

Securities Code 6535  
October 6, 2023  
(Start date of measures for electronic provision: September 29, 2023)

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

## Notice of the 16th Annual General Meeting of Shareholders

Dear Shareholders:

We would like to inform you that the 16th Annual General Meeting of Shareholders of i-mobile Co., Ltd. (the “Company”) will be held as described below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information in electronic format and posts matters for which measures for providing information in electronic format are to be taken on the following website.

<The Company’s website >

<https://www.i-mobile.co.jp/ir/library/meeting.html>



In addition to the above, the information is also available on the Tokyo Stock Exchange website. Please access the Tokyo Stock Exchange website mentioned below, enter the Company’s name (i-mobile) or securities code (6535) to conduct search, and select “Basic information” followed by “Documents for public inspection/PR information,” and then “Notice of General Meeting of Shareholders /Informational Materials for a General Shareholders Meeting” in “Documents for public inspection.”

<Tokyo Stock Exchange website >

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>




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 25, 2023 (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 25, 2023 (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 26, 2023 (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 16th Fiscal Year (August 1, 2022 to July 31, 2023)
  2. Non-Consolidated Financial Statements for the 16th Fiscal Year (August 1, 2022 to July 31, 2023)  
Proposals to be resolved:
  - Proposal 1 Election of Six Directors  
(Excluding Audit & Supervisory Committee Members)
  - Proposal 2 Election of Three Directors Serving as Audit & Supervisory Committee Members
  - Proposal 3 Election of One Directors Serving as a Substitute Audit & Supervisory Committee Member

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.
  - The documents delivered to shareholders also serve as the documents containing matters subject to electronic provision that are delivered upon request of shareholders. However, pursuant to laws and regulations and provisions of Article 14 of the Articles of Incorporation of the Company, the following items are not included. Accordingly, these documents are part of the documents audited by the Audit & Supervisory Committee and the Accounting Auditor in preparing their respective audit reports.
    - Notes to Consolidated Financial Statements
    - Notes to Non-consolidated Financial Statements
  - If revisions to the matters subject to measures for electronic provision arise, the details of the revisions will be posted on each website where the matters were published.
  - 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 : .  
<https://www.i-mobile.co.jp/ir/library/meeting.html>

## 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 25, 2023 (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.

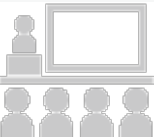
\*Depending on your Internet environment, the services you subscribe to, and the model you are using, you may not be able to access the voting rights exercise website.  
\*Shareholders are responsible for connection and communication charges when using the voting rights exercise website.

▶ 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 25, 2023 (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 26, 2023  
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.

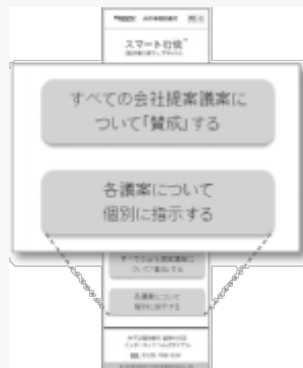
### ◆“Smart Exercise” method of scanning QR code◆

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 voting rights exercise website, 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 voting rights exercise website.  
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])

# Business Report

From August 1, 2022 to July 31, 2023

## 1. Overview of the Group

### (1) Business Progress and Financial Results

During the fiscal year ended July 31, 2023 (August 1, 2022 to July 31, 2023), the Japanese economy showed signs of recovery in personal consumption, due to the further softening of COVID-19-related movement restrictions and the effect of implementation of various measures, despite the continued impact of high commodity prices caused by the rising cost of resources and yen depreciation.

The i-mobile Group (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 business domain of the Consumer Service segment, the hometown tax donation amount in fiscal 2022 increased by approximately 1.2 times year on year to 965.4 billion yen while the number of hometown tax donations also continuously increased by approximately 1.2 times year on year to 51.84 million. Furthermore, 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 by approximately 1.2 times year on year to approximately 8.91 million people\*<sup>1</sup>, 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 the mainstay business domain of the Online Advertising segment, online advertising expenditure in 2022 increased by 14.3% year on year to 3,091.2 billion yen\*<sup>2</sup>. Nevertheless, the current macro-economic environment remains uncertain along with a downward trend in advertising demand, due to impacts of changes in people’s behaviors and consumption patterns and the maturation of the market. 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 founder's Online Advertising (Ad Network) business by developing new markets, and investing in growth business sectors. During the fiscal year ended July 31, 2023, the Group quickly revised its business strategy in order to flexibly respond to social and market changes in the environment and ensure mid- to long-term growth, and was able to make good progress and deliver results.

With the Hometown Tax Donation business which has functions for solving social issues, such as the revitalization of local communities, we improved recognition of the Furunavi brand and ran promotion activities to increase the number of members and local governments under contract, and have enhanced unique products for experience-based gifts in return such as dining and lodging gift certificates, working with local governments. In the Online Advertising business, we focused our efforts on the growth of the influencer marketing business, and the number of registered influencers has been growing steadily since our launch of “Action,” a marketing platform that connects companies and influencers. In addition, in the App Operation business (including Ohte, Inc.), we strived to recover earnings by increasing the number of new titles and, as such, developed an environment conducive to shorter development periods and made simultaneous Android and iOS releases possible. Furthermore, in the green energy business that achieves regional revitalization by solving social issues, we began producing electricity in five solar power sharing power plants, utilizing the company’s abandoned farmlands. Furthermore, a portion of these electricity is utilized for off-site physical corporate PPA

(Power Purchase Agreement) for supplying additional renewable energy\*3 to plants of Unicharm Corporation, thereby offering electrical power and environmental value.

Moreover, the i-mobile Group recognizes that increasing sustainable corporate value by contributing to the creation of a sustainable environment and society is an important management issue, which is why a Sustainability Committee was created during the fiscal year ended July 31, 2023 to conduct discussions focused on environmental issues. In addition, we strengthened environmental, social and corporate governance initiatives with the continued promotion of strategic investments in human capital, where our management strategy and human resources strategy overlap.

As a result of these efforts, for the fiscal year ended July 31, 2023, the Group recorded net sales of 16,426 million yen, up 17.9% year on year, operating profit of 3,525 million yen, down 7.1% year on year, ordinary profit of 3,434 million yen, down 10.6% year on year, and profit attributable to owners of parent of 2,404 million yen, down 10.3% year on year.

\*1 Source: Results of Survey on Current Status of Hometown Tax Donations, Municipal Tax Planning Division, Local Tax Bureau, Ministry of Internal Affairs and Communications of Japan, August 1, 2023

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: 2022 Advertising Expenditures in Japan, Dentsu Inc., February 24, 2023

\*3 Purchase of electricity derived from renewable energy further contributes to the promotion and increased use of renewable energy

Business performance by segment was as follows.

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

(Consumer Service Segment)

In the Consumer Service segment, the Company operates the Hometown Tax Donation business “Furunavi,” as well as the Furunavi Travel business, Restaurant PR business, and Loyalty Points Service business as peripheral businesses. In the mainstay Furunavi Hometown Tax Donation business, we aimed to secure a competitive edge and promptly increase our market share by acquiring new customers and increasing repeat customers, as stable market growth continued driven by the rising awareness of the hometown tax donation system and its establishment as a social behavior. These implemented measures consisted in promotional measures to increase customer satisfaction, the improvement in portal site use satisfaction, the development of the number of contracted municipalities and gifts in return, and the expansion of unique gifts in return such as drinking, dining and travel. As a result, all indicators progressed favorably including the number of donations received, which led to above-market growth and the achievement of a significant year-on-year rise in both net sales and segment profit.

As a result, net sales in the Consumer Service Segment for the fiscal year ended July 31, 2023 was 13,285 million yen, up 34.0% year on year, and segment profit was 2,976 million yen, up 19.3% year on year.

(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. etc.). The Group aimed for a recovery in earnings through a shift toward growth areas and an enhancement of customer approach. In the Affiliate business, earnings grew solidly thanks to the further increase in registered influencers, and in the Media Solution business, record-high numbers of ad spaces and active partners led to stable earnings. In addition, in the App Operation business and the Ad Network business, we focused our efforts on partnerships with other companies and system development with the introduction of new frameworks, which laid the foundation for a recovery in earnings. Meanwhile, the significant impact of market factors, such as changes in people's behaviors and consumption patterns and market maturation led to year-on-year decreases in both net sales and segment profit.

As a result, net sales in the Online Advertising Segment for the fiscal year ended July 31, 2023 was 3,180 million yen, down 21.8% year on year, and segment profit was 667 million yen, down 52.9% year on year.

(2) Capital Investments

The total amount of capital investments for the fiscal year ended July 31, 2023 was 373 million yen. They mainly consisted of acquisition of software related to in-house development of 67 million yen and acquisition of server equipment, etc., of 11 million yen in the Online Advertising segment as well as acquisition of software related to in-house development in the Consumer Service segment of 18 million yen, acquisition of computers, a companywide asset, and acquisition of other equipment of 275 million yen.

There was no significant retirement or sale of facilities in the fiscal year ended July 31, 2023.

(3) Financing

Not applicable

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

Not applicable

(5) Acquisition of Business of Other Companies

Not applicable

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

Not applicable

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

Not applicable

(8) Issues to be Addressed

Based on the Group's vision "Creating a Business for the Future," the Group announced its medium-term management plan on September 8, 2021, pushed forward with its businesses to achieve the plan, and is experiencing smooth progress as a result. However, we have revised our business strategy flexibly to achieve medium-term growth based on changes in the social environment and current trends in the business environment. In particular, we will strengthen our investment in development, human capital, and sales promotion, and as a result, we have changed our operating income target from the original plan to the target for the fiscal year ending July 31, 2025. In the Consumer Service business focused on the Hometown Tax Donation business, the Group is concentrating on the expansion of



experience-based gifts in return and contracted municipalities and on acquiring users by strengthening sales promotion, in order to establish a competitive edge and increase its market share. In the Online Advertising business, the Group aims to recover earnings by shifting to growth areas and enhancing its customer approach through the improvement of its operating foundation, as well as increasing the number of title releases in the App Operation business. 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 the Green Energy business and making full use of M&A.

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.

(9) Trends in Assets and Income

1) Trends in assets and income of the Group

(Millions of yen unless otherwise indicated)

Item	13h Fiscal Year ended July 2020	14h Fiscal Year ended July 2021	15h Fiscal Year ended July 2022	16h Fiscal Year ended July 2023 (current fiscal year)
Net sales	7,485	11,592	13,933	16,426
Ordinary profit	2,248	3,366	3,839	3,434
Profit attributable to owners of parent	1,727	2,299	2,678	2,404
Basic earnings per share (yen)	76.66	107.39	125.04	119.78
Total assets	15,359	18,992	18,193	21,721
Net assets	13,222	14,720	13,406	14,079
Net assets per share (yen)	607.12	683.85	662.71	723.48

2) Trends in assets and income of the Company

(Millions of yen unless otherwise indicated)

Item	13h Fiscal Year ended July 2020	14h Fiscal Year ended July 2021	15h Fiscal Year ended July 2022	16h Fiscal Year ended July 2023 (current fiscal year)
Net sales	6,489	10,125	12,459	15,467
Ordinary profit	2,105	2,798	3,213	3,232
Profit	1,538	1,884	2,295	2,264
Basic earnings per share (yen)	68.28	88.00	107.15	112.81
Total assets	14,964	18,052	16,930	20,445
Net assets	12,994	14,076	12,380	12,913
Net assets per share (yen)	596.65	653.94	611.71	663.07

(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

Notes: 1. There are no subsidiaries that fall under the category of specified wholly-owned subsidiaries.

2. Simple App Studio Inc. has completed liquidation and is thus excluded from the consolidation scope.

(11) Major Business

As of July 31, 2023

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, 2023

Number of employees	Changes from the end of the previous fiscal year
208 (—)	8 (—) additional persons

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, 2023

Number of employees	Changes from the end of the previous fiscal year	Average age	Average years of service
206 (—)	11 (—) additional persons	34.25	5.64

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. 1,074,450 treasury shares)  
(3) Number of Shareholders 9,774  
(4) Major Shareholders

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
T-net Co., Ltd.	4,160	21.55
Asahi Co., Ltd.	4,000	20.72
Toshihiko Tanaka	1,688	8.75
Tetsuya Noguchi	1,618	8.38
The Master Trust Bank of Japan, Ltd. (Trust account)	952	4.93
Custody Bank of Japan, Ltd. (Trust account)	467	2.42
DBS BANK LTD. 700152	243	1.26
Yoshihisa Yamashita	197	1.02
UEDA YAGI TANSHI Co., Ltd.	109	0.57
STATE STREET BANK AND TRUST COMPANY 510686	99	0.51

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 1,074,450 treasury shares.  
The shareholding ratio is calculated excluding treasury shares.

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

#### Purchase of Treasury Shares

Based on the resolution at the meeting of the Board of Directors held on June 30, 2023, the Company has acquired treasury shares as follows.

Class and number of shares acquired: Common stock, 824,600 shares  
Total acquisition value: 1,040 million yen  
Acquisition period: From July 4, 2023 to July 31, 2023

### 3. Share Acquisition Rights of the Company

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

	Second series of share acquisition rights (without charge)	Third series of share acquisition rights (without charge)	Forth series of share acquisition rights (without charge)
Date of resolution	As of July 15, 2015	As of December 7, 2015	As of April 26, 2021
Number of share acquisition rights	270 units	188 units	100 units
Paid-in amount for share acquisition rights	Without monetary consideration	Without monetary consideration	Without monetary consideration
Class and number of holders	Director of the Company (Excluding Audit & Supervisory Committee member) 1	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	Common stock 10,000 shares
Paid-in amount upon exercise of share acquisition rights	¥334	¥1,128	¥1,482
Exercise period for share acquisition rights	From August 1, 2017 to July 31, 2024	From January 2, 2018 to Dec. 31, 2024	From April 27, 2023 to April 26, 2031
Conditions for exercise of share acquisition rights	Persons who have been allotted share acquisition rights must hold the position of director, audit & supervisory 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.	(Note 1)

Notes: 1

- 1) The share acquisition rights holders may exercise their share acquisition rights during the exercise period up to the number of shares specified below for each period.
  - April 27, 2023 to April 26, 2024: 1/3 of granted units
  - April 27, 2024 to April 26, 2025: 2/3 of granted units
  - April 27, 2025 to April 26, 2031: All of granted units
- 2) At the time of exercising the share acquisition rights, the share acquisition rights holder must hold the position of director, audit & supervisory committee member, employee or other equivalent positions at the Company or a subsidiary of the Company. However, this shall not apply when the share acquisition rights holders retire due to expiration of term of office or mandatory retirement, or when the Board of Directors approves that there is a legitimate reason.
- 3) In the event of the death of a holder of share acquisition rights, the share acquisition rights may not be exercised by the heirs of the holder. However, this shall not apply if, after due consideration of various circumstances, the Board of Directors approves the exercise of the share acquisition rights as an exceptional case.
- 4) If, through the exercise of this series of share acquisition rights, the total number of issued shares of the Company exceeds the number of authorized shares at that time, such share acquisition rights may not be exercised.
- 5) Respective series of share acquisition rights may not be exercised for less than one unit.

Note: 2 The above includes acquisition rights granted before assuming office.

- (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	1,890 units
Class and number of shares underlying the share acquisition rights	Common stock 189,000 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 BBSakura Networks, Inc. Outside Director of ABEJA, Inc. Chairman of the Specified Nonprofit Organization Japan Data Center Council Outside Director of Yume (no) Sora Holdings Co., Ltd. Managing Director of the General Incorporated Association Kansai Association of Corporate Executives Chairman of the General Incorporated Association The Software Association of Japan Director of Tellus Inc. Outside Director of OPENSTREAM 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 Director (Audit & Supervisory Committee Member) of bitbank, Inc. Outside Auditor of REXEV Inc. Outside Auditor of LPIXEL 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 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)	244 (12)	213 (12)	— (—)	31 (—)	6 (2)
Director, Audit & Supervisory Committee Member (of which, Outside Director)	21 (21)	21 (21)	— (—)	— (—)	3 (3)
Total (of which, Outside Officer)	266 (33)	234 (33)	— (—)	31 (—)	9 (5)

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 Annual General Meeting of Shareholders on October 22, 2021, 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.

(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 BBSakura Networks, Inc. Outside Director of ABEJA, Inc. Chairman of the Specified Nonprofit Organization Japan Data Center Council Outside Director of Yume (no) Sora Holdings Co., Ltd. Managing Director of the General Incorporated Association Kansai Association of Corporate Executives Chairman of the General Incorporated Association The Software Association of Japan Director of Tellus Inc. Outside Director of OPENSTREAM 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, and 16 out of 16 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, and 16 out of 16 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 Director (Audit & Supervisory Committee Member) of bitbank, Inc. Outside Auditor of REXEV Inc. Outside Auditor of LPIXEL 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, and 15 out of 16 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	¥36 million
Amount of cash and other financial benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	¥36 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
  - (a) In accordance with the Risk Management Regulations, the Risk Management Committee takes necessary measures to appropriately identify and manage risks related to business execution.
  - (b) The Group has formulated a Business Continuity Plan (BCP) in the event of a major disaster. Procedures and systems are arranged for speedy restarts in the unlikely event of a suspension of operations, and an appropriate risk management system is in place in the event of an emergency, including an emergency contact system.
- (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 40 yen per share, with the record date dated July 31, 2023, at the meeting of the Board of Directors held on September 7, 2023. As a result, the annual dividend for the current fiscal year is 40 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, 2023

(Millions of yen)

Items	Amounts	Items	Amounts
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>19,613</b>	<b>Current liabilities</b>	<b>7,582</b>
Cash and deposits	16,218	Accounts payable – trade	813
Accounts receivable – trade	1,463	Accounts payable – other	773
Prepaid expenses	1,541	Income taxes payable	937
Other	390	Deposits received	2,347
Allowance for doubtful accounts	(0)	Provision for bonuses	73
<b>Non-current assets</b>	<b>2,108</b>	Provision for sales promotion expenses	2,083
<b>Property, plant and equipment</b>	<b>396</b>	Provision for point card certificates	1
Buildings	78	Other	553
Tools, furniture and fixtures	49	<b>Non-current liabilities</b>	<b>59</b>
Other	268	Asset retirement obligations	59
<b>Intangible assets</b>	<b>272</b>	<b>Total liabilities</b>	<b>7,642</b>
Software	112	<b>Net assets</b>	
Goodwill	75	<b>Shareholders' equity</b>	13,938
Other	83	Share capital	152
<b>Investments and other assets</b>	<b>1,439</b>	Capital surplus	102
Investment securities	502	Retained earnings	15,071
Deferred tax assets	798	Treasury shares	(1,387)
Other	145	<b>Accumulated other comprehensive income</b>	<b>30</b>
Allowance for doubtful accounts	(7)	Valuation difference on available-for-sale securities	30
		<b>Share acquisition rights</b>	<b>110</b>
		<b>Total net assets</b>	<b>14,079</b>
<b>Total assets</b>	<b>21,721</b>	<b>Total liabilities and net assets</b>	<b>21,721</b>

## Consolidated Statement of Income

August 1, 2022 to July 31, 2023

(Millions of yen)

Items	Amounts	
<b>Net sales</b>		<b>16,426</b>
<b>Cost of sales</b>		<b>25</b>
<b>Gross profit</b>		<b>16,401</b>
<b>Selling, general and administrative expenses</b>		<b>12,875</b>
<b>Operating profit</b>		<b>3,525</b>
<b>Non-operating income</b>		
Interest income	0	
Dividend income	10	
Foreign exchange gains	12	
Other	0	<b>23</b>
<b>Non-operating expenses</b>		
Loss on valuation of investment securities	51	
Donations	62	
Other	1	<b>114</b>
<b>Ordinary profit</b>		<b>3,434</b>
<b>Extraordinary losses</b>		
Impairment losses	23	<b>23</b>
<b>Profit before income taxes</b>		<b>3,410</b>
Income taxes – current	1,465	
Income taxes – deferred	(459)	<b>1,006</b>
<b>Profit</b>		<b>2,404</b>
<b>Profit attributable to owners of parent</b>		<b>2,404</b>

## Consolidated Statement of Changes in Equity

August 1, 2022 to July 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	152	73	13,432	(354)	13,303
Changes during period					
Dividends of surplus	—	—	(764)	—	(764)
Profit attributable to owners of parent	—	—	2,404	—	2,404
Purchase of treasury shares	—	—	—	(1,040)	(1,040)
Disposal of treasury shares	—	(1)	—	7	5
Restricted share-based remuneration	—	29	—	—	29
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	—	28	1,639	(1,033)	634
Balance at end of period	152	102	15,071	(1,387)	13,938

	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	34	34	67	13,406
Changes during period				
Dividends of surplus	—	—	—	(764)
Profit attributable to owners of parent	—	—	—	2,404
Purchase of treasury shares	—	—	—	(1,040)
Disposal of treasury shares	—	—	—	5
Restricted share-based remuneration	—	—	—	29
Net changes in items other than shareholders' equity	(4)	(4)	42	38
Total changes during period	(4)	(4)	42	672
Balance at end of period	30	30	110	14,079

## Non-Consolidated Balance Sheet

As of July 31, 2023

(Millions of yen)

Items	Amounts	Items	Amounts
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>17,861</b>	<b>Current liabilities</b>	7,472
Cash and deposits	14,647	Accounts payable – trade	786
Accounts receivable – trade	1,306	Accounts payable – other	705
Prepaid expenses	1,540	Accrued expenses	61
Other	367	Income taxes payable	937
Allowance for doubtful accounts	(0)	Advances received	19
<b>Non-current assets</b>	<b>2,583</b>	Deposits received	2,347
<b>Property, plant and equipment</b>	<b>395</b>	Provision for bonuses	73
Buildings	78	Provision for sales promotion expenses	2,083
Machinery and equipment	84	Provision for point card certificates	1
Tools, furniture and fixtures	49	Other	456
Land	2	<b>Non-current liabilities</b>	59
Construction in progress	181	Asset retirement obligations	59
<b>Intangible assets</b>	<b>158</b>	<b>Total liabilities</b>	<b>7,532</b>
Patent right	16	<b>Net assets</b>	
Software	109	<b>Shareholders' equity</b>	12,771
Other	33	<b>Share capital</b>	152
<b>Investments and other assets</b>	<b>2,029</b>	<b>Capital surplus</b>	102
Investment securities	499	Legal capital surplus	74
Shares of subsidiaries and associates	603	Other capital surplus	28
Deferred tax assets	787	<b>Retained earnings</b>	13,904
Other	145	Other retained earnings	13,904
Allowance for doubtful accounts	(7)	<b>Treasury shares</b>	(1,387)
		<b>Valuation and translation adjustments</b>	30
		Valuation difference on available-for-sale securities	30
		<b>Share acquisition rights</b>	110
		<b>Total net assets</b>	<b>12,913</b>
<b>Total assets</b>	<b>20,445</b>	<b>Total liabilities and net assets</b>	<b>20,445</b>



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

August 1, 2022 to July 31, 2023

(Millions of yen)

Items	Amounts	
<b>Net sales</b>		15,467
<b>Cost of sales</b>		25
<b>Gross profit</b>		15,442
<b>Selling, general and administrative expenses</b>		12,105
<b>Operating profit</b>		3,336
<b>Non-operating income</b>		
Interest income	0	
Dividend income	10	
Other	0	11
<b>Non-operating expenses</b>		
Loss on valuation of investment securities	51	
Donations	62	
Other	2	115
<b>Ordinary profit</b>		3,232
<b>Extraordinary losses</b>		
Loss on valuation of shares of subsidiaries and associates	52	
Other	0	53
Profit before income taxes		3,179
Income taxes – current	1,382	
Income taxes – deferred	(467)	914
Profit		2,264

## Non-Consolidated Statement of Changes in Equity

August 1, 2022 to July 31, 2023

(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	—	74	12,405	12,405
Changes during period						
Dividends of surplus	—	—	—	—	(764)	(764)
Profit	—	—	—	—	2,264	2,264
Purchase of treasury shares	—	—	—	—	—	—
Disposal of treasury shares	—	—	(1)	(1)	—	—
Restricted share-based remuneration	—	—	29	29	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes during period	—	—	28	28	1,499	1,499
Balance at end of period	152	74	28	102	13,904	13,904

	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	(354)	12,277	34	34	67	12,380
Changes during period						
Dividends of surplus	—	(764)	—	—	—	(764)
Profit	—	2,264	—	—	—	2,264
Purchase of treasury shares	(1,040)	(1,040)	—	—	—	(1,040)
Disposal of treasury shares	7	5	—	—	—	5
Restricted share-based remuneration	—	29	—	—	—	29
Net changes in items other than shareholders' equity	—	—	(4)	(4)	42	38
Total changes during period	(1,033)	494	(4)	(4)	42	533
Balance at end of period	(1,387)	12,771	30	30	110	12,913

## Reference Documents for the General Meeting of Shareholders

### Proposal 1 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 Feb. 2001 Sep. 2001 Sep. 2002 Jan. 2006 Aug. 2007 Oct. 2017 Aug. 2018 Joined Calbee, Inc. Joined OBM, Inc. Joined Msta Inc. Joined AD-degital, Inc. Founded Cyber Consultant, Inc. Representative Director and President of Cyber Consultant, Inc. Founded the Company Representative Director, CEO of the Company Representative Director, Chairman of the Company (current position) General Manager, Representative Project Headquarters of the Company (current position)	1,688,900 shares
2	Tetsuya Noguchi (April 14, 1974)	Apr. 1999 Jul. 2004 Aug. 2007 Oct. 2017 Joined IBM Japan, Ltd. Joined Arthur D. Little Japan, Inc. Director of the Company Representative Director, CEO of the Company (current position)	1,618,500 shares
3	Yoshinori Mizota (October 21, 1980)	Oct. 2003 Aug. 2005 Mar. 2009 Aug. 2013 Jan. 2015 Aug. 2015 Oct. 2015 Oct. 2017 Oct. 2018 Aug. 2019 Joined Leopal Inc. Joined Global Juhan Corporation Joined the Company General Manager, Ad Network Business Division of the Company Executive Officer of the Company Director of the Company General Manager, Ad Platform Business Headquarters of the Company (current position) Representative Director and Vice President of the Company Director and Vice President of the Company Director of the Company (current position) Director of Ohte, Inc.	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>Apr. 2015</p> <p>Jul. 2015</p> <p>Oct. 2016</p> <p>Apr. 2018</p> <p>Jun. 2019</p> <p>Aug. 2019</p> <p>Dec. 2019</p> <p>Jun. 2021</p> <p>Oct. 2021</p> <p>Jun. 2022</p> <p>Jun. 2022</p> <p>Jun. 2022</p> <p>Oct. 2022</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>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 BBSakura Networks, Inc. (current position)</p> <p>Outside Director of ABEJA, Inc. (current position)</p> <p>Chairman of the Specified Nonprofit Organization Japan Data Center Council (current position)</p> <p>Outside Director of Yume (no) Sora Holdings Co., Ltd. (current position)</p> <p>Managing Director of the General Incorporated Association Kansai Association of Corporate Executives (current position)</p> <p>Chairman of the General Incorporated Association The Software Association of Japan (current position)</p> <p>Director of Tellus Inc. (current position)</p> <p>Outside Director of OPENSTREAM 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. (currently 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 seven years and five 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.

Proposal 2 Election of Three Directors Serving as Audit & Supervisory Committee Members

The term of office of all three Directors who are Audit & Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company requests the election of three Directors who are Audit & Supervisory Committee Members.

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

Five of the nine Directors will serve as outside directors upon the effective date of Proposal 1 “Election of Six Directors (Excluding Audit & Supervisory Committee Members,” and the aforementioned Proposal.

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

Candidate No.	Name (Date of birth)	Career summary, position, responsibilities, and significant concurrent positions		Number of the Company's shares owned
1	Yukio Todoroki (May 5, 1958)	Apr. 1981 Nov. 1998 Apr. 1999 Jun. 1999 Dec. 2013 Jun. 2017 Jun. 2018 Oct. 2019 Oct. 2019 Jul. 2020 Oct. 2020 Oct. 2021	Joined The Long-Term Credit Bank of Japan, Limited. (currently SBI Shinsei Bank Limited.) Joined SoftBank Corp. (currently SoftBank Group Corp.) Joined Softbank Finance Corporation Outside Auditor of Yahoo Japan Corporation (currently Z Holdings Corporation) Managing Director of SBI Securities Co., Ltd. Outside Audit & Supervisory Board Member of Geniee, Inc. Outside Director and Audit & Supervisory Committee Member of Geniee, Inc. (current position) Outside Audit & Supervisory Board Member of the Company Corporate Auditor of Cyber Consultant, Inc. (current position) Registered as a certified public tax accountant Corporate Auditor of Ohte, Inc. (current position) Outside Director (Audit & Supervisory Committee Member) of the Company (current position)	—
2	Tadatsugu Ishimoto (October 9, 1973)	Oct. 2002 Jan. 2015 Jan. 2015 Jun. 2016 Feb. 2020 Apr. 2021 Oct. 2021 Mar. 2022	Senior Partner of Mentor Capital Tax Office (currently Mentor Capital Tax Corporation) (current position) Representative Director of Mentor Capital FAS (current position) Outside Audit & Supervisory Board Member of Money Forward, Inc. Outside Audit & Supervisory Board Member of the Company Outside Director of UNITED, Inc. (current position) Outside Director and Audit & Supervisory Committee Member of Visional, Inc. (current position) Outside Auditor of SunBridge Inc. (current position) Outside Director (Audit & Supervisory Committee Member) of the Company (current position) Outside Director (Audit & Supervisory Committee Member) of Blue Planet-works, Inc. (current position)	—

3	Akira Takagi (October 7, 1983)	Apr. 2009	Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC)	—
		Oct. 2014	Joined Sato & Partners	
		Jan. 2015	Outside Audit & Supervisory Board Member of the Company	
		Aug. 2017	Director of Takagi CPA Office (current position)	
		Mar. 2019	Outside Auditor of bitbank, Inc.	
		Nov. 2019	Outside Auditor of REXEV Inc. (current position)	
		Mar. 2020	Outside Auditor of LPIXEL Inc. (current position)	
		Oct. 2021	Outside Director (Audit & Supervisory Committee Member) of the Company (current position)	
		Jan. 2022	Representative Director of KIC Co., Ltd. (current position)	
		Jun. 2022	Outside Auditor of Algorithm Inc. (current position)	
		Mar. 2023	Outside Director (Audit & Supervisory Committee Member) of bitbank, Inc. (current position)	

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



## Reference

Name	Attendance at Board of Directors' meetings	Years of service	Expertise (◎ indicates an area of expertise expected from Outside 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%)	16 yrs	•	•	•				
Tetsuya Noguchi	17/17 (100%)	16 yrs	•	•	•	•			
Yoshinori Mizota	17/17 (100%)	8 yrs		•	•				
Yasuhiro Fumita	17/17 (100%)	2 yrs	•	•			•	•	
Kunihiro Tanaka <small>Outside Independent</small>	17/17 (100%)	7 yrs	◎	•	•	•			
Satoshi Shima <small>Outside Independent</small>	17/17 (100%)	5 yrs	◎	•	•		•	•	
Yukio Todoroki <small>Outside Independent</small>	17/17 (100%)	4 yrs			•		◎	◎	•
Tadatsugu Ishimoto <small>Outside Independent</small>	17/17 (100%)	8 yrs			•		◎	•	•
Akira Takagi <small>Outside Independent</small>	17/17 (100%)	8 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

Proposal 3 Election of One Director Serving as a Substitute Audit & Supervisory Committee Member

The Company nominates one Substitute Director serving as the Audit & Supervisory Committee Member in case the number of Audit & Supervisory Committee Members falls short of the number required by the laws and regulations.

These nominations receive the approval of the Audit & Supervisory Committee and can be withdrawn by a resolution of the Board of Directors only until the Outside Directors and Audit & Supervisory Committee Members assume office.

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

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

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

## 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

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