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Securities Code: 2371

May 31, 2019

To Our Shareholders:

Shonosuke Hata  
President and Representative Director  
**Kakaku.com, Inc.**  
3-5-7 Ebisu-Minami, Shibuya-ku, Tokyo

## Notice of the 22nd Annual General Meeting of Shareholders

You are cordially invited to attend the 22nd Annual General Meeting of Shareholders of Kakaku.com, Inc. (the “Company”), which will be held as indicated below.

**If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights by 7:00 p.m. on Monday, June 17, 2019 (JST).**

### **[Exercise of voting rights in writing (voting card)]**

Please indicate your approval or disapproval to each proposal on the enclosed voting card, and return it so that it will be received by us no later than the above date and time.

### **[Exercise of voting rights via the Internet]**

Please read the “Instructions for exercising voting rights via the Internet” on page 42 and access the voting website designated by the Company (<https://www.web54.net>), and exercise your voting rights no later than the above date and time.

- 1. Date and Time:** Tuesday, June 18, 2019, at 10:00 a.m.
- 2. Venue:** “FUJI,” 2nd floor, Meiji Kinenkan  
2-2-23 Moto-Akasaka, Minato-ku, Tokyo

### **3. Purpose of the Meeting**

#### **Matters to be reported**

1. The Business Report and the Consolidated Financial Statements for the 22nd fiscal year (from April 1, 2018 to March 31, 2019), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-Consolidated Financial Statements for the 22nd fiscal year (from April 1, 2018 to March 31, 2019)

#### **Matters to be resolved**

- Proposal No. 1:** Appropriation of Surplus  
**Proposal No. 2:** Election of Ten (10) Directors  
**Proposal No. 3:** Election of Two (2) Auditors

1. When you attend the meeting, you are kindly requested to present the enclosed voting card at the reception at the meeting.
2. Among the documents to be provided to this notice, the items below are posted on the Company's website (<https://corporate.kakaku.com/ir>) pursuant to laws and regulations, as well as Article 18 of the Articles of Incorporation. Accordingly, the Consolidated Financial Statements and Non-Consolidated Financial Statements attached to this notice are a partial copy of the statements audited by the Financial Auditor and the Auditors.
  - (1) Notes to Consolidated Financial Statements
  - (2) Notes to Non-Consolidated Financial Statements
3. If it becomes necessary to make changes to the Business Report, the Consolidated Financial Statements, the Non-Consolidated Financial Statements or the Reference Documents for General Meeting of Shareholders, such changes will be posted on the Company's website (<https://corporate.kakaku.com/ir>).

(Attached materials)

## **Business Report**

(From April 1, 2018 to March 31, 2019)

### **1. Current Status of the Group**

#### **(1) Progress of the business and the results thereof**

With the corporate mission of “LIFE with -To become a part of people’s daily lives-” the Company is developing business across a broad range of genres, seeking to get closer to individuals with a view to enriching their lives with the internet. The Company operates businesses across a wide range of genres with the mission “to create valuable user-oriented services.” Beginning with the purchase support service “Kakaku.com” which has been providing services since the Company was established, we now provide at least 20 services, including the restaurant discovery and reservation site “Tabelog.” Each individual business has been aiming to achieve sustained growth driving the performance of the Group as a whole.

In the fiscal year ended March 31, 2019, the Japanese economy continued along a gradual recovery trend generally, with continued improvement in employment, personal income conditions, and also with improvement in corporate earnings and capital investments.

Amid such an environment, the Kakaku.com site attracted 56.15 million monthly unique users (\*1) in March 2019. Comparison services for seasonal and event-related products and services performed strongly. Tabelog had 119.17 million monthly unique users (\*1) in March 2019. The number of restaurants subscribing to sales promotion services and the number of online reservations increased steadily. Furthermore, in November 2018 we held a mass promotion focused mainly on television commercials for the first time. On the recruitment information federated search site “Kyujin Box,” the number of users increased steadily due to improvements in usability, leading to growth in the number of contract companies. With “Bus HikakuNavi,” which is operated by consolidated subsidiary LCL, Inc., sales activities proceeded steadily as the number of users increased.

As a result, consolidated revenue grew 17.2% year on year to 54,832 million yen, consolidated operating profit grew 9.6% year on year to 25,070 million yen, consolidated profit before income taxes grew 8.8% year on year to 24,839 million yen and consolidated profit attributable to owners of the parent company grew 6.4% year on year to 16,697 million yen in the fiscal year ended March 31, 2019.

Results by segment are as follows.

#### **1) Internet Media Business**

The Internet media business’s revenue grew 16.6% year on year to 53,112 million yen while profit for this segment grew 8.8% year on year to 24,503 million yen in the fiscal year ended March 31, 2019.

##### **[Kakaku.com]**

In Kakaku.com’s shopping business, revenue increased 0.1% year on year to 9,254 million yen, as durable goods sales growth offset a decline in consumer goods sales. In Kakaku.com’s service business, revenue increased 2.9% year on year to 8,804 million yen, driven by increased revenues in each field including finance, telecom, and moving business. In Kakaku.com’s advertising business, revenue increased 6.9% year on year to 4,452 million yen, driven by increased revenues in banner and advertorial advertising.

Overall, Kakaku.com’s revenue grew 2.4% year on year to 22,510 million yen in the fiscal year ended March 31, 2019.

##### **[Tabelog]**

In Tabelog’s Restaurant Promotion business, subscriptions of a new fee plan (\*2) increased. Furthermore, due to steady progress on conversion of existing subscribers from old fee plans to the new

ones, online reservation bookings grew steadily by virtue of an increase in restaurants that accept online reservations. As a result, revenue increased by 27.5% year on year to 19,105 million yen. In Tabelog's Premium Memberships business, revenue decreased by 1.8% year on year to 2,890 million yen in response to a decrease in fee-paying members. In Tabelog's advertising business, revenue increased by 6.4% year on year to 2,357 million yen, boosted by increased revenues in banner and advertorial advertising.

As a result, Tabelog's revenue grew 20.9% year on year to 24,352 million yen.

#### [New Media and Solutions]

The new media and solutions business saw revenue increase in association with an increase in commission revenues as the number of users increased for the recruitment information federated search site "Kyujin Box." Moreover, at "Bus HikakuNavi," which is operated by consolidated subsidiary LCL, Inc., revenues increased with growth in user numbers and an increase in the commission rate.

The new media and solutions business's revenue grew 81.5% year on year to 6,250 million yen in the fiscal year ended March 31, 2019.

#### 2) Finance Business

Consolidated subsidiary Kakaku.com Insurance, Inc. achieved major growth in commission revenue due to growth in online applications for both life and non-life insurance coverage in its insurance agency business.

The finance business's revenue consequently increased 41.1% year on year to 1,720 million yen while profit for this segment increased by 61.2% year on year to 561 million yen in the fiscal year ended March 31, 2019.

\*1. Source: Monthly unique users are counted on a net basis as the number of browsers that visited the site. Users who visit the site multiple times during a month are counted as one user.

\*2. The new fee plans provide promotional services and online reservations to restaurants and consist of both a monthly fixed fee and a variable fee based on online bookings. The old fee plans only consisted of a monthly fixed fee.

#### (2) Capital expenditures

Capital expenditures in the fiscal year under review stood at 1,870 million yen, and the principal components were expenditures on system-related servers and software.

#### (3) Fund procurement

No items to report.

#### (4) Business transfers, absorption-type company splits and incorporation-type company splits

No items to report.

#### (5) Business transfers from other companies

No items to report.

#### (6) Succession of rights and obligations relating to other entities' business as a result of absorption-type merger or company split

No items to report.

(7) Acquisition or disposal of shares, other equities or share acquisition rights of other companies

The status of the Company's acquisition or disposal of equity shares or share acquisition rights of other companies during the fiscal year under review is as follows.

- 1) On October 10, 2018, the Company acquired 17.1% of the total number of issued shares of TABSQUARE PTE. LTD. (Head Office: Singapore), a company offering self-order systems for restaurants in Singapore, thereby making it an affiliate company accounted for by the equity method.
- 2) On January 19, 2019, the Company acquired additional shares of equity-method affiliate LOVEBONITO HOLDINGS PTE. LTD. (Head Office: Singapore), increasing the Company's equity stake to 25.8% of the LOVEBONITO HOLDINGS PTE. LTD.'s total number of issued shares.

(8) Issues to be addressed

The Group had its origins in the purchase support service "Kakaku.com" and has subsequently developed new businesses through diverse websites, including travel review and comparison site "4travel," restaurant discovery and reservation site "Tabelog," movie discovery platform "eiga.com," online residential real estate portal "Sumaity," lifestyle media for women "Kinarino," and job classifieds "Kyujin-box." Going forward, in addition to enhancing the existing content, the Company will acquire new users by developing new content and expanding into peripheral businesses. At the same time, it is the Company's policy to continue building new revenue models.

In tandem with the recent rapid expansion in the scope of business, the Company has been carrying out active recruitment. Going forward, the Company will work to boost organizational capabilities by strengthening training for employees in pace with the increase in personnel. It is also the Company's policy to continuously promote the establishment and enhancement of the internal control system and make efforts to strengthen internal management structures.

In addition, in the businesses that the Company operates, the security, development, and maintenance and management structure for website related systems are critical due to the nature of the businesses, and we need to keep enhancing these structures. It is the Company's policy to continuously maintain security adapted to changes in the market environment and to establish system development and system maintenance and management structures.

(9) CSR initiatives

The Company is working to provide solutions to social issues through its business activities based on the corporate philosophy that it keeps creating valuable services for users.

- 1) Offering support for purchasing energy-saving products and choosing the right energy provider to match users' lifestyles

The purchase support service Kakaku.com enables users to search for energy-saving products when considering the purchase of electrical appliances. Furthermore, the website offers information on electric power companies, gas companies, and solar power generation to enable users to select electric power and gas providers suitable for their lifestyles.

- 2) Enhancing restaurant information to cater to individual users' needs

The restaurant discovery and reservation site "Tabelog" has expanded its restaurant information to enable a wide range of users to enjoy dining out. The site will continue to provide even more detailed information for users dining with children to enable an enjoyable experience, such as whether there is space inside for a pram and whether there are menus for children. The website also provides information regarding restaurants that have barrier free facilities or can accommodate wheelchairs and so forth.

(10) Status of assets and profit and loss

1) Japanese-GAAP

Category	19th fiscal year (Fiscal year ended March 31, 2016)	20th fiscal year (Fiscal year ended March 31, 2017)	21st fiscal year (Fiscal year ended March 31, 2018)	22nd fiscal year (Fiscal year under review) (Fiscal year ended March 31, 2019)
Net sales (Millions of yen)	41,275	45,089	–	–
Recurring profit (Millions of yen)	19,580	21,164	–	–
Profit attributable to shareholders of parent (Millions of yen)	13,100	14,838	–	–
Earnings per share (Yen)	59.59	68.23	–	–
Total assets (Millions of yen)	38,903	42,129	–	–
Net assets (Millions of yen)	32,111	35,398	–	–
Net assets per share (Yen)	145.23	161.63	–	–

2) International Financial Reporting Standards (IFRS)

Category	19th fiscal year (Fiscal year ended March 31, 2016)	20th fiscal year (Fiscal year ended March 31, 2017)	21st fiscal year (Fiscal year ended March 31, 2018)	22nd fiscal year (Fiscal year under review) (Fiscal year ended March 31, 2019)
Revenue (Millions of yen)	–	43,464	46,782	54,832
Profit attributable to owners of the parent company (Millions of yen)	–	14,812	15,699	16,697
Basic earnings per share (Yen)	–	68.11	73.96	79.70
Total assets (Millions of yen)	–	42,481	42,770	51,242
Total equity (Millions of yen)	–	35,380	33,908	40,941

Note: Effective from the 21st fiscal year, the Company adopted the International Financial Reporting Standards (IFRS) in place of the Japanese generally accepted accounting principles (J-GAAP) used previously. In “2)” above, the figures for the 20th fiscal year have been reclassified under the International Financial Reporting Standards (IFRS).

(11) Important parent company and subsidiaries

1) Important parent company

No items to report.

2) Important subsidiaries

Name	Share capital (Millions of yen)	Ratio of ownership	Major business
forTravel, Inc.	191	90.2%	Provision of information via the Internet
Kakaku.com Insurance, Inc.	105	100.0%	Insurance agency business
eiga.com, Inc.	26	70.0%	Provision of information via the Internet
Time Design Co., Ltd.	307	72.9%	Dynamic package business
webCG, Inc.	10	66.5%	Provision of information via the Internet
LCL, Inc.	50	100.0%	Provision of information via the Internet
gaie Inc.	40	70.0%	Creation of movie content and websites

(12) Summary of major businesses (As of March 31, 2019)

1) Internet Media Business

This business plans and operates the purchase support service “Kakaku.com,” restaurant discovery and reservation site “Tabelog,” online residential real estate portal “Sumait,” lifestyle media for women

“Kinarino,” job classifieds “Kyujin-box,” travel review and comparison site “4travel,” movie discovery platform “eiga.com,” online media for car lovers “webCG,” and highway and overnight bus price comparison “YakoBus HikakuNavi,” in addition to developing and providing a dynamic package system, as well as producing and providing movie content websites.

## 2) Finance Business

This business consists of the insurance agency business.

### (13) Principal offices (As of March 31, 2019)

Name	Location
Head Office	3-5-7 Ebisu-Minami, Shibuya-ku, Tokyo
Kansai Branch	1-6-20 Dojima, Kita-ku, Osaka City, Osaka
Kyushu Branch	3-1 Simokawabata-machi, Hakata-ku, Fukuoka City, Fukuoka

Note: The Kyushu Branch was established on July 2, 2018.

### (14) Major lenders (As of March 31, 2019)

No items to report.

### (15) Employees (As of March 31, 2019)

#### 1) Employees of the Group

Business segment	Number of employees	Change from the previous fiscal year-end
Internet Media Business	903 (190)	Increase of 118 (increase of 63)
Finance Business	74 (6)	Increase of 8 (increase of 3)
Total	977 (196)	Increase of 126 (increase of 66)

Note: The number of employees indicates the number of working employees, and the average number of temporary employees during this fiscal year is given in parentheses separately.

#### 2) Employees of the Company

Number of employees	Change from the previous fiscal year-end	Average age	Average years of service
736 (167)	Increase of 97 (increase of 52)	35.7 years old	4.7 years

Note: The number of employees indicates the number of working employees, and the average number of temporary employees during this fiscal year is given in parentheses separately.

## 2. Shares of the Company (As of March 31, 2019)

(1) Total number of shares authorized: 768,000,000 shares

(2) Total number of shares issued: 209,505,000 shares

Note: The total number of shares issued decreased by 1,100,000 shares due to the retirement of treasury shares conducted on January 31, 2019.

(3) Number of shareholders: 10,362 (decreased by 2,980 from the previous fiscal year-end)

(4) Major shareholders (top 10 shareholders):

Name of shareholder	Number of shares held	Ratio of shareholding
Digital Garage, Inc.	43,110,000 shares	20.66%
KDDI CORPORATION	35,016,000 shares	16.78%
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,628,300 shares	5.09%
Japan Trustee Services Bank, Ltd. (Trust Account)	8,322,800 shares	3.99%
RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT	4,040,200 shares	1.94%
STATE STREET BANK AND TRUST COMPANY 505001	3,821,991 shares	1.83%
THE BANK OF NEW YORK MELLON CORPORATION 140051	3,746,800 shares	1.80%
THE BANK OF NEW YORK MELLON CORPORATION 140044	3,682,824 shares	1.77%
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	3,668,500 shares	1.76%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2,821,900 shares	1.35%

Note: Calculations of ratio of shareholding exclude treasury shares (872,058 shares).



### 3. Share Acquisition Rights of the Company

- (1) Share acquisition rights delivered as consideration for performance of duties held by officers of the Company as of the end of the fiscal year under review

8th series share acquisition rights (by resolution of the meeting of the Board of Directors held on August 17, 2016 based on the resolution of the Annual General Meeting of Shareholders held on June 23, 2016)

- Amount of payments for share acquisition rights  
167,000 yen per share acquisition right (1,670 yen per share)
- Amount of contributions upon exercise of share acquisition rights  
100 yen per share acquisition right (1 yen per share)
- Period during which share acquisition rights can be exercised  
From September 2, 2016 to September 1, 2046
- Ownership by officers of the Company

	Number of share acquisition rights	Number of shares underlying the share acquisition rights	Number of holders
Directors of the Company (excluding External Directors)	230	23,000 shares	5

9th series share acquisition rights (by resolution of the meeting of the Board of Directors held on August 17, 2016 based on the resolution of the Annual General Meeting of Shareholders held on June 26, 2012)

- Amount of payments for share acquisition rights  
Payment of money for share acquisition rights shall not be required.
- Amount of contributions upon exercise of share acquisition rights  
185,400 yen per share acquisition right (1,854 yen per share)
- Period during which share acquisition rights can be exercised  
From September 3, 2018 to September 2, 2021
- Ownership by officers of the Company

	Number of share acquisition rights	Number of shares underlying the share acquisition rights	Number of holders
Directors of the Company (excluding External Directors)	90	9,000 shares	1

10th series share acquisition rights (by resolution of the meeting of the Board of Directors held on July 19, 2017 based on the resolution of the Annual General Meeting of Shareholders held on June 23, 2016)

- Amount of payments for share acquisition rights  
131,900 yen per share acquisition right (1,319 yen per share)
- Amount of contributions upon exercise of share acquisition rights  
100 yen per share acquisition right (1 yen per share)
- Period during which share acquisition rights can be exercised  
From August 4, 2017 to August 3, 2047
- Ownership by officers of the Company

	Number of share acquisition rights	Number of shares underlying the share acquisition rights	Number of holders
Directors of the Company (excluding External Directors)	276	27,600 shares	4

11th series share acquisition rights (by resolution of the meeting of the Board of Directors held on August 15, 2018 based on the resolution of the Annual General Meeting of Shareholders held on June 23, 2016)

- Amount of payments for share acquisition rights  
192,600 yen per share acquisition right (1,926 yen per share)
- Amount of contributions upon exercise of share acquisition rights  
100 yen per share acquisition right (1 yen per share)
- Period during which share acquisition rights can be exercised  
From September 4, 2018 to September 3, 2048
- Ownership by officers of the Company

	Number of share acquisition rights	Number of shares underlying the share acquisition rights	Number of holders
Directors of the Company (excluding External Directors)	245	24,500 shares	4

- (2) Share acquisition rights delivered as consideration for performance of duties by employees, etc. during the fiscal year under review

12th series share acquisition rights (by resolution of the meeting of the Board of Directors held on September 19, 2018)

- Amount of payments for share acquisition rights  
Payment of money for share acquisition rights shall not be required.
- Amount of contributions upon exercise of share acquisition rights  
211,600 yen per share acquisition right (2,116 yen per share)
- Period during which share acquisition rights can be exercised  
From October 20, 2020 to October 19, 2023
- Ownership by officers of the Company

	Number of share acquisition rights	Number of shares underlying the share acquisition rights	Number of individuals to whom share acquisition rights have been issued
Employees of the Company	1,770	177,000 shares	45
Officers of subsidiaries	510	51,000 shares	12

#### 4. Officers of the Company

##### (1) Directors and Auditors (As of March 31, 2019)

Position	Name	Responsibility at the Company and significant concurrent positions outside the Company
Chairman of the Board	Kaoru Hayashi	Representative Director, President Executive Officer and Group CEO, Digital Garage, Inc. Outside Director, Credit Saison Co., Ltd.
President and Representative Director	Shonosuke Hata	
Director	Kenji Fujiwara	External Board Director, Digital Garage, Inc. External Director, Sundrug Co., Ltd.
Director	Hajime Uemura	Responsible for Administration, Human Resources and Legal Affairs
Director	Shingo Yuki	Responsible for Kakaku.com, Marketing, Sales, Business Development and Customer Service
Director	Atsuhiko Murakami	Responsible for Tabelog External Director, Bengo4.com, Inc.
Director	Yoshiharu Hayakawa	Certified Public Accountant Representative, Kasumi Research Empowerment Institute External Director, DAI-ICHI HOKI CO., LTD. Outside Director, Ryoyo Electro Corporation
Director	Shiho Konno	Attorney-at-law Outside Director, Alfresa Holdings Corporation Outside Audit & Supervisory Board Member, Shinsei Bank, Ltd. External Director, Monex Group, Inc.
Director	Tomoharu Kato	President and Representative Director, XEBIO Co., Ltd. Executive Vice President, XEBIO HOLDINGS CO., LTD. Outside Director, TECHNO SYSTEM CO., LTD
Director	Shingo Niori	Administrative Officer, KDDI CORPORATION Outside Director, Datasection Inc.
Full-time Auditor	Hiroshi Maeno	
Auditor	Kaori Matsuhashi	Certified Public Accountant Representative Director, Luminous Consulting External Director, Spiber Inc. External Auditor, NTS Holdings Co., Ltd.
Auditor	Hisashi Kajiki	Attorney-at-law Outside Director, MAEDA ROAD CONSTRUCTION Co., Ltd.

Notes: 1. Directors Yoshiharu Hayakawa, Shiho Konno, Tomoharu Kato and Shingo Niori are External Directors.

Notes: 2. Auditors Kaori Matsuhashi and Hisashi Kajiki are External Auditors.

Notes: 3. Auditor Kaori Matsuhashi has a qualification of the Certified Public Accountant and a considerable degree of knowledge on finance and accounting.

2. Mr. Norihiro Kuretani resigned from the position of External Director on August 3, 2018. At the time of his resignation, he was an Executive Officer of DENTSU INC.
3. At an Extraordinary General Meeting of Shareholders held on October 25, 2018, Mr. Shingo Niori was nominated as a Director and appointed on the same day.
4. The Company has submitted notification to the Tokyo Stock Exchange that Directors Yoshiharu Hayakawa, Shiho Konno and Tomoharu Kato, and Auditors Kaori Matsuhashi and Hisashi Kajiki have been designated as independent officers as provided for by the aforementioned exchange.

## (2) Outline of limited liability agreements

The Company has entered into agreements with each External Director and External Auditor to limit the liability for damages under Article 423, paragraph 1 of the Companies Act based on the provision of Article 427, paragraph 1 of the Companies Act.

These agreements limit the amount of their liability for compensation to the minimum amounts stipulated in laws and regulations.

Moreover, the same type of agreement had been concluded with Mr. Norihiro Kuretani, who resigned from the position of External Director on August 3, 2018.

## (3) Amount of remuneration to Directors and Auditors

(Millions of yen)

	Total amount of remuneration	Total amount of remuneration, etc. by each category			Number to be paid (persons)
		Basic remuneration	Stock options	Bonuses	
Directors (excluding External Directors)	275	198	43	34	7
Auditors (excluding External Auditors)	24	24	—	—	1
External Directors	28	28	—	—	5
External Auditors	15	15			3

Notes: 1. The above table includes the amount of remuneration during the tenure of one Director and one Auditor who retired from office at the conclusion of the 21st Annual General Meeting of Shareholders held on June 21, 2018.

2. Of the above, one Director (excluding External Director) and two External Directors do not receive remuneration.

3. The amount of stock options described above is the amount charged in the fiscal year ended March 31, 2019 out of the expense for the stock options granted to the seven Directors (excluding External Directors) (the 8th series share acquisition rights, 9th series share acquisition rights, 10th series share acquisition rights and 11th series share acquisition rights).

## (4) External Officers

### 1) Significant concurrent positions as executive at other organizations and relationships between the Company and the relevant organizations

Director Yoshiharu Hayakawa is the Representative of Kasumi Research Empowerment Institute. There is no special interest between the said institute and the Company.

Director Tomoharu Kato is the President and Representative Director of XEBIO Co., Ltd. and Executive Vice President of XEBIO HOLDINGS CO., LTD. There is no special interest between the said companies and the Company.

Director Shingo Niori is Administrative Officer of KDDI CORPORATION. The aforementioned company is a major shareholder of the Company and an “other affiliated company.” KDDI CORPORATION has also signed a letter of intent concerning a business alliance with the Company.

Auditor Kaori Matsuhashi is the Representative Director of Luminous Consulting. There is no special interest between the said company and the Company.

External Director Norihiro Kuretani, who resigned on August 3, 2018, is an Executive Officer of DENTSU INC. The Company and DENTSU INC. had entered into basic agreements related to business alliances, however the agreement was cancelled by mutual agreement of both parties on August 3, 2018.

### 2) Significant concurrent positions as external officer at other organizations and relationships between the Company and the relevant organizations

Director Yoshiharu Hayakawa is an External Director of DAI-ICHI HOKI CO., LTD. and an Outside Director of Ryoyo Electro Corporation. There is no special interest between each of the companies where concurrent positions are held and the Company.

Director Shiho Konno is an Outside Director of Alfresa Holdings Corporation, an External Director of Monex Group, Inc. and an Outside Audit & Supervisory Board Member of Shinsei Bank, Ltd. There is no special interest between the said companies and the Company.

Director Tomoharu Kato is an Outside Director of TECHNO SYSTEM CO., LTD. There is no special interest between the said company and the Company.

Director Shingo Niori is an Outside Director of Datasection Inc. There is no special interest between the said company and the Company.

Auditor Kaori Matsuhashi is an External Director of Spiber Inc. and an External Auditor of NTS Holdings Co., Ltd. There is no special interest between the said companies and the Company.

Auditor Hisashi Kajiki is an Outside Director of MAEDA ROAD CONSTRUCTION Co., Ltd. There is no special interest between the said company and the Company.

### 3) Major activities in the fiscal year under review

Director Yoshiharu Hayakawa attended all of the 17 meetings of the Board of Directors held during the fiscal year under review. He gives advice and suggestions to ensure the appropriateness and validity of decision-making of the Board of Directors and gives advice and suggestions in order to strengthen the system for monitoring the execution of business based on his professional expertise as a certified public accountant and experience as external officers at other companies.

Director Shiho Konno attended all of the 17 meetings of the Board of Directors held during the fiscal year under review. She gives advice and suggestions to ensure the appropriateness and validity of decision-making of the Board of Directors and gives advice and suggestions in order to strengthen the system for monitoring the execution of business based on her professional expertise as an attorney-at-law and experience as external officers at other companies.

Director Tomoharu Kato attended all of the 17 meetings of the Board of Directors held during the fiscal year under review. He gives advice and suggestions to ensure the appropriateness and validity of decision-making of the Board of Directors and gives advice and suggestions in order to strengthen the system for monitoring the execution of business based on his experience as an executive and a manager in a wide range of industries.

Director Shingo Niori attended 6 of the 7 meetings of the Board of Directors since assuming his post on October 25, 2018. He gives advice and suggestions to ensure the appropriateness and validity of decision-making of the Board of Directors and gives advice and suggestions in order to strengthen the system of monitoring the execution of business based on his extensive experience and broad discernment gained through serving in a key position within the core business of KDDI CORPORATION.

Auditor Kaori Matsuhashi attended all of the 17 meetings of the Board of Directors and all of the 7 meetings of the Audit & Supervisory Board held during the fiscal year under review. She gives opinions for ensuring the appropriateness and validity of decision-making of the Board of Directors at the meetings of the Board of Directors based on her professional expertise as a certified public accountant and experience as external officers at other companies. Also, she properly offers necessary views about internal control and internal audit of the Company at the meetings of the Audit & Supervisory Board.

Auditor Hisashi Kajiki attended 12 of the 13 meetings of the Board of Directors and all of the 5 meetings of the Audit & Supervisory Board held since assuming his post on June 21, 2018. He gives opinions for ensuring the appropriateness and validity of decision-making of the Board of Directors at the meetings of the Board of Directors based on his professional expertise as an attorney-at-law and experience as external officers at other companies. Also, he properly offers necessary views about internal control and internal audit of the Company at the meetings of the Audit & Supervisory Board.

Director Norihiro Kuretani attended 5 of the 7 meetings of the Board of Directors held up to his resignation on August 3, 2018. He gave advice and suggestions to ensure the appropriateness and validity of decision-making of the Board of Directors and gave advice and suggestions in order to strengthen the system for monitoring the execution of business based on his extensive knowledge and discernment in the advertising business.

## 5. Financial Auditor

(1) Financial Auditor's name Deloitte Touche Tohmatsu LLC

(2) Financial Auditor's compensation, etc. for the fiscal year under review

1) Amount of compensations, etc. paid for services rendered  
as Financial Auditor during the fiscal year under review 46 million yen

2) Total money and other economic benefits to be paid to  
the Financial Auditor by the Company and its subsidiaries 46 million yen

Notes: 1. The audit contract between the Company and the Financial Auditor does not clearly distinguish between compensation paid for the audit conducted in accordance with the Companies Act and compensation paid for the audit conducted in accordance with the Financial Instruments and Exchange Act. Accordingly, the amount in 1) includes the compensation paid for the audit conducted in accordance with the Financial Instruments and Exchange Act.

2. The Audit & Supervisory Board carried out the necessary investigation into whether the content of the audit plan of the Financial Auditor, the state of execution of financial auditing duties, and the basis for the calculation of compensation, etc. estimates are appropriate, deemed it to be suitable and approved the compensation, etc. for the Financial Auditor.

(3) Details of non-auditing services

No items to report.

(4) Policy on decision for dismissal or non-reappointment of Financial Auditor

When any of the matters prescribed in the items in Article 340, paragraph 1 of the Companies Act are applicable to the Financial Auditor, the Audit & Supervisory Board will dismiss the Financial Auditor with the full consensus of the Auditors. In this case, an Auditor selected by the Audit & Supervisory Board shall report the dismissal of the Financial Auditor and the reason for dismissal at the first General Meeting of Shareholders to be held after the dismissal.

It should be noted that the Audit & Supervisory Board takes into consideration the continuous number of years of auditing, etc. by the Financial Auditor in determining the content of the proposal on the dismissal or non-reappointment of the Financial Auditor to be submitted to the General Meeting of Shareholders.

## **6. System for Ensuring Properness of Operations and Status of Operation of the System**

### **(1) System for ensuring properness of operations**

#### **1) Systems to ensure that the performance of duties by Directors and employees conforms to laws and regulations and the Articles of Incorporation**

a. In order to achieve proper and sound management, the Company shall establish a compliance system so that the conduct of Directors and employees conforms to laws and regulations inside and outside Japan, internal regulations and rules such as social norms and ethics.

In addition, to reinforce this, the Corporate Management Division shall oversee Company-wide compliance initiatives, and the Company will provide training for officers and employees under the direction of this Division. The Internal Audit Department will audit the status of compliance in collaboration with the Corporate Management Division. These activities shall be reported regularly to the Board of Directors and the Auditors.

b. The Company shall have no relationship at all with anti-social forces that pose a threat to social order and sound corporate activities and will respond resolutely in a systematic and legal manner in cooperation with outside professionals. Moreover, the Company shall not respond to unreasonable and unjust demands to provide benefits.

#### **2) Matters related to the preservation and management of information concerning the performance of duties by Directors**

In accordance with the Document Handling Regulations, the Directors shall record and retain information concerning the execution of duties by the Directors or the conduct of employees when the Directors use employees to execute duties in documentation or electronic media (“documentation, etc.” below). The Directors, the Auditors, and the Internal Audit Department shall be able to inspect this documentation, etc., in accordance with the Document Handling Regulations.

#### **3) Regulations concerning management of risk of loss and other systems**

The Company shall formulate regulations and guidelines and provide training on compliance and information security risks. The Legal Department and the Information Security Department shall monitor the status of cross-departmental risk and take Company-wide responses. The Board of Directors shall promptly designate a Director to be in charge of the response to significant new risks that arise.

#### **4) Systems to ensure that the duties of Directors are performed efficiently**

The Company shall build systems to achieve Company-wide operational efficiency. Under these systems, the Board of Directors shall establish Company-wide targets that are shared by the Directors and employees. To achieve these targets, Directors in charge of duties shall stipulate the specific targets for each department and efficient means for achieving the targets, including a division of authority based on the Company’s rules on division of authority and decision-making. The Board of Directors will utilize IT to review progress regularly and promote improvements.

#### **5) Systems to ensure that business is conducted properly in the Group consisting of the Company and subsidiaries**

a. The Company shall assign officers and employees, etc. to each Group company and appoint the Company’s officers and employees, etc. as directors at Group companies to oversee the properness of operations at each Group company in addition to establishing systems to enable the identification and improvement of issues concerning efficiency in the execution of duties. Furthermore, the Company shall appoint a Director to be in charge of business at each Group company and grant the authority and responsibility to create a compliance system and risk management system, which the department at the Company with responsibility for the management of each Group company will promote and manage company-wide. The Company shall respect the autonomy of management at Group companies while receiving regular reports on the content of business as well as discussing important matters for each Group company in advance.

b. The Company’s Internal Audit Department shall conduct regular audits of Group companies and establish a system for reporting the results of audits to the Company’s President and Representative Director and the Auditors.



- c. The Company shall establish a system for reporting promptly to the department with responsibility for the management of each Group company when the occurrence or possible occurrence of an incident that is a violation of laws and regulations or internal regulations is detected at a Group company.
- 6) Matters concerning employees when the Auditors request the assignment of employees to assist with their duties and matters concerning the ensuring of the independence of those employees from the Directors and the effectiveness of instructions to those employees

The Auditors shall be able to direct the employees assigned to the Internal Audit Department in the matters required for auditing, and employees who have received directions required for auditing from the Auditors shall not receive instructions and orders from the Directors regarding the directions received from the Auditors.

It should be noted that when the Auditors have made a request, there shall be an exchange of opinions with the President and Representative Director, and full-time auditing staff shall be assigned as necessary in order to assist with the Auditors' duties. The President and Representative Director shall exchange opinions in advance with the Auditors regarding the personnel changes and evaluations and gain the approval of the Auditors.

- 7) Systems for the Directors and employees, etc. and the Directors, Auditors, employees, etc. of subsidiaries to report to the Company's Auditors and other systems for reporting to Auditors

The Company shall establish systems for the Company's Directors and employees, etc. and the Directors, Auditors, and employees, etc. of Group companies to report as quickly as possible to the Company's Auditors directly and indirectly through an internal reporting system, etc. on matters that will seriously affect the Company and the Group and the status of compliance in addition to legal matters. The method for reporting (reporter, recipient of report, timing of reports, etc.) shall be determined through consultation with the Auditors.

- 8) Systems to ensure that a person who made a report in the preceding item shall not be discriminated against by reason of having made the relevant report

The Company shall prohibit discrimination against all Group officers and employees by reason of having made a report in the preceding item through the internal reporting system or through another procedure.

- 9) Matters concerning policies on processing expenses or obligations arising from the execution of the duties of the Auditors

When the Auditors claim prepayment, etc. of expenses to arise in the execution of their duties, the Company shall process the claim promptly, except in cases where the expense is deemed to be not required for the execution of the duties of the Auditors.

- 10) Other systems to ensure that audits by Auditors are carried out effectively

The Auditors shall receive internal audit reports as necessary from the Internal Audit Department as well as consulting with the Financial Auditor as appropriate and exchanging opinions with the Directors whenever it is needed.

## (2) Overview of operational status of system for ensuring properness of operations

An overview of the operational status of the system for ensuring the properness of operations in the fiscal year under review is as follows.

### 1) Overall internal control system

The Board of Directors met 17 times and conducted lively discussions including the External Directors and External Auditors in checking the progress of the business plan and important decision-making. Moreover, in order to achieve effective execution of duties based on the policies determined by the Board of Directors, the Management Meeting was held weekly and held full discussions on business execution after promptly gathering accurate important management information from each business department.

The Internal Audit Department monitored the institutional and operational status of the internal control system overall through internal audits of the Company and Group companies in addition to

working for appropriate improvements as necessary, and reported on the results to the Board of Directors and each of the Auditors.

2) Compliance and risk management system

The Company provided training for all Group officers and employees on information security, privacy protection, and insider trading regulations.

The Information Security Committee, which includes outside experts, met twice to evaluate and make proposals on information security measures at the Company and Group companies.

The Risk Management Meeting was held biweekly. Directors in charge of risk management received reports from the related departments at the meeting, and shared its contents with the Board of Directors.

3) Business management system of Group companies

The management status of Group companies was reported each month at the Board of the Directors and the Management Meeting to check on and discuss the progress of business plans and management issues, etc.

4) System of audits by the Auditors

The Audit & Supervisory Board met seven times and received regular reports from and collaborated with the Internal Audit Department, the Legal Department, the Information Security Department, the Personal Data Management Office, and the Financial Auditor. In addition, the Auditors requested explanations from the officers and employees of the Company and Group companies as necessary and worked to enhance the effectiveness of auditing.

## **Consolidated statement of financial position**

(As of March 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>36,629</b>	<b>Current liabilities</b>	<b>9,802</b>
Cash and cash equivalents	26,422	Trade and other payables	2,446
Trade and other receivables	8,676	Bonds and borrowings	339
Other financial assets	29	Other financial liabilities	221
Other current assets	1,502	Income taxes payable	4,082
		Employee benefit obligations	1,296
		Other current liabilities	1,419
<b>Non-current assets</b>	<b>14,613</b>	<b>Non-current liabilities</b>	<b>499</b>
Property, plant and equipment	1,384	Bonds and borrowings	139
Goodwill and other intangible assets	7,095	Provisions	178
Investments accounted for using equity method	2,555	Other non-current liabilities	182
Other financial assets	3,229	<b>Total liabilities</b>	<b>10,301</b>
Deferred tax assets	304	<b>Equity</b>	
Other non-current assets	46	<b>Equity attributable to owners of the parent company</b>	<b>40,538</b>
		Share capital	916
		Capital surplus	464
		Retained earnings	40,490
		Treasury shares	(1,750)
		Other components of equity	419
		<b>Non-controlling interests</b>	<b>403</b>
		<b>Total equity</b>	<b>40,941</b>
<b>Total assets</b>	<b>51,242</b>	<b>Total liabilities and equity</b>	<b>51,242</b>

Note: Amounts less than 1 million yen are rounded.

## **Consolidated statement of profit or loss**

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Item	Amount
Revenue	54,832
Operating expenses	29,789
Other income	26
Other expenses	0
Operating profit	25,070
Finance income	15
Finance expenses	7
Share of profit (loss) of associates and joint ventures accounted for using equity method	(238)
Profit before income taxes	24,839
Income tax expense	8,097
Profit	16,742
Profit attributable to:	
Owners of the parent company	16,697
Non-controlling interests	45

Note: Amounts less than 1 million yen are rounded.

## **Consolidated statement of changes in equity**

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Equity attributable to owners of the parent company			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance as of April 1, 2018	916	441	33,060	(1,255)
Profit			16,697	
Other comprehensive income				
Total comprehensive income	—	—	16,697	—
Dividends			(7,135)	
Purchase or disposal of treasury shares			(2,132)	(495)
Changes in ownership interest in subsidiaries		(0)		
Share-based payment transactions				
Cancellation of share acquisition rights		26		
Others		(3)		
Total transactions with owners	—	22	(9,267)	(495)
Balance as of March 31, 2019	916	464	40,490	(1,750)

Note: Amounts less than 1 million yen are rounded.

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Other components of equity					Total		
	Net changes in fair value of financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of associates and joint ventures accounted for using equity method	Share acquisition rights	Total other components of equity			
Balance as of April 1, 2018	216	(4)	1	197	411	33,573	335	33,908
Profit					–	16,697	45	16,742
Other comprehensive income	39	(1)	(1)		37	37	(0)	37
Total comprehensive income	39	(1)	(1)	–	37	16,734	45	16,779
Dividends					–	(7,135)		(7,135)
Purchase or disposal of treasury shares				(80)	(80)	(2,707)		(2,707)
Changes in ownership interest in subsidiaries					–	(0)	2	1
Share-based payment transactions				76	76	76		76
Cancellation of share acquisition rights				(26)	(26)	–		–
Others					–	(3)	21	18
Total transactions with owners	–	–	–	(29)	(29)	(9,770)	23	(9,747)
Balance as of March 31, 2019	254	(4)	1	168	419	40,538	403	40,941

Note: Amounts less than 1 million yen are rounded.

## **Non-consolidated balance sheet**

(As of March 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>30,785</b>	<b>Current liabilities</b>	<b>7,322</b>
Cash and time deposits	21,828	Accounts payable - trade	226
Notes receivable - trade	28	Accounts payable - other	1,853
Accounts receivable - trade	7,875	Accrued expenses	66
Accounts receivable - other	9	Income taxes payable	3,879
Prepaid expenses	405	Accrued consumption taxes	563
Other current assets	662	Advances received	87
Allowance for doubtful accounts	(23)	Deposits received	132
<b>Fixed assets</b>	<b>16,655</b>	Provision for bonuses	448
<b>Tangible fixed assets</b>	<b>1,078</b>	Provision for directors' bonuses	37
Buildings	265	Others	27
Furniture and fixtures	625	<b>Non-current liabilities</b>	<b>301</b>
Land	68	Long-term guarantee deposited	154
Construction in progress	116	Asset retirement obligations	147
Others	1	<b>Total liabilities</b>	<b>7,623</b>
<b>Intangible fixed assets</b>	<b>1,747</b>	<b>Net assets</b>	
Software	1,677	<b>Shareholders' equity</b>	<b>39,390</b>
Software in progress	70	Common stock	915
<b>Investments and other assets</b>	<b>13,829</b>	Capital surplus	1,087
Investments in securities	1,998	Legal capital surplus	1,087
Shares of subsidiaries and associates	9,989	Retained earnings	39,137
Long-term prepaid expenses	46	Other retained earnings	39,137
Deferred tax assets	1,123	Retained earnings brought forward	39,137
Guarantee deposits	672	Treasury stock	(1,750)
Claims provable in bankruptcy, claims provable in rehabilitation and other	6	<b>Valuation and translation adjustments</b>	<b>258</b>
Allowance for doubtful accounts	(6)	Valuation difference on available-for-sale securities	258
		<b>Share acquisition rights</b>	<b>167</b>
<b>Total assets</b>	<b>47,440</b>	<b>Total net assets</b>	<b>39,816</b>
		<b>Total liabilities and net assets</b>	<b>47,440</b>

Note: Amounts less than 1 million yen are rounded down.

## **Non-consolidated statement of income**

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>49,474</b>
<b>Cost of sales</b>		<b>2,929</b>
<b>Gross profit</b>		<b>46,545</b>
<b>Selling, general and administrative expenses</b>		<b>23,251</b>
<b>Operating income</b>		<b>23,293</b>
<b>Non-operating income</b>		<b>37</b>
Interest and dividend income	16	
Fiduciary obligation fee	14	
Subsidy income	3	
Others	3	
<b>Non-operating expense</b>		<b>69</b>
Commission for purchase of treasury stock	4	
Loss on investments in partnership	62	
Others	2	
<b>Recurring profit</b>		<b>23,261</b>
<b>Extraordinary profit</b>		<b>133</b>
Gain on sales of investment securities	107	
Gain on reversal of share acquisition rights	25	
<b>Profit before income taxes</b>		<b>23,395</b>
Corporate tax, local tax and business tax	7,387	
Income taxes deferred	(79)	7,307
<b>Profit</b>		<b>16,087</b>

Note: Amounts less than 1 million yen are rounded down.



## **Non-consolidated statement of changes in equity**

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2018	915	1,087	—	1,087	32,317	32,317
Changes of items during period						
Dividends of surplus				—	(7,135)	(7,135)
Profit				—	16,087	16,087
Purchase of treasury stock				—		—
Retirement of treasury stock			(2,209)	(2,209)		—
Disposal of treasury stock			78	78		—
Transfer of negative balance of other capital surplus			2,131	2,131	(2,131)	(2,131)
Net changes of items other than shareholders' equity						
Total changes of items during period	—	—	—	—	6,820	6,820
Balance as of March 31, 2019	915	1,087	—	1,087	39,137	39,137

Note: Amounts less than 1 million yen are rounded down.

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of April 1, 2018	(1,255)	33,065	250	250	197	33,513
Changes of items during period						
Dividends of surplus		(7,135)		—		(7,135)
Profit		16,087		—		16,087
Purchase of treasury stock	(2,999)	(2,999)		—		(2,999)
Retirement of treasury stock	2,209	—		—		—
Disposal of treasury stock	294	372		—	(79)	293
Transfer of negative balance of other capital surplus		—		—		—
Net changes of items other than shareholders' equity			7	7	50	58
Total changes of items during period	(495)	6,324	7	7	(29)	6,303
Balance as of March 31, 2019	(1,750)	39,390	258	258	167	39,816

Note: Amounts less than 1 million yen are rounded down.

**INDEPENDENT AUDITOR'S REPORT**

May 15, 2019

To the Board of Directors of  
Kakaku.com, Inc.

Deloitte Touche Tohmatsu LLC

Kunikazu Awashima  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

Hayato Otsuji  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position sheet, the consolidated statement of profit or loss, the consolidated statement of changes in equity and notes to consolidated financial statements of Kakaku.com, Inc. (the "Company") and its consolidated subsidiaries for the fiscal year from April 1, 2018 to March 31, 2019.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Regulation of Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and this includes the establishment and operation of such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Regulation of Corporate Accounting, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2019, and the results of their operations for the year then ended.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

**INDEPENDENT AUDITOR'S REPORT**

May 15, 2019

To the Board of Directors of  
Kakaku.com, Inc.

Deloitte Touche Tohmatsu LLC

Kunikazu Awashima  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

Hayato Otsuji  
Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant

Pursuant to the item 1, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and notes to non-consolidated financial statements, and supplementary schedules of Kakaku.com, Inc. (the "Company") for the 22nd fiscal year from April 1, 2018 to March 31, 2019.

**Management's Responsibility for the Non-Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and supplementary schedules in conformity with accounting principles generally accepted in Japan, and this includes the establishment and operation of such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these non-consolidated financial statements and supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2019, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

### **Audit Report**

With respect to the Directors' performance of their duties during the 22nd fiscal year (from April 1, 2018 to March 31, 2019), the Audit & Supervisory Board has prepared this audit report, as a unanimous opinion of all members of the Audit & Supervisory Board, based on the audit reports prepared by each Auditor, and hereby reports as follows:

1. Method and contents of audit by Auditors and Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established the audit policies, assignment of duties, etc., and received a report from each Auditor regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc. and the financial auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Auditor auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and assignment of duties, etc., each Auditor endeavored to facilitate mutual understanding with the Directors, the Internal Audit Department and other employees, etc., and endeavored to collect information and maintain and improve the audit environment. Each Auditor executed their audits using the methods described below:
  - I. Each Auditor attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and employees, etc. and requested explanations as necessary, inspected important approval/decision documents, and investigated the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, each Auditor endeavored to facilitate mutual understanding and information exchange with the Directors and Auditors, etc. of each subsidiary and received from subsidiaries reports on their respective businesses as necessary.
  - II. Each Auditor received reports on a regular basis from the Directors and employees, etc., requested explanations as necessary, and provided opinions with respect to matters mentioned in the business report. Such matters consist of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complied with applicable laws and regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Enforcement Regulation of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a stock company and the corporate group consisting of its subsidiaries, and the systems developed and maintained based on such resolutions (internal control systems).
  - III. Each Auditor monitored and verified whether the financial auditor maintained its independence and properly conducted its audit, received a report from the financial auditor on the status of its performance of duties, and requested explanations as necessary. Each Auditor was notified by the financial auditor that it had established a "system to ensure that the performance of the duties of the financial auditor was properly conducted" (the matters set forth in the items of Article 131 of the Regulation of Corporate Accounting) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Auditor examined the business report and the supplementary schedules thereto, and the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and the supplementary schedules thereto, as well as the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to consolidated financial statements), for the fiscal year under consideration.

## 2. Results of audit

### (1) Results of audit of business report, etc.

- I. We acknowledge that the business report and the supplementary schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- II. We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
- III. We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents in the business report and Directors' performance of their duties concerning the internal control systems. Furthermore, from a perspective of continuing to strengthen corporate governance going forward, we acknowledge the importance of ongoing initiatives related to the internal control system, including at subsidiaries.

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

We acknowledge that the methods and results of audit performed by the financial auditor Deloitte Touche Tohmatsu LLC, are appropriate.

### (3) Results of audit of consolidated financial statements

We acknowledge that the methods and results of audit performed by the financial auditor Deloitte Touche Tohmatsu LLC, are appropriate.

May 16, 2019

Audit & Supervisory Board, Kakaku.com, Inc.

Full-time Auditor	Hiroshi Maeno	(seal)
External Auditor	Kaori Matsuhashi	(seal)
External Auditor	Hisashi Kajiki	(seal)

## Reference Documents for General Meeting of Shareholders

### Proposals and Reference Information

#### **Proposal No. 1:** Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

##### Year-end dividends

The Company has given consideration to the business performance of the current fiscal year and future business development, and it proposes to pay year-end dividends for the 22nd fiscal year as follows:

##### 1. Type of dividend property

To be paid in cash.

##### 2. Allotment of dividend property and their aggregate amount

The Company proposes to pay a dividend of 18 yen per common share of the Company.

In this event, the total dividends will be 3,755,392,956 yen.

As the Company paid an interim dividend of 18 yen per share, the annual dividend for the fiscal year under review will be 36 yen per share.

##### 3. Effective date of dividends of surplus

Wednesday, June 19, 2019

**Proposal No. 2: Election of Ten (10) Directors**

The terms of office of all ten (10) Directors will expire at the conclusion of this meeting. Accordingly, the Company proposes the election of ten (10) Directors.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)		Number of shares held in the Company
1	Kaoru Hayashi (December 26, 1959)  [Reelection]  Attendance at the meetings of the Board of Directors: 17/17	Aug. 1995	Founder and Representative Director, Digital Garage, Inc.	156,800 shares
		Jul. 2002	Representative Chairman, the Company	
		Jun. 2003	Chairman of the Board, the Company (present post)	
		Oct. 2015	Director President and Chairman, econtext ASIA Limited (present post)	
		Jun. 2016	Outside Director, Credit Saison Co., Ltd. (present post)	
		Sep. 2016	Representative Director, Chairman and CEO, BI.Garage, Inc. (present post)	
		Sep. 2016	Representative Director, President Executive Officer and Group CEO, Digital Garage, Inc. (present post)	
		May 2017	Representative Director, Chairman and President, DG Incubation, Inc. (present post)	
		Aug. 2018	Chairman CEO, DG Communications Co., Ltd. (present post)	
	[Reason for the nomination of the candidate for Director] Mr. Kaoru Hayashi has been focused on future potential since the early days of personal internet services in Japan and has been involved in the internet business as an entrepreneur since founding Digital Garage, Inc. He has a high level of knowledge about the internet business, including global IT technology trends. The Company has nominated him as a candidate for reelection as Director because we have determined that he can be expected to play a suitable role in the expansion of the Company's business and its overall management in the future.			
2	Shonosuke Hata (January 10, 1974)  [Reelection]  Attendance at the meetings of the Board of Directors: 17/17	Apr. 1999	Joined Japan Tobacco Inc.	15,400 shares
		Dec. 2001	Joined the Company	
		Apr. 2003	General Manager of Sales Division, the Company	
		Jul. 2005	Operating Officer, General Manager of Third Business Division, the Company	
		Jun. 2006	Director, Chief Director of Products Division, the Company	
		Apr. 2007	Director, eiga.com, Inc. (present post)	
		Apr. 2009	Director, Chief Director of Sales Division, the Company	
		Apr. 2010	Director, Chief Director of Business Promotion Division, the Company	
		Apr. 2014	Director, General Manager of Business Development, the Company	
		Apr. 2015	Director, the Company	
		Jun. 2016	President and Representative Director, the Company (present post)	
		Jun. 2017	Director, Time Design Co., Ltd. (present post)	
		Jan. 2018	Director, LCL, Inc. (present post)	
		Mar. 2018	Director, gaie Inc. (present post)	
	[Reason for the nomination of the candidate for Director] Mr. Shonosuke Hata has planned and developed a variety of businesses, including internet advertising since joining the Company, and has served as President and Representative Director of the Company since 2016. He has exerted great efforts in the advancement of the Group and appropriate decision-making. The Company has nominated him as a candidate for reelection as Director because we have determined that he can be expected to play a suitable role in the expansion of the Company's business and its overall management in the future.			



No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)		Number of shares held in the Company
3	Kenji Fujiwara (September 25, 1946)  [Reelection]  Attendance at the meetings of the Board of Directors: 17/17	Apr. 1969	Joined Shufu-no-mise Daiei, Inc. (currently The Daiei, Inc.)	36,200 shares
		May 1993	Director, The Daiei, Inc.	
		Jun. 1994	President and Representative Director, Daiei Convenience Systems Co., Ltd. (currently Lawson, Inc.)	
		May 2002	Chairman and Representative Director, Lawson, Inc.	
		Jun. 2003	President and Representative Director, FANCL CORPORATION	
		Mar. 2007	Chairman and Representative Director, FANCL CORPORATION	
		Jul. 2008	Director, SBS Corporation	
		Sep. 2008	External Board Director, Digital Garage, Inc. (present post)	
		Jun. 2009	Director, the Company (present post)	
		Jun. 2015	External Director, Sundrug Co., Ltd. (present post)	
[Reason for the nomination of the candidate for Director] Mr. Kenji Fujiwara has served as President and Chairman of Daiei Convenience Systems Co., Ltd. (currently Lawson, Inc.) and FANCL CORPORATION. Based on his extensive experience and high level of discernment as a manager cultivated at a number of companies, he has exerted great efforts to strengthen the Company's governance system. The Company has nominated him as a candidate for reelection as Director because we have determined that he can be expected to play a suitable role in the expansion of the Company's business and its overall management in the future.				
4	Shingo Yuki (May 13, 1975)  [Reelection]  Attendance at the meetings of the Board of Directors: 17/17	Apr. 1999	Joined ITOCHU TECHNO-SCIENCE Corporation (currently ITOCHU Techno-Solutions Corporation)	30,000 shares
		Mar. 2004	Joined the Company	
		Jul. 2005	General Manager of First Business Division, the Company	
		May 2006	Operating Officer, General Manager of Brand Marketing Division, the Company	
		Jun. 2008	Senior Executive Officer, General Manager of Shopping Media Department, Products Division, the Company	
		Jun. 2010	Director, General Manager of Shopping Media Department, Kakaku.com Division, the Company	
		Apr. 2013	Director, the Company (present post)	
		Nov. 2015	President and Representative Director, Kakaku.com Logistics, Inc. (present post)	
		Jun. 2017	President and Representative Director, Kakaku.com Insurance, Inc. (present post)	
		Responsible for Kakaku.com, Marketing, Sales, Business Development and Customer Service		
[Reason for the nomination of the candidate for Director] Mr. Shingo Yuki has been involved in the Kakaku.com business since joining the Company and has promoted the business as a manager responsible for shopping content, including the development of services using internet marketing. He has exerted great efforts to increase the number of users of the Group's services overall. The Company has nominated him as a candidate for reelection as Director because we have determined that he can be expected to play a suitable role in the expansion of the Company's business and its overall management in the future.				

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)	Number of shares held in the Company
5	Atsuhiro Murakami (January 9, 1975)  [Reelection]  Attendance at the meetings of the Board of Directors: 17/17	May 1998      Joined Andersen Consulting (currently Accenture Japan Ltd) Oct. 2002      Joined Arrows Consulting Inc. (currently EY Advisory & Consulting Co., Ltd.) Oct. 2004      Joined the Company May 2006      Manager of CGM Promotion Office, Business Development Division, the Company May 2008      Deputy Chief Director of Business Development Division, the Company Apr. 2009      Operating Officer, Chief Director of Tabelog Division, the Company Jun. 2011      Senior Executive Officer, Chief Director of Tabelog Division, the Company Jun. 2012      Director, Chief Director of Tabelog Division, General Manager of New Business Division, the Company Apr. 2013      Director, Manager of New Business Preparation Office, the Company Aug. 2014      External Director, Bengo4.com, Inc. (present post) Apr. 2015      Director, the Company (present post) Jun. 2016      Director, forTravel, Inc. (present post) Responsible for Tabelog	6,300 shares
[Reason for the nomination of the candidate for Director] Since the establishment of the Tabelog business, Mr. Atsuhiro Murakami has been responsible for expanding and monetizing the business, growing it into a leading business for the Group. He has also exerted great efforts on creating and nurturing new businesses. The Company has nominated him as a candidate for reelection as Director because we have determined that he can be expected to play a suitable role in the expansion of the Company's business and its overall management in the future.			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)	Number of shares held in the Company
6	<p>Kanako Miyazaki</p> <p>The officially registered name: Kanako Niina (November 9, 1979)</p> <p>[New]</p>	<p>Apr. 2002      Joined Accenture Japan Ltd</p> <p>Jan. 2005      grandoir co., Ltd. (currently grandoir international co., Ltd.)</p> <p>Aug. 2008      Joined Sedona Corporation</p> <p>Oct. 2010      Joined the Company</p> <p>Apr. 2013      Manager of Online Reservation Department, Tabelog Division, the Company</p> <p>Apr. 2014      Manager of Restaurant Business Department, Tabelog Division, the Company</p> <p>Apr. 2015      Operating Officer, General Manager of Media Planning Division and Manager of Kakaku.com Department, Media Planning Division, the Company</p> <p>Apr. 2016      Operating Officer, General Manager of Media Planning Division, the Company</p> <p>Jun. 2016      Director, Kakaku.com Insurance, Inc. (present post)</p> <p>Apr. 2017      Operating Officer, Chief Director of Kakaku.com Division, the Company (present post)</p> <p>Responsible for Kakaku.com</p>	2,700 shares
<p>[Reason for the nomination of the candidate for Director]</p> <p>Ms. Kanako Miyazaki has held key roles in the Tabelog business and the Kakaku.com business, and has exerted great efforts on creating and nurturing new services and strengthening of content, supporting the growth of both businesses. She has acquired extensive experience and insight in these businesses, and the Company has nominated her as a candidate for Director because we have determined that she can be expected to play a suitable role in the expansion of the Company's business and its overall management in the future.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)		Number of shares held in the Company
7	Yoshiharu Hayakawa (February 23, 1948)  [Reelection] [External Director] [Independent Officer]  Attendance at the meetings of the Board of Directors: 17/17	Aug. 1973	Registered as Certified Public Accountant	—
		Apr. 1985	Representative Director, Chuo Coopers & Lybrand Consulting Co., Ltd.	
		Jan. 1992	Senior Partner, Chuo Audit Corporation	
		Nov. 1997	Representative, Kasumi Research Empowerment Institute (present post)	
		Jun. 2002	Outside Corporate Auditor, UFJ Holdings, Inc. (currently Mitsubishi UFJ Financial Group, Inc.)	
		Jan. 2004	External Director, DAI-ICHI HOKI CO., LTD. (present post)	
		Jan. 2006	Outside Corporate Auditor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)	
		Jun. 2007	Outside Director, Mitsui Fudosan Co., Ltd.	
		Jun. 2009	External Auditor, the Company	
		Jun. 2012	External Director, the Company (present post)	
		Apr. 2013	Outside Director, Ryoyo Electro Corporation (present post)	
		Jun. 2014	Outside Director, Sanrio Company, Ltd.	
		[Reason for the nomination of the candidate for External Director] Mr. Yoshiharu Hayakawa has actively provided suggestions, particularly on governance, based on his expert knowledge as a certified public accountant and extensive experience and broad discernment as a management consultant. Therefore, the Company has nominated him as a candidate for reelection as External Director because we have determined that he can be expected to play a suitable role in the expansion of the Company's business and the further strengthening of the corporate governance system in the future. It should be noted that Mr. Yoshiharu Hayakawa has served as an External Auditor of the Company since June 2009 and as an External Director since June 2012.		
	8	Tomoharu Kato (September 8, 1974)  [Reelection] [External Director] [Independent Officer]  Attendance at the meetings of the Board of Directors: 17/17	Apr. 1999	Joined Deutsche Securities (currently Deutsche Bank)
Apr. 2000			Joined McKinsey & Company	
Apr. 2004			Joined FIELDS CORPORATION	
Dec. 2007			Joined Unison Capital, Inc. On loan to AKINDO SUSHIRO CO., LTD., Manager of President's Office	
Dec. 2008			Managing Director, AKINDO SUSHIRO CO., LTD.	
Oct. 2012			Director and COO, AKINDO SUSHIRO CO., LTD.	
Mar. 2014			Founder, President and Representative Director, Turnaround Management CO., LTD.	
Jun. 2015			Joined XEBIO Co., Ltd.	
Oct. 2015			President and Representative Director, XEBIO Co., Ltd. (present post)	
Oct. 2015			Executive Vice President, XEBIO HOLDINGS CO., LTD. (present post)	
Feb. 2017			Outside Director, TECHNO SYSTEM CO., LTD (present post)	
Jun. 2017			External Director, the Company (present post)	
[Reason for the nomination of the candidate for External Director] Mr. Tomoharu Kato has provided practical suggestions based on his extensive experience in various sectors and broad discernment cultivated through his career as a manager. Therefore, the Company has nominated him as a candidate for reelection as External Director because we have determined that he can be expected to play a suitable role in the expansion of the Company's business and the further strengthening of the corporate governance system in the future.				

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)	Number of shares held in the Company
9	<p>Shingo Niori (April 5, 1961)</p> <p>[Reelection] [External Director]</p> <p>Attendance at the meetings of the Board of Directors: 6/7 *</p>	<p>Apr. 1985 Joins Kokusai Denshin Denwa Co. Ltd (currently KDDI CORPORATION)</p> <p>Apr. 2004 General Manager, VAS Marketing Department, KDDI CORPORATION</p> <p>Apr. 2005 Seconded to Ubiquitous Core, Inc. as CEO</p> <p>Apr. 2008 General Manager, Alliance Business Department, KDDI CORPORATION</p> <p>Apr. 2012 General Manager, Business Strategy Department, KDDI CORPORATION</p> <p>Apr. 2015 Deputy General Manager, Advanced Business Development Division, KDDI CORPORATION</p> <p>Apr. 2016 Administrative Officer, General Manager, Value-added Business Strategy Division, KDDI CORPORATION</p> <p>Apr. 2018 Administrative Officer, General Manager, Life Design Business Strategy Division (present post)</p> <p>Oct. 2018 External Director, the Company (present post)</p> <p>Nov. 2018 Outside Director, Datasection Inc. (present post)</p>	—
<p>[Reason for the nomination of the candidate for External Director] Mr. Shingo Niori has served as Administrative Officer of KDDI CORPORATION and has provided practical suggestions based on his extensive experience and broad discernment in key positions in the KDDI CORPORATION's core businesses, such as the General Manager of the Business Strategy Division in the Life Design field, which is an important growth pillar for the company. Therefore, the Company has nominated him as a candidate for reelection as External Director because we have determined that he can be expected to play a suitable role in the expansion of the Company's business and the further strengthening of the corporate governance system in the future.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company (Significant concurrent positions outside the Company)	Number of shares held in the Company
10	Kazuyoshi Miyajima (January 28, 1950)  [New] [External Director] [Independent Officer]	Apr. 1973      Joined The Daiei, Inc. May 1995      Director, Manager of Secretary's Office, The Daiei, Inc. May 1999      Managing Executive Officer, Manager of Secretary's Office, The Daiei, Inc. Jan. 2001      Joined FANCL CORPORATION Jun. 2001      Director, Manager of President's Office, FANCL CORPORATION Apr. 2003      Managing Director, in charge of President's Office and Manager of President's Office, FANCL CORPORATION Jun. 2004      Executive Director, in charge of President's Office and Manager of President's Office, FANCL CORPORATION Mar. 2007      President and Representative Director, FANCL CORPORATION Jun. 2008      Chairman and Representative Director, FANCL CORPORATION Apr. 2013      President and Representative Director, FANCL CORPORATION Apr. 2017      Vice Chairman and Executive Director, FANCL CORPORATION (present post) Jun. 2017      Administrative Officer, THE SAGAMI SHINKIN BANK (present post)	—
[Reason for the nomination of the candidate for External Director] Mr. Kazuyoshi Miyajima has served for 10 years as Representative Director of FANCL CORPORATION. He has extensive experience in corporate communications and broad discernment cultivated as a manager, and the Company has nominated him as a candidate for External Director because we would like him to play a role in the expansion of the Company's business and the further strengthening of the corporate governance system in the future.			

- Notes: 1. Mr. Yoshiharu Hayakawa, Mr. Tomoharu Kato, Mr. Shingo Niori and Mr. Kazuyoshi Miyajima are candidates for External Directors.
2. \* indicates attendance at the meetings of the Board of Directors since assuming his post on October 25, 2018.
3. Candidate for Director Kaoru Hayashi is the Representative Director, President Executive Officer and Group CEO of Digital Garage, Inc. and candidate for Director Kenji Fujiwara is an External Board Director of the said company. The aforementioned company is a major shareholder of the Company and an "other affiliated company." The Company has a business relationship involving an advertising contract with the aforementioned company; however, this relationship was established after receiving approval from the Company's Board of Directors and conducting proper procedures.
4. Candidate for External Director Shingo Niori is Administrative Officer of KDDI CORPORATION. The aforementioned company is a major shareholder of the Company and an "other affiliated company." In addition, the aforementioned company and the Company have entered into a basic agreement related to a business alliance.
5. There is no special interest between any other candidates for Director and the Company.
6. Candidates for External Director Yoshiharu Hayakawa, Tomoharu Kato and Shingo Niori are currently External Directors of the Company. At the conclusion of this meeting, their respective tenure as External Director will be seven years for Mr. Yoshiharu Hayakawa, two years for Mr. Tomoharu Kato, and eight months for Mr. Shingo Niori.
7. The Company has entered into agreements with Mr. Yoshiharu Hayakawa, Mr. Tomoharu Kato and Mr. Shingo Niori to limit the liability for damages under Article 423, paragraph 1 of the Companies Act to the maximum stipulated in laws and regulations based on the provision of Article 427, paragraph 1 of the Companies Act and the Articles of Incorporation. If the reelection of Mr. Yoshiharu Hayakawa, Mr. Tomoharu Kato and Mr. Shingo Niori is approved, the Company plans to renew the aforementioned agreements with them. If the reelection of non-executive Director Kenji Fujiwara and the election of non-executive Director Kazuyoshi Miyajima are approved, the Company plans to enter into the same limited liability agreement with them.
8. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Mr. Yoshiharu Hayakawa and Mr. Tomoharu Kato as independent officers as provided for by the aforementioned exchange. Furthermore, Mr. Kazuyoshi Miyajima satisfies the requirements for an independent officer as provided for by the aforementioned

exchange. The Company plans to submit notification to the aforementioned exchange concerning the three candidates as independent officers conditional upon the approval and adoption of this proposal.

**Proposal No. 3: Election of Two (2) Auditors**

The terms of office of Auditor Hiroshi Maeno will expire at the conclusion of this meeting. Accordingly, the Company proposes the addition of one (1) Auditor to strengthen the audit system, and the election of two (2) Auditors.

In addition, the consent of the Audit & Supervisory Board has been obtained with respect to this proposal.

The candidate for Auditors is as follows:

No.	Name (Date of birth)	Career summary (Significant concurrent positions outside the Company)	Number of shares held in the Company
1	Hirofumi Hirai (September 25, 1964)  [New]	Apr. 1987    Joined JUKI CORPORATION Feb. 1996    Joined KOEI CO., LTD. (currently KOEI TECMO GAMES CO., LTD.) Jan. 1999    Joined KOEI NET CO., LTD. (currently KOEI TECMO NET CO., LTD.) Sep. 2002    Joined the Company Nov. 2002    General Manager of Accounting and General Affairs Department, the Company Jul. 2005    Operating Officer, General Manager of Administrative Division, the Company May 2010    Auditor, Kakaku.com Insurance, Inc. Jun. 2011    Senior Managing Executive Officer, General Manager of Administrative Division, the Company Apr. 2014    Director, forTravel, Inc. Jul. 2018    Director, LCL, Inc. (present post)	1,700 shares
	[Reason for the nomination of the candidate for Auditor] Mr. Hirofumi Hirai has extensive experience and knowledge of corporate management, having served in key roles in the Administrative Division since joining the Company. He also has a thorough knowledge of the entire Group, having served as a director and as an Auditor at subsidiaries of the Company. The Company has nominated him as a candidate for Auditor, because we have determined that he can be expected to perform audits in an appropriate and objective manner, based on his extensive experience and insight.		
2	Hiroshi Maeno (February 22, 1949)  [Reelection]  Attendance at the meetings of the Board of Directors: 17/17  Attendance at the meetings of the Audit & Supervisory Board: 7/7	Apr. 1973    Joined The Daiei, Inc. Mar. 1995    Joined Lawson, Inc. Nov. 2000    President and CEO, i-Convenience, Inc. Jul. 2004    Corporate Officer, PIA Corporation Jul. 2006    Director and Corporate Officer, PIA Corporation Jul. 2009    Senior Operating Officer, Digital Garage, Inc. Jul. 2010    Deputy General Manager, Administrative Division, the Company Jun. 2011    Auditor, eiga.com, Inc. (present post) Jun. 2011    Full-time Auditor, the Company (present post) Mar. 2018    Auditor, gaie Inc. (present post)	3,500 shares
	[Reason for the nomination of the candidate for Auditor] Mr. Hiroshi Maeno has served for many years in key roles in listed companies. Since his appointment as a full-time Auditor of the Company in 2011, he has conducted audits of the Company and its subsidiaries in an appropriate and objective manner, and he has a thorough knowledge of the entire Group. The Company has nominated him as a candidate for reelection as Auditor, because we have determined that he can be expected to continue contributing to sound management as an Auditor, based on his extensive experience and insight.		

Notes: 1. There is no special interest between each candidate for Auditor and the Company.

2. If the reelection of Mr. Hiroshi Maeno is approved, the Company plans to enter into an agreement with him to limit the liability for damages under Article 423, paragraph 1 of the Companies Act to the maximum stipulated in laws and regulations based on the provision of Article 427, paragraph 1 of the Companies Act and the Articles of Incorporation.



[Reference: Independence Criteria for External Officers]

The Company deems External Officers to be independent when, in addition to meeting the requirements of an independent officer as provided for by Tokyo Stock Exchange, Inc., there is no risk of potential conflict of interest with ordinary shareholders of the Company, by considering that no issues with independence arise in light of relationship with the Company and its Directors, and that the External Directors possess experience and knowledge of his or her area of business necessary for management supervision.

## Instructions for exercising voting rights via the Internet

### 1. Voting website

You can only exercise your voting rights via the Internet by accessing the following voting website designated by the Company.

Voting website: <https://www.web54.net>

### 2. Exercise of voting rights

- (1) To exercise your voting rights via the Internet, please use the voting rights exercise code and password shown on the enclosed voting card. Please follow the guidance on the screen to input your approval or disapproval. If you are voting by smartphone, you may also exercise your voting rights by smart voting (\*), which requires neither the voting rights exercise code nor a password.
- (2) Voting rights may be exercised by 7:00 pm. on Monday, June 17, 2019 (JST). It would be appreciated if you could exercise your voting rights early.
- (3) If you exercise your voting rights concurrently in writing and via the Internet, etc., the vote via the Internet will be treated as valid. If you exercise your voting rights via the Internet, etc. multiple times, only the last vote exercised will be treated as valid.
- (4) If you make use of the voting rights exercise website, your service provider fees and telecommunications fees (connection fees, etc.) are to be borne by you.

### 3. Handling of passwords

- (1) Your password is an important piece of information for confirming the identity of a person exercising voting rights as a shareholder. Please handle it with care.
- (2) Your password will be invalidated if it is entered incorrectly a certain number of times. To have a new password issued, please follow the procedures provided on screen.

### 4. Queries regarding PC operation, etc.

If you have any queries regarding how to operate your PC with regard to exercising voting rights via the Internet, please inquire to the following support desk.

Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

Telephone: 0120-652-031 (Toll-free in Japan only)

Hours: 9:00 a.m. to 9:00 p.m.

#### \* Smart voting

You can exercise your voting rights without needing to enter a voting rights exercise code and password by reading in the QR code displayed on the voting card using your smartphone. Once you exercise your voting rights using smart voting, you will need to input the voting rights exercise code and password if you want to exercise your voting rights again using the QR code.

“QR code” is a registered trademark of DENSO WAVE INCORPORATED.

To Institutional Investors

Institutional investors may use the “Electronic Voting Platform” managed by ICJ, Inc.