaka	General Manager, Representative Project Headquarters of the Company
Representative Director, CEO	Tetsuya Noguchi	
Director	Yoshinori Mizota	General Manager, Ad Platform Business Headquarters of the Company
Director	Yasuhiro Fumita	General Manager, Corporate General Headquarters, Senior Manager, Corporate Planning Division of the Company
Director	Kunihiro Tanaka	Representative Director and President, Chief Executive Officer of SAKURA internet Inc. Representative Director and President of Kunihiro Tanaka Office Outside Director of i-plug, Inc. Outside Director of ABEJA, Inc. Outside Director of Yume (no) Sora Holdings Co., Ltd.
Director	Satoshi Shima	Outside Director of mixi, Inc. External Director of Aucfan Co., Ltd. Outside Director of Neo Career Co., Ltd. External Director of OUTSOURCING TECHNOLOGY Inc. Outside Director of Hanwha Solutions Corporation
Director, Audit & Supervisory Committee Member (Full-time)	Yukio Todoroki	Outside Director and Audit & Supervisory Committee Member of Geniee, Inc. Corporate Auditor of Cyber Consultant, Inc. Corporate Auditor of Ohte, Inc.
Director, Audit & Supervisory Committee Member	Tadatsugu Ishimoto	Representative Partner of Mentor Capital Tax Corporation Representative Director of Mentor Capital FAS Outside Director of UNITED, Inc. Outside Director and Audit & Supervisory Committee Member of Visional, Inc. Outside Auditor of SunBridge Inc. Outside Director (Audit & Supervisory Committee Member) of Blue Planet-works, Inc.
Director, Audit & Supervisory Committee Member	Akira Takagi	Director of Takagi CPA Office Outside Auditor of bitbank, Inc. Outside Auditor of REXEV Inc. Outside Auditor of LPIXEL Inc. Outside Director of AVIX, Inc. Outside Auditor of BUZZKURI INC. Representative Director of KIC Co., Ltd. Outside Auditor of Algorithm Inc.

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

### (2) Limited Liability Agreement

For the purpose of enabling Outside Directors (including Audit & Supervisory Committee Members) to fully demonstrate their expected roles in the performance of their duties, the Company has entered into an agreement with them to limit liability for damages under Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the said act. The maximum amount of the liability for damages under the said agreement is the minimum liability amount stipulated in laws and regulations.

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

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

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

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

Class of officers	Total amount of compensation (million yen)	Subtotals for each type of compensation (million yen)			Number of eligible officers
		Basic compensation	Performance-based compensation	Non-monetary remuneration	
Director (Excluding Audit & Supervisory Committee Member) (of which, Outside Director)	232 (12)	207 (12)	— (—)	24 (—)	7 (2)
Director, Audit & Supervisory Committee Member (of which, Outside Director)	18 (18)	18 (18)	— (—)	— (—)	3 (3)
Audit & Supervisory Board Member (of which, Outside Audit & Supervisory Board Member)	3 (3)	3 (3)	— (—)	— (—)	3 (3)
Total (of which, Outside Officer)	253 (33)	228 (33)	— (—)	24 (—)	13 (8)

Notes: 1. At the Annual General Meeting of Shareholders held on October 22, 2021, the maximum amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) was resolved to be 400 million yen per year or less, and Share Acquisition Rights as stock options as separate remuneration were resolved to be 80 million yen or less per year. In addition, at the same Annual General Meeting of Shareholders, it was resolved to introduce a restricted share-based compensation system as a separate form of remuneration. In principle, the Company plans to provide the remuneration as a lump sum at the beginning of the three fiscal years by allotting the total number of shares corresponding to the compensation for duties executed. The actual amount of remuneration would be equivalent to 33,333 shares (rounded down to the nearest whole number), not exceeding 100 million yen per year. At the conclusion of said Annual General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) was six.

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

3. At the Annual General Meeting of Shareholders on October 22, 2021, it was resolved that the maximum amount of compensation for Directors Serving as Audit & Supervisory Committee Members shall be 30 million yen or less per year. At the conclusion of said General Meeting of Shareholders, the number of Directors Serving as Audit & Supervisory Committee Members was three.

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

1) Basic policy for compensation

At the meetings of the Board of Directors held on April 20, 2021 and October 22, 2021, the Company's basic policy is to make the compensation for Directors of the Company adequately function as an incentive for them to perform their duties aimed at increasing corporate value of the Company and achieving sustainable growth, as well as securing talented human resources. In determining the compensation of individual Directors, the Company shall, in principle, set the remuneration at an appropriate level based on the duties and responsibilities of each position. The compensation comprises basic compensation as monetary remuneration and stock options and other share-based compensation as non-monetary remuneration. Outside Directors and Directors Serving as Audit & Supervisory Committee Members, who are responsible for the supervisory function, are paid only basic compensation in light of their duties.

2) Policy for determining compensation amounts of individual directors

(a) Basic compensation policy

At the General Meeting of Shareholders held on October 22, 2021, the total amount of Director (excluding Directors who are Audit & Supervisory Committee Members) compensation was determined to be 400 million yen or less per year and the total amount for Directors who are Audit & Supervisory Committee Members was determined to be 30 million yen or less per year. The amount shall be commensurate with individual duties and responsibilities, based on comparisons with other companies in the same industry and available survey data on management compensation from external expert institutions.

(b) Basic compensation as monetary remuneration

The authority to determine the amount of basic compensation for individual Directors (Excluding Audit & Supervisory Committee Members) shall be delegated to the Representative Director & CEO as resolved by the Board of Directors. For the current fiscal year, the Board of Directors passed a resolution at the meeting held on October 22, 2021, to delegate the authority for determining the amount of individual Director's remuneration to Mr. Tetsuya Noguchi, the Representative Director & CEO. The authority herein refers to determining the basic compensation amount for individual Directors. It seemed reasonable to delegate the authority to the Representative Director & CEO, who is well aware of the Company's business as a whole and capable of evaluating business segments undertaken by the respective Director's duties from the perspective of the company-wide performance.

The Representative Director & CEO determines the amount of compensation to be paid to each Director based on factors such as their position, areas of their business operations, duties and responsibilities (full-time or part-time, execution of duties, scope of duties, and others), and years in office, on the assumption that the amount of compensation is sufficient enough to retain talented people, considering the compensation details in light of the evaluation of performance against targets. This is determined after his/her review based on a report of deliberations provided by the Independent Outside Directors Advisory Committee, a voluntary institution comprised of five Independent Outside Directors. The basic compensation for each full year shall be provided as fixed monetary compensation in equal monthly installments.

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

Based on the resolutions of the General Meeting of Shareholders held on June 7, 2011, the General Meeting of Shareholders and the meeting of the Board of Directors held on October 27, 2017, and the meeting of the Board of Directors held on April 26, 2021, the granting of stock options to each Director and the number of stock options granted has already been determined. In addition, in accordance with the resolution of the General Meeting of Shareholders held on October 22, 2021, the payment of restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members) has already been decided. The Company shall provide the Directors with

incentives as remuneration in the form of stock options to encourage their contribution toward sustainably enhancing the corporate value and sharing the same value with the shareholders. The amount to be paid to each Director shall be comprehensively determined according to the position, duties, and responsibilities, taking into consideration the levels of other companies, the business performance of the Company, the level of employee salaries, the number of shares already owned by the Director, and other factors, while maintaining a balance with fixed remuneration.

3) Reason why the Board of Directors has judged that the detail of compensation amounts of individual directors for the current fiscal year are in line with the policy for determining such compensation.

Confirmation has been obtained that the method of determining the content of compensation and other benefits is consistent with the decision-making policy and that the report from the Independent Outside Directors Advisory Committee is respected. Therefore, the Company has determined that the compensation amounts of individual directors for the current fiscal year are in line with the policy for determining such compensation.

## (6) Outside Officers

Position	Name	Significant concurrent positions	Major activities
Director	Kunihiro Tanaka	Representative Director and President, Chief Executive Officer of SAKURA internet Inc. Representative Director and President of Kunihiro Tanaka Office Outside Director of i-plug, Inc. Outside Director of ABEJA, Inc. Outside Director of Yume (no) Sora Holdings Co., Ltd.	Mr. Tanaka attended 17 out of 17 meetings of the Board of Directors held during the current fiscal year. He offers suggestions and opinions that are valuable to the management of the Company as necessary based on his extensive experience and broad insight as a corporate manager. He has appropriately fulfilled his role in strengthening the corporate governance system of the Company.
Director	Satoshi Shima	Outside Director of mixi, Inc. External Director of Aucfan Co., Ltd. Outside Director of Neo Career Co., Ltd. External Director of OUTSOURCING TECHNOLOGY Inc. Outside Director of Hanwha Solutions Corporation	Mr. Shima attended 17 out of 17 meetings of the Board of Directors held during the current fiscal year. He offers suggestions and opinions that are valuable to the management of the Company as necessary based on his extensive experience and broad insight as a corporate manager. He has appropriately fulfilled his role in strengthening the corporate governance system of the Company.
Director Audit & Supervisory Committee Member (Full-time)	Yukio Todoroki	Outside Director and Audit & Supervisory Committee Member of Geniec, Inc. Corporate Auditor of Cyber Consultant, Inc. Corporate Auditor of Ohte, Inc.	Mr. Todoroki attended 17 out of 17 meetings of the Board of Directors, 4 out of 4 meetings of the Audit & Supervisory Board, and 13 out of 13 meetings of the Audit & Supervisory Committee held during the current fiscal year. He makes necessary statements as appropriate based on his experience as auditor of other companies in the Internet advertising industry and his professional perspective as a certified public tax accountant.
Director Audit & Supervisory Committee Member	Tadatsugu Ishimoto	Representative Partner of Mentor Capital Tax Corporation Representative Director of Mentor Capital FAS Outside Director of UNITED, Inc. Outside Director and Audit & Supervisory Committee Member of Visional, Inc. Outside Auditor of SunBridge Inc. Outside Director (Audit & Supervisory Committee Member) of Blue Planet-works, Inc.	Mr. Ishimoto attended 17 out of 17 meetings of the Board of Directors, 4 out of 4 meetings of the Audit & Supervisory Board, and 13 out of 13 meetings of the Audit & Supervisory Committee held during the current fiscal year. He makes necessary statements as appropriate based mainly on his professional perspective as a certified public tax accountant.
Director Audit & Supervisory Committee Member	Akira Takagi	Director of Takagi CPA Office Outside Auditor of bitbank, Inc. Outside Auditor of REXEV Inc. Outside Auditor of LPIXEL Inc. Outside Director of AVIX, Inc. Outside Auditor of BUZZKURI INC. Representative Director of KIC Co., Ltd. Outside Auditor of Algorithm Inc.	Mr. Takagi attended 17 out of 17 meetings of the Board of Directors, 4 out of 4 meetings of the Audit & Supervisory Board, and 13 out of 13 meetings of the Audit & Supervisory Committee held during the current fiscal year. He makes necessary statements as appropriate based mainly on his professional perspective as a certified public accountant.

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

## 5. Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

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

	Amount of compensation and benefits
Amount of compensation and benefits to Accounting Auditor for the current fiscal year	¥32 million
Amount of cash and other financial benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	¥32 million

Notes: 1. The audit engagement between the Company and the Accounting Auditor does not distinguish between the compensation for auditing services under the Companies Act and the Financial Instruments and Exchange Act, and it is impractical to distinguish them. Therefore, the amount of compensation and benefits to the Accounting Auditor for the current fiscal year shows an aggregated compensation amount.

2. The Audit & Supervisory Committee confirmed the changes in the audit hours and audit fees in the audit plans, the status of the audit plans and actual results for the past fiscal years, and considered the reasonableness of the estimate of the compensation. As a result, the Audit & Supervisory Committee determined that the compensation and benefits to the Accounting Auditor is appropriate and gave consent to it as stipulated in Article 399, Paragraph 1 of the Companies Act.

(3) Non-Audit Services Provided by Accounting Auditor

Not applicable

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

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

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

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

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

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

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

The Directors prepare internal regulations such as the Document Management Regulations and appropriately store and manage documents and other information related to the execution of their duties in accordance with laws and regulations.
- (3) Regulations and Other Systems to Manage the Risk of Loss

In accordance with the Risk Management Regulations, the Risk Management Committee takes necessary measures to appropriately identify and manage risks related to business execution.
- (4) Systems to Ensure the Efficient Execution of Duties by the Directors
  - (a) In addition to holding regular meetings of the Board of Directors once a month, extraordinary meetings of the Board of Directors are held to make decisions flexibly, thereby ensuring a system that enables appropriate execution of duties by the Directors.
  - (b) In order to efficiently execute day-to-day duties based on the decisions made by the Board of Directors, authority is delegated in accordance with internal regulations such as the Regulations on Duties and Authority, and the responsible persons at each level divide duties based on the decision-making rules.
- (5) Systems to Ensure the Appropriateness of Business Operations of the Corporate Group Consisting of the Company and Its Subsidiaries
  - (a) In order to ensure the appropriateness of operations in the corporate group consisting of the

Company and its subsidiaries, the Company conducts necessary management according to the situation of subsidiaries based on the Affiliated Companies Management Regulations.

- (b) The person in charge of internal audits conducts internal audits on the status of management of the Company's subsidiaries and the business activities of subsidiaries in accordance with the Internal Audit Regulations.

- (6) Matters concerning employees who are required by the Audit & Supervisory Committee to assist in their duties and matters concerning the independence of such employees from Directors (excluding Directors who are Audit & Supervisory Committee Members)

- (a) If the Audit & Supervisory Committee requests that an employee be assigned to assist in the duties of the Audit & Supervisory Committee, an employee shall be assigned to assist the Audit & Supervisory Committee in its duties.

- (b) The person in charge of internal audits conducts internal audits on the status of management of the Company's subsidiaries and the business activities of subsidiaries in accordance with the Internal Audit Regulations.

- (7) Systems for the Directors and Employees to Report to the Audit & Supervisory Committee and Other Systems to Report to the Audit & Supervisory Committee

- (a) The Directors Serving as Audit & Supervisory Committee Members may attend meetings of the Board of Directors and other important meetings and request reports on the status of execution of duties from the Directors and employees.

- (b) The Directors and employees promptly report to the Audit & Supervisory Committee when they discover facts that violate laws and regulations or facts that may cause significant damage to the Company.

- (c) The Directors and employees promptly report matters related to the execution of business operations when requested to do so by the Audit & Supervisory Committee. The Company conducts internal audits on the business activities of subsidiaries.

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

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

- (9) Systems to Ensure the Prohibition of Disadvantageous Treatment

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

- (10) Matters on the Policy to Prepay Expenses or Repay Debts Arising from the Execution of Duties by the Directors Serving as Audit & Supervisory Committee Members

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

- (11) Other Systems to Ensure that the Audit & Supervisory Committee Conduct Audits Effectively



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

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

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

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

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

#### (2) Matters Related to Compliance

The Company strives to raise awareness of compliance by regularly providing compliance training to officers and employees. In addition, the Company has established an internal whistleblower hotline and an external whistleblower hotline staffed by attorneys and others for early detection and early resolution of problems.

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

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

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

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

#### (5) Matters Related to Audits by the Audit & Supervisory Committee

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

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

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

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

The Company's basic policy is to return profits to shareholders through total shareholder return after securing resources to maintain its business base and achieve sustainable growth, taking into account performance trends, financial condition, internal reserves, and other factors on a comprehensive basis. Specifically, we will flexibly conduct the purchase of treasury shares aiming for better total shareholder returns while providing stable and sustainable dividend payments with a target payout ratio of 30% and DOE at 5%.

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

For the current fiscal year, the Company resolved to distribute dividends of surplus of 38 yen per share, with the record date dated July 31, 2022, at the meeting of the Board of Directors held on September 7, 2022. As a result, the annual dividend for the current fiscal year is 38 yen per share.

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

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

## Consolidated Balance Sheet

As of July 31, 2022

(Millions of yen)

Items	Amounts	Items	Amounts
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>16,684</b>	<b>Current liabilities</b>	<b>4,723</b>
Cash and deposits	14,268	Accounts payable – trade	1,017
Accounts receivable – trade	1,542	Accounts payable – other	867
Other	877	Income taxes payable	642
Allowance for doubtful accounts	(5)	Deposits received	996
<b>Non-current assets</b>	<b>1,509</b>	Provision for bonuses	74
<b>Property, plant and equipment</b>	<b>166</b>	Provision for sales promotion expenses	764
Buildings	90	Provision for point card certificates	3
Tools, furniture and fixtures	55	Other	357
Other	20	<b>Non-current liabilities</b>	<b>63</b>
<b>Intangible assets</b>	<b>338</b>	Asset retirement obligations	63
Software	103	<b>Total liabilities</b>	<b>4,787</b>
Goodwill	172	<b>Net assets</b>	
Other	62	<b>Shareholders' equity</b>	<b>13,303</b>
<b>Investments and other assets</b>	<b>1,004</b>	Share capital	152
Investment securities	528	Capital surplus	73
Deferred tax assets	336	Retained earnings	13,432
Other	152	Treasury shares	(354)
Allowance for doubtful accounts	(12)	<b>Accumulated other comprehensive income</b>	<b>34</b>
		Valuation difference on available-for-sale securities	34
		<b>Share acquisition rights</b>	<b>67</b>
		<b>Total net assets</b>	<b>13,406</b>
<b>Total assets</b>	<b>18,193</b>	<b>Total liabilities and net assets</b>	<b>18,193</b>

## Consolidated Statement of Income

August 1, 2021 to July 31, 2022

(Millions of yen)

Items	Amounts	
<b>Net sales</b>		<b>13,933</b>
<b>Cost of sales</b>		<b>14</b>
<b>Gross profit</b>		<b>13,918</b>
<b>Selling, general and administrative expenses</b>		<b>10,125</b>
<b>Operating profit</b>		<b>3,793</b>
<b>Non-operating income</b>		
Interest income	0	
Dividend income	49	
Foreign exchange gains	42	
Other	5	<b>98</b>
<b>Non-operating expenses</b>		
Loss on valuation of investment securities	10	
Donations	39	
Other	3	<b>52</b>
<b>Ordinary profit</b>		<b>3,839</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities	3	3
<b>Profit before income taxes</b>		<b>3,842</b>
Income taxes – current	1,203	
Income taxes – deferred	(40)	<b>1,163</b>
<b>Profit</b>		<b>2,678</b>
<b>Profit attributable to owners of parent</b>		<b>2,678</b>

## Consolidated Statement of Changes in Equity

August 1, 2021 to July 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	152	1,661	13,422	(523)	14,712
Changes during period					
Dividends of surplus	—	—	(2,150)	—	(2,150)
Profit attributable to owners of parent	—	—	2,678	—	2,678
Purchase of treasury shares	—	—	—	(1,999)	(1,999)
Disposal of treasury shares	—	(3)	—	7	3
Cancellation of treasury shares	—	(2,033)	—	2,033	—
Restricted share-based compensation	—	(69)	—	128	59
Transfer from retained earnings to capital surplus	—	518	(518)	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	—	(1,587)	9	169	(1,408)
Balance at end of period	152	73	13,432	(354)	13,303

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(7)	(7)	15	14,720
Changes during period				
Dividends of surplus	—	—	—	(2,150)
Profit attributable to owners of parent	—	—	—	2,678
Purchase of treasury shares	—	—	—	(1,999)
Disposal of treasury shares	—	—	—	3
Cancellation of treasury shares	—	—	—	—
Restricted share-based compensation	—	—	—	59
Transfer from retained earnings to capital surplus	—	—	—	—
Net changes in items other than shareholders' equity	41	41	52	94
Total changes during period	41	41	52	(1,313)
Balance at end of period	34	34	67	13,406

## Non-Consolidated Balance Sheet

As of July 31, 2022

(Millions of yen)

Items	Amounts	Items	Amounts
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>14,960</b>	<b>Current liabilities</b>	<b>4,486</b>
Cash and deposits	12,712	Accounts payable – trade	970
Accounts receivable – trade	1,347	Accounts payable – other	815
Prepaid expenses	832	Accrued expenses	80
Other	72	Income taxes payable	534
Allowance for doubtful accounts	(4)	Advances received	13
<b>Non-current assets</b>	<b>1,969</b>	Deposits received	995
<b>Property, plant and equipment</b>	<b>165</b>	Provision for bonuses	74
Buildings	90	Provision for sales promotion expenses	764
Machinery and equipment	7	Provision for point card certificates	3
Tools, furniture and fixtures	54	Other	232
Land	2	<b>Non-current liabilities</b>	<b>63</b>
Construction in progress	11	Asset retirement obligations	63
<b>Intangible assets</b>	<b>164</b>	<b>Total liabilities</b>	<b>4,550</b>
Patent right	31	<b>Net assets</b>	
Software	103	<b>Shareholders' equity</b>	<b>12,277</b>
Other	29	<b>Share capital</b>	<b>152</b>
<b>Investments and other assets</b>	<b>1,639</b>	<b>Capital surplus</b>	<b>74</b>
Investment securities	525	Legal capital surplus	74
Shares of subsidiaries and associates	656	<b>Retained earnings</b>	<b>12,405</b>
Deferred tax assets	318	Other retained earnings	12,405
Other	152	<b>Treasury shares</b>	<b>(354)</b>
Allowance for doubtful accounts	(12)	<b>Valuation and translation adjustments</b>	<b>34</b>
		Valuation difference on available-for-sale securities	34
		<b>Share acquisition rights</b>	<b>67</b>
		<b>Total net assets</b>	<b>12,380</b>
<b>Total assets</b>	<b>16,930</b>	<b>Total liabilities and net assets</b>	<b>16,930</b>

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

August 1, 2021 to July 31, 2022

(Millions of yen)

Items	Amounts	
<b>Net sales</b>		<b>12,459</b>
<b>Cost of sales</b>		<b>18</b>
<b>Gross profit</b>		<b>12,440</b>
<b>Selling, general and administrative expenses</b>		<b>9,242</b>
<b>Operating profit</b>		<b>3,198</b>
<b>Non-operating income</b>		
Interest income	0	
Dividend income	49	
Foreign exchange gains	13	
Reversal of allowance for doubtful accounts	3	
Other	0	<b>67</b>
<b>Non-operating expenses</b>		
Loss on valuation of investment securities	10	
Donations	39	
Other	3	<b>52</b>
<b>Ordinary profit</b>		<b>3,213</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities	3	<b>3</b>
<b>Profit before income taxes</b>		<b>3,217</b>
Income taxes – current	968	
Income taxes – deferred	(46)	<b>921</b>
<b>Profit</b>		<b>2,295</b>

## Non-Consolidated Statement of Changes in Equity

August 1, 2021 to July 31, 2022

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surpluses	Other retained earnings	Total retained earnings
Balance at beginning of period	152	74	1,587	1,661	12,779	12,779
Changes during period						
Dividends of surplus	—	—	—	—	(2,150)	(2,150)
Profit	—	—	—	—	2,295	2,295
Purchase of treasury shares	—	—	—	—	—	—
Disposal of treasury shares	—	—	(3)	(3)	—	—
Cancellation of treasury shares	—	—	(2,033)	(2,033)	—	—
Restricted share-based compensation	—	—	(69)	(69)	—	—
Transfer from retained earnings to capital surplus	—	—	518	518	(518)	(518)
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes during period	—	—	(1,587)	(1,587)	(373)	(373)
Balance at end of period	152	74	—	74	12,405	12,405

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(523)	14,068	(7)	(7)	15	14,076
Changes during period						
Dividends of surplus	—	(2,150)	—	—	—	(2,150)
Profit	—	2,295	—	—	—	2,295
Purchase of treasury shares	(1,999)	(1,999)	—	—	—	(1,999)
Disposal of treasury shares	7	3	—	—	—	3
Cancellation of treasury shares	2,033	—	—	—	—	—
Restricted share-based compensation	128	59	—	—	—	59
Transfer from retained earnings to capital surplus	—	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	41	41	52	94
Total changes during period	169	(1,791)	41	41	52	(1,696)
Balance at end of period	(354)	12,277	34	34	67	12,380



## Reference Documents for the General Meeting of Shareholders

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

The term of office of all six Directors (excluding Directors who are the Audit & Supervisory Committee Members; the same applies to the rest of this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company requests the election of six Directors.

The nominees for the Directors are as follows.

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions	Number of the Company's shares owned
1	Toshihiko Tanaka (February 5, 1979)	Apr. 2000 Joined Calbee, Inc. Feb. 2001 Joined OBM, Inc. Sep. 2001 Joined Msta Inc. Sep. 2002 Joined AD-degital, Inc. Jan. 2006 Founded Cyber Consultant, Inc. Representative Director and President of Cyber Consultant, Inc. Aug. 2007 Founded the Company Representative Director, CEO of the Company Oct. 2017 Representative Director, Chairman of the Company (current position) Aug. 2018 General Manager, Representative Project Headquarters of the Company (current position)	2,006,900 shares
2	Tetsuya Noguchi (April 14, 1974)	Apr. 1999 Joined IBM Japan, Ltd. Jul. 2004 Joined Arthur D. Little Japan, Inc. Aug. 2007 Director of the Company Oct. 2017 Representative Director, CEO of the Company (current position)	1,924,500 shares
3	Yoshinori Mizota (October 21, 1980)	Oct. 2003 Joined Leopal Inc. Aug. 2005 Joined Global Juhan Corporation Mar. 2009 Joined the Company Aug. 2013 General Manager, Ad Network Business Division of the Company Executive Officer of the Company Jan. 2015 Director of the Company Aug. 2015 General Manager, Ad Platform Business Headquarters of the Company (current position) Oct. 2015 Representative Director and Vice President of the Company Oct. 2017 Director and Vice President of the Company Oct. 2018 Director of the Company (current position) Aug. 2019 Director of Ohte, Inc.	33,900 shares

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions		Number of the Company's shares owned
4	Yasuhiro Fumita (November 2, 1969)	<p>May 1994</p> <p>Jan. 2008</p> <p>Aug. 2014</p> <p>Sept. 2019</p> <p>Jul. 2020</p> <p>Feb. 2021</p> <p>Oct. 2021</p>	<p>Joined Jusphoto Co., Ltd. (currently Kitamura Co., Ltd.)</p> <p>Joined Broadleaf Co., Ltd.</p> <p>Joined Oak Lawn Marketing Inc.</p> <p>Joined the Company</p> <p>Senior Manager, Corporate Planning Division of the Company</p> <p>Executive Officer, Deputy General Manager, Corporate Headquarters, Senior Manager, Corporate Planning Division of the Company</p> <p>Executive Officer, General Manager, Corporate General Headquarters, Senior Manager, Corporate Planning Division of the Company</p> <p>Director, General Manager, Corporate General Headquarters, Senior Manager, Corporate Planning Division of the Company (current position)</p>	50,000 shares
5	Kunihiro Tanaka (January 14, 1978)	<p>Apr. 1998</p> <p>Aug. 1999</p> <p>Dec. 2000</p> <p>Jun. 2004</p> <p>Nov. 2007</p> <p>Jun. 2008</p> <p>Aug. 2009</p> <p>Jul. 2010</p> <p>Nov. 2010</p> <p>May 2011</p> <p>Oct. 2011</p> <p>Apr. 2014</p> <p>Jul. 2014</p> <p>Apr. 2015</p> <p>Jul. 2015</p> <p>Oct. 2016</p> <p>Apr. 2018</p> <p>Jun. 2019</p> <p>Dec. 2019</p> <p>Oct. 2021</p>	<p>Founded inforest inc.</p> <p>Representative Director of inforest inc.</p> <p>Founded SAKURA internet Inc.</p> <p>Representative Director and President of SAKURA internet Inc.</p> <p>Representative Director and Vice President of SAKURA internet Inc.</p> <p>Director and Chief Operating Officer of SAKURA internet Inc.</p> <p>Representative Director and President, Chief Executive Officer of SAKURA internet Inc.</p> <p>Representative Director and President of SAKURA internet Inc. (current position)</p> <p>Founded Kunihiro Tanaka Office</p> <p>Representative Director and President of Kunihiro Tanaka Office (current position)</p> <p>Head of Internal Audit Office of SAKURA internet Inc.</p> <p>Head of New Businesses Office of SAKURA internet Inc.</p> <p>Manager of Development Department of SAKURA internet Inc.</p> <p>Manager of Planning Department of SAKURA internet Inc.</p> <p>Manager of Human Resource Department of SAKURA internet Inc.</p> <p>Manager of Internet Services Department of SAKURA internet Inc.</p> <p>Representative Director and President, Chief Executive Officer of Joe's Cloud Computing Inc.</p> <p>Chief Executive Officer of SAKURA internet Inc. (current position)</p> <p>Outside Director of the Company (current position)</p> <p>Director of Joe's Cloud Computing Inc.</p> <p>Outside Director of i-plug, Inc. (current position)</p> <p>Outside Director of ABEJA, Inc. (current position)</p> <p>Outside Director of Yume (no) Sora Holdings Co., Ltd. (current position)</p>	6,000 shares

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

- Notes: 1. There is no conflict of interest between the Company and the above nominees.
2. The reasons for electing the nominees, excluding those for Outside Directors, are as follows.
- 1) Mr. Toshihiko Tanaka, a nominee for Director, has devoted himself to building a foundation for the Company to grow as he demonstrated strong leadership to enhance corporate value and monetize multiple businesses after becoming the Company's Representative Director as a co-founder in August 2007. We expect that he will continue to harness his wealth of experience to create new growth segments as well as contributing to the sustainable growth of corporate value through developing managerial talent and instilling the entrepreneurial spirit.
  - 2) Mr. Tetsuya Noguchi, a nominee for Director, started the Company as a co-founder and has contributed to the Company's growth through his highly specialized knowledge and experience, primarily in the technological field. Since being appointed the Representative Director and CEO of the Company in October 2017, he has led the Company's growth through his extensive insight and outstanding leadership in business and management. We expect that he will be competent to restructure the business model and formulate growth strategies for the Company, thereby contributing to the sustainable growth of corporate value.
  - 3) Mr. Yoshinori Mizota, a nominee for Director, possesses extensive corporate experience and specialized knowledge of the Company's businesses and has led the Ad Network team since he joined the Company. In January 2015, he became General Manager of the Ad Platform segment and has been contributing to the Company's growth by expanding the business domain and restructuring the profit model. We expect that he will contribute to the sustainable growth of corporate value by leveraging his insights into highly specialized businesses and knowledge with a proven track record.
  - 4) Mr. Yasuhiro Fumita, a nominee for Director, possesses extensive experience in formulating managerial and business strategies throughout his career as manager in corporate planning division and business strategy division, and experiencing other positions in listed companies. Ever since he joined the Company, he has led the Company's growth strategies by taking part in the formulation of financial strategies and management plans, along with the IR activities, leveraging his extensive corporate experience. Since he became Executive Officer of the Company in July 2020, he has reinforced the Company's growth by further strengthening the corporate structure. He is also well versed in public policy, and the Company expects that he will contribute to the sustainable growth of corporate value by promoting the Company's growth strategies and strengthening the corporate governance structure through his broad range of work experience and knowledge.
  3. Mr. Kunihiro Tanaka and Mr. Satoshi Shima are nominated for Outside Directors.
  4. Mr. Kunihiro Tanaka and Mr. Satoshi Shima are currently Outside Directors of the Company, and will have served for six years and four years, respectively, at the conclusion of this General Meeting of Shareholders.
  5. The reasons for electing the nominees for Outside Directors are as follows.

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

## Reference

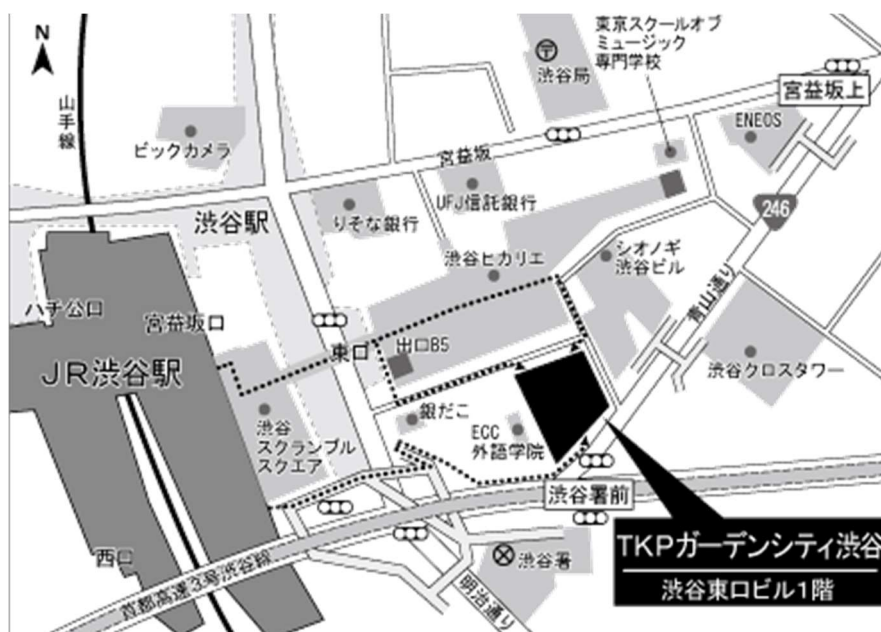
Name	Attendance at Board of Directors' meetings	Years of service	Expertise (◎ indicates an area of expertise expected from Outside Officer)						Audit & Supervisory Committee
			Corporate Management	Business Strategies	Sales, Industry	IT, R&D	Corporate Planning, Finance, Administration	Legal, Risk Management	
Toshihiko Tanaka	17/17 (100%)	15 yrs	•	•	•				
Tetsuya Noguchi	17/17 (100%)	15 yrs	•	•	•	•			
Yoshinori Mizota	17/17 (100%)	7 yrs		•	•				
Yasuhiro Fumita	14/14 (100%)	1 yr	•	•			•	•	
Kunihiro Tanaka <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	6 yrs	◎	•	•	•			
Satoshi Shima <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	4 yrs	◎	•	•		•	•	
Yukio Todoroki <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	3 yrs			•		◎	◎	•
Tadatsugu Ishimoto <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	7 yrs			•		◎	•	•
Akira Takagi <span style="border: 1px solid black; padding: 2px;">Outside Independent</span>	17/17 (100%)	7 yrs			•		◎	•	•

\*The years of service include the years of service as Audit & Supervisory Board Member prior to the transition to a Company with an Audit & Supervisory Committee.

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

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

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



### Public Transportation

- Six-minute walk from the Central Exit of Shibuya Station on the JR Yamanote Line, Saikyo Line, and Shonan Shinjuku Line
- Five-minute walk from Exit B5 of Shibuya Station on the Tokyo Metro Hanzomon Line and Fukutoshin Line as well as the Tokyu Toyoko Line and Denentoshi Line
- Three-minute walk from the Meiji-dori Exit of Shibuya Station on the Tokyo Metro Ginza Line
- Seven-minute walk from the Central Exit of Shibuya Station on the Keio Inokashira Line

### Note on Business Briefing

The business briefing after the General Meeting of Shareholders will not take place this year.