

the 25th Annual General Meeting of Shareholders

Notice of Convocation (FY2024)

Date

September 26, 2024 on Thursday
PM 1:00

Location

Sapporo Kokusai Building 8F
Nishi 4-1, Kita 4-Jo, Chuo-ku, Sapporo
(Please refer to “Venue Guide for the 24th Annual General Meeting of Shareholders”.)

Proposals

Proposal No. 1 Appropriation of Surplus
Proposal No. 2 Partial Amendments to the Articles
of Incorporation
Proposal No. 3 Election of Seven Directors (excluding
those who are Audit and Supervisory
Committee Members)

- You may exercise your voting rights by either returning the enclosed Form for Exercising Voting Rights by post or via the Internet, etc.
- The proceedings of the meeting can be viewed in webinar format. For details, please find the enclosed attachment.



Security Code : 9450

Management Philosophy

Always deliver reasons to say ‘thanks.’

We will never forget the feeling of gratitude.

We will remain sensible.

We will contribute to society.

We will pursue profit fairly and justly.

We will be happy.

Under the slogan of “Wi-Fi for all facilities”, we, Fibergate inc., will increase cost tolerance to seize business opportunity and ensure sustainable growth as well as make every effort to fulfill our social responsibility as a public company.

We sincerely appreciate your continuous guidance, encouragement, and support.

President and Chief Executive Officer

Masanori
Inomata



(Security Code: 9450)
September 9, 2024

Dear Shareholder,

No. 28 Keiwa Building
Nishi 8-10-3, Minami 1-Jo, Chuo-ku,
Sapporo
Fibergate Inc.
President and Chief Executive Officer Masanori Inomata

Notice of Convocation of the 25th Annual General Meeting of Shareholders

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 24th Annual General Meeting of Shareholders of Fibergate Inc. (the “Company”) will be held as described below.

In convening this general meeting of shareholders, the Company takes measures for electronic provision of information that is contained in the reference documents for the general meeting of shareholders, etc. (matters subject to measures for electronic provision), and posts this information as “Notice of Convocation of the 24th Annual General Meeting of Shareholders” on the Company’s website on the Internet. Please access the Company’s website shown below to review the information.

◆The Company website
<https://www.fibergate.co.jp/>



Please access the above website and select “IR Information” in Menu followed by “About Shares” to view the information.

Matters subject to measures for electronic provision are posted on the website of Tokyo Stock Exchange (TSE), in addition to the Company’s website. Please access the website shown below to review the information.

◆Tokyo Stock Exchange, Inc. (TSE) website (Listed Company Search)
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



(Please access the above website of TSE and enter the Company name “Fibergate, Inc.” in “Issue Name (Company Name)” or its securities code “9450” in “Code” to search. Then, select “Basic Information” followed by “Documents for public inspection/PR information” Please review the information from “Notice of Convocation of General Meeting of Shareholders/Information Materials for General Meeting of Shareholders” column under “Documents for public inspection.”)

1. Date and Time Wednesday, September 26, 2024 at 1:00 p.m. (Reception starts at 12:30 p.m.)
 2. Place Sapporo Kokusai Building 8F
Nishi 4-1, Kita 4-Jo, Chuo-ku, Sapporo
 3. Meeting
Agenda
Matters to be reported
 1. The Business Report, Consolidated Financial Statements for the Company's 25th Fiscal year (from July 1, 2023 to June 30, 2024) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 25th Fiscal year (from July 1, 2023 to June 30, 2024)
- Proposals to be resolved
- Proposal No. 1 Appropriation of Surplus
- Proposal No. 2 Partial Amendments to the Articles of Incorporation
- Proposal No. 3 Election of Seven Directors (excluding those who are Audit and Supervisory Committee Members)

©When attending the meeting, please kindly submit the enclosed Form for Exercising Voting Rights at the reception desk.

1. If you cannot attend the meeting, you may exercise your voting rights by proxy by designating one other shareholder holding voting rights of the Company to attend the meeting, Please note, however, that it is necessary to submit a document providing the authority of proxy.
2. Paper-based documents stating matters subject to measures for electronic provisions will be sent to shareholders who request the delivery of paper-based documents, however, those documents do not include the following matters in accordance with the provisions of laws and regulations and Article 19 of the Company's Articles of Incorporation.
 - (1) "Status of the Accounting Auditor" in the Business Report
 - (2) "System for ensuring the appropriateness of operations" in the Business Report
 - (3) "Summary of the operational status of the system to ensure the appropriateness of operations" in the Business Report
 - (4) "Statement of Changes in Consolidated Shareholders' Equity, etc." in the Consolidated Financial Statements
 - (5) "Consolidated Notes Table" in the Consolidated Financial Statements
 - (6) "Statement of Changes in Shareholders' Equity, etc." in the Non-consolidated Financial Statements
 - (7) "Individual Notes Table" in the Non-consolidated Financial Statements




For this reason, the Business Report, the Consolidated Financial Statements and Non-consolidated Financial Statements stated in the aforementioned documents constitute one part of the scope of audits by the Accounting Auditor and Audit and Supervisory Committee for preparing their respective audit reports.

3. If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted both on the Company's website and TSE's website.



Guide to Exercising Voting Rights

Voting rights at the General Meeting of Shareholders are important rights of shareholders. Please review the "Reference Documents for the General Meeting of Shareholders" and exercise your voting rights. You can exercise your voting rights by one of the following three methods.

 <p>Attend the General Meeting of Shareholders</p> <p>When attending the meeting, please kindly submit the Form for Exercising Voting Rights at the reception desk.</p> <p>Date and time of the General Meeting of Shareholders</p> <hr/> <p>Wednesday, September 26, 2024 at 1:00 p.m.</p>	 <p>Exercise voting rights in writing (by postal mail)</p> <p>Please indicate your vote for or against the proposals on the Form for Exercising Voting Rights and return it by post.</p> <p>Exercise deadline</p> <hr/> <p>Received by Wednesday, September 25, 2024 at 6:00 p.m.</p>	 <p>Exercise voting rights via the Internet, etc.</p> <p>Please follow the instructions on the next page to indicate your vote for or against the proposals.</p> <p>Exercise deadline</p> <hr/> <p>Entered by Wednesday, September 25, 2024 at 6:00 p.m.</p>
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Guide to Filling Out the Form for Exercising Voting Rights

	<p>Please indicate your approval or disapproval of the proposal here</p> <p>Proposal No 1 and No 2</p> <ul style="list-style-type: none"> ● Approval >> Please Mark ○ in 「賛」 ● Disapproval >> Please Mark ○ in 「否」 <p>Proposal No 3</p> <ul style="list-style-type: none"> ● All in approval >> Please Mark ○ in 「賛」 ● All in disapproval >> Please Mark ○ in 「否」 ● Disapproval with some of the candidates >> Please Mark ○ in 「賛」 and indicate your disapproval candidates number
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If you exercise your voting rights both in writing (by postal mail) or via the Internet, etc., the exercise of your voting rights via the Internet, etc. shall be treated as the valid exercise of your voting rights. In addition, if you exercise your voting rights multiple times via the Internet, etc., the last one shall be treated as a valid exercise of your voting rights.

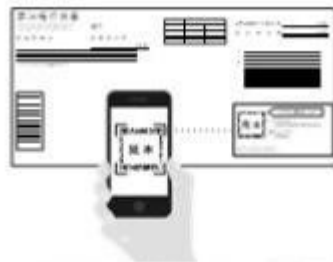
If there is no indication of your vote for or against the proposals on the Form for Exercising Voting Rights when voting rights are exercised in writing (by postal mail), it shall be treated as an indication of vote for the proposals.

Guide to Exercising Voting Rights via the Internet, etc.

Read a QR Code

You can log in to the website for exercising voting rights without entering Login ID and Temporary Password stated in the secondary Form for Exercising Voting Rights.

- 1 議決権行使書に記載のQRコードを読み取ってください。



※「QRコード」は株式会社デンソーウェブの登録商標です。

- 2 以降は画面の案内に従って賛否をご入力ください。



Enter Log-in ID and Temporary Password

Website for exercising voting rights <https://evote.tr.mufg.jp/>

- 1 議決権行使ウェブサイトへアクセスしてください。

- 2 議決権行使書に記載された「ログインID・仮パスワード」を入力しクリックしてください。



「ログインID・仮パスワード」を入力
「ログイン」をクリック

- 3 以降は画面の案内に従って賛否をご入力ください。

※操作画面はイメージです。

Please contact us as shown on the right for instructions on how to operate a computer or smartphone when exercising voting rights via the Internet, etc.

The Transfer Agent Department, Mitsubishi UFJ Trust and Banking Corporation (Help Desk)

0120-173-027

(Toll-free/Reception hours: 9:00 a.m. to 9:00 p.m.)

Institutional investors may use the electronic voting platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company proposes the following for the appropriation of surplus:

The Group aims to expand its business performance through growth investments and regards the return of profits to shareholders as one of the most important management issues.

Profits for each fiscal year will be divided into three major divisions, and in principle, one-third of them will be used as a source of profit dividends as a return to shareholders, another one-third of them will be used for returns to executives and employees, which are important human capital, and business investments for further growth of the Company, and the remaining one-third will be retained earnings.

Based on this, the year-end dividend for the current fiscal year will be 12.5 yen per share.

Matters concerning year-end dividends

1. Type of dividend property

Cash

2. Allotment of dividend property to shareholders and the total amount

12.5 yen per common share of the Company

Total amount of dividends: 253,392,412 yen

Since we pay an interim dividend of 5.0 yen per share, the annual dividend for the current fiscal year will be 17.5 yen per share.

3. Effective date of dividends of surplus

September 27, 2024

Proposal No.2: Partial Amendments to the Articles of Incorporation

1. Reason for the proposal

In order to strengthen the cooperative system with its subsidiary, OffGrid-Lab Inc., and to further expand the business of the Group in the renewable energy (electricity) business, and to develop a new electricity sales business, the Company has added the following business objectives in its Articles of Incorporation.

2. Details of the amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current	Proposed amendment
<p>(Purpose) Article 2 The purpose of the Company is to operate the following businesses.</p> <p>from (1) to (7) (Article omitted) (Newly established)</p> <p>from (8) to (23) (Article omitted)</p>	<p>(Purpose) Article 2 The purpose of the Company is to operate the following businesses.</p> <p>from (1) to (7) (Article omitted)</p> <p><u>(8) Introduction and sale, lease and rental, maintenance and management of equipment related to renewable energy, telecommunications control services, and consulting services</u></p> <p><u>(9) Agency business for the sale of electricity</u></p> <p>from (10) to (24) (Same as current)</p>

Proposal No. 3: Election of Seven Directors (excluding those who are Audit and Supervisory Committee Members)

Reasons for the proposal

The terms of office of all the seven Directors (excluding those who are Audit and Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of seven Directors.

If the proposal is approved as proposed, two of the seven Directors will be Independent Directors in accordance with rules stipulated by Tokyo Stock Exchange and Sapporo Securities Exchange.

(Selection of Director candidate)

Based on the Company's corporate philosophy, the Company's basic policy is to select candidates for Directors who embody that philosophy at a high level and can be expected to contribute to the further development of the Group, and to consult on their appointment at the annual General Meeting of Shareholders for a term of one year.

Specifically, the Board of Directors selects candidates who have played leadership roles in the IT industry, the financial industry, corporate management, the legal profession, administration, consulting, etc., have a wealth of practical experience and specialized knowledge, and are able to make appropriate management decisions and supervise them for Directors. In addition, the appointment is made in consideration of the diversity and balance of skills.

If the proposal for the election of Directors is approved as proposed at this general meeting, seven Directors will be appointed, which we believe is an appropriate size for appropriate management decision-making and supervision. The Company also places importance on the diversity of its Directors, and has selected two women out of seven candidates for Directors.

With regard to this proposal, the Company's Audit and Supervisory Committee has determined that all candidates for Directors are suitable.

The candidates for Directors, excluding the Audit and Supervisory Committee members, are as follows.

No		Name		Position	Attendance at Board Meetings
1	Reappointment	Masanori Inomata		President and Chief Executive Officer	14/14 (100%)
2	Reappointment	Daisuke Ishikawa		Director, Chief Director of Business Use Business Division	14/14 (100%)
3	Reappointment	Takafumi Hamauzu		Senior Managing Director, Chief Director of Corporate Planning Division	14/14 (100%)
4	Reappointment	Hisashi Kaneko		Managing Director, Manager of Business Development Department	14/14 (100%)
5	Reappointment	Mie Ishimaru		Director, Chief Director of Business Administration Division	14/14 (100%)
6	Reappointment	Nobuyuki Shinoda	Outside Independent	Director, Chairman of Nomination and Remuneration Committee	14/14 (100%)
7	Reappointment	Chikako Shimahata	Outside Independent	Director	14/14 (100%)

Reappointment Reappointed Director candidate
 Outside Outside candidate
 Director
 Independent Independent Director candidate in accordance with rules stipulated by Tokyo Stock Exchange and Sapporo Securities Exchange

No	Name (Date of birth)	Career profile	Number of shares held (shares)
1	<p>Masanori Inomata (Born february 26 ,1965) 【Director candidate】</p> <p>Reappointment</p>	<p>April 1987 Joined Koa Fire and Marine Insurance Co., Ltd. (current Sampo Japan Insurance Inc.)</p> <p>December 1995 CEO of Mynet Inc.</p> <p>November 2003 President and CEO of the Company (current holder)</p> <p>December 2008 Audit & Supervisory Board Member of LEOC Inc.</p> <p>June 2011 CEO of Chintai Seikatsu Inc. (current MI Corporation Inc.) (current holder)</p> <p>January 2020 Director of FG-Lab Inc. (current holder)</p> <p>March 2020 Director of BizGenesis Inc.</p> <p>December 2020 Representative Director of MI Foundation (current holder)</p> <p>February 2021 Director of FG Smart Asset Inc. (current holder)</p> <p>July 2021 President and CEO of OffGrid-Lab Inc. (current holder)</p> <p>May 2022 Representative Director of Sakura Aid (current holder)</p> <p>November 2022 Representative Director of MI Management (current holder)</p> <p>January 2023 Outside Director of 3eee Inc. (current holder)</p> <p>May 2024 Director of Digital Enhancement for Condominium</p>	2,827,290
	Reasons for selecting as Director candidate	<p>He has served as President and Chief Executive Officer since the establishment of the Company, and has led the development of the Company throughout this period, forming and cultivating the corporate culture of the Company to gather as many "thank you" as possible. He has broadly guided the Group in terms of development of business strategies, and has taken the initiative responsively, leading continuous growth of the Group. Such achievements, experience, and cultivated insights and personal connections will continue to contribute to the decision-making of the Company's Board of Directors, and will be beneficial for the global expansion of the Company's business and the enhancement of corporate value, and thus the Company has nominated him as a Director candidate.</p>	
	Special interest	<p>There is no special interest between Mr. Inomata and the Company.</p>	

No	Name (Date of birth)	Career profile	Number of shares held (shares)
2	Daisuke Ishikawa (July 31, 1989) 【Director candidate】 Reappointment	<p>April 2012 Joined the Company</p> <p>August 2019 Manager of Residence Wi-Fi Sales Department of Business Promotion Division</p> <p>July 2020 Manager of Sales for Eastern Japan in Business Promotion Division</p> <p>September 2021 Executive Officer, Deputy Chief Director of Business Promotion Division and Manager of Sales for Eastern Japan</p> <p>July 2022 Executive Officer, Chief Director of Home Use Sales Division and Manager of Sales for Western Japan</p> <p>September 2022 Director, Chief Director of Home Use Sales Division and Manager of Sales for Western Japan</p> <p>May 2023 Director, Chief Director of Home Use Sales Division, Manager of Sales for Western Japan, and Deputy Chief Director of Business Use Sales Division</p> <p>August 2023 Director, Chief Director of Home Use Sales Division, and Deputy Chief Director of Business Use Sales Division</p> <p>July 2024 Director, Chief Director of Business Use business Division</p>	5,420
	Reasons for selecting as Director candidate	Since joining our company, he has been engaged in the operations of the Sales Department, and is currently in charge of the Home Use Sales Division. He has mainly promoted the decision making of important matters and strengthening of the Sales Department. Since he has a wealth of business experience at the Company, the Company has determined that he is suitable for the position of Director of the Company, and thus nominated him as a Director candidate.	
	Special interest	There is no special interest between Mr. Ishikawa and the Company.	

No	Name (Date of birth)	Career profile	Number of shares held (shares)
3	<p>Takafumi Hamauzu January 20, 1976 【Director candidate】</p> <p>Reappointment</p>	<p>April 2000 Joined Areaquest Inc. December 2000 Joined Venture Link Inc. April 2007 Joined Orix Capital Corporation February 2011 Joined the Company, Director of Corporate Planning Division June 2011 President and CEO of Chintai Seikatsu Inc. January 2013 Executive Officer of the Company and Director of Corporate Planning Division March 2014 Senior Executive Officer of the Company and Chief Director of Business Management Division October 2016 Managing Executive Officer of the Company and Deputy Chief Director of Business Promotion Division September 2018 Managing Director of the Company and Chief Director of Business Management Division February 2021 Audit & Supervisory Board Member of FG Smart Asset Inc. (current holder) July 2021 Managing Director of the Company and Chief Director of Corporate Planning Division September 2022 Senior Managing Director of the Company and Chief Director of Corporate Planning Division (current holder)</p>	120,550
	Reasons for selecting as Director candidate	<p>Since joining the Company, he has been engaged in the operations of the Corporate Planning Department and the Sales Department, and is currently in charge of the Corporate Planning Division. He was mainly involved in making decisions on important management matters and supervising the execution of business, and has promoted the strengthening of the Administrative and Sales Departments. Based on his extensive business experience at the Company and his knowledge of management in general, the Company has determined that he is suitable for the position of Director of the Company, and thus nominated him as a Director candidate.</p>	
	Special interest	There is no special interest between Mr. Hamauzu and the Company.	

No	Name (Date of birth)	Career profile	Number of shares held (shares)	
4	<p>Hisashi Kaneko April 25, 1966 【Director candidate】</p> <p>Reappointment</p>	<p>April 1989 Joined Ome Shinkin Bank</p> <p>July 1994 Joined Osaka Usen Broadcasting (current USEN Corporation)</p> <p>Juen 2009 Joined UCOM Inc.</p> <p>October 2013 Joined the Company, Manager of Sales for Eastern Japan in Apartment ISP Business Division</p> <p>July 2015 Executive Officer and Manager of Sales for Eastern Japan in Sales Division of the Company</p> <p>July 2016 Senior Executive Officer and Manager of Sales for Eastern Japan in Sales Division of the Company</p> <p>February 2020 Managing Executive Officer and Manager of Residence Wi-Fi Sales Department of Business Promotion Division</p> <p>February 2021 Managing Executive Officer and Chief Director of Business Promotion Division Managing Director,</p> <p>July 2022 Chief Director of Business Use Sales Division, and Manager of Business Development Department</p> <p>September 2022 Director of OffGrid-Lab Inc. (current holder) Managing Director,</p> <p>July 2024 Manager of Business Development Department</p>	110,520	
		<p>Reasons for selecting as Director candidate</p>		<p>In addition to a wealth of experience and achievements through many years of business execution in the telecommunications-related business, he has insight into management. Since joining the company, he has been engaged in the operation of the Sales Department, and is currently in charge of the Sales Promotion Division. He was mainly involved in making decisions on important management matters and supervising the execution of business, and has promoted the strengthening of the Sales Department. Based on his extensive business experience at the Company and his knowledge of management in general, the Company has determined that he is suitable for the position of Director of the Company, and thus nominated as a Director candidate.</p>
		<p>Special interest</p>		<p>There is no special interest between Mr. Kaneko and the Company.</p>

No	Name (Date of birth)	Career profile	Number of shares held (shares)
5	Mie Ishimaru November 2, 1969 【Director candidate】 Reappointment	<p>November 1997 Joined Asahi Audit Corporation (current KPMG Azusa LLC)</p> <p>April 2003 Registered as Certified Public Accountant</p> <p>February 2010 Director of Ishimaru Certified Accountant's Office (current holder)</p> <p>May 2011 Registered as Tax Accountant</p> <p>June 2012 Director of Densan Co., Ltd. Director of TMRSystems, Inc.</p> <p>July 2018 Outside Director of JANPARA Co., Ltd. (former Third Wave Exchange Corporation)</p> <p>September 2018 Outside Director of the Company</p> <p>September 2019 Director, Deputy Chief Manager of Business Administration Division and Manager of Finance and Accounting Department</p> <p>January 2020 Audit & Supervisory Board Member of FG-Lab Inc. (current holder)</p> <p>March 2020 Audit & Supervisory Board Member of BizGenesis Inc.</p> <p>July 2021 Director, Chief Manager of Business Administration Division and Manager of Finance and Accounting Department</p> <p>January 2023 Director and Chief Manager of Business Administration Division (current holder)</p>	10,020
	Reasons for selecting as Director candidate	Since joining the Company, she has been engaged in the operations of the Business Administration Department, and is currently in charge of the Business Administration Division. She has been involved in supervising the execution of business of the Business Administration Department and has been in charge of the management and supervision of the Finance and Accounting Department. In addition, due to her abundant career as a certified public accountant and her specialized knowledge and experience, the Company has determined that she is suitable for the position of Director of the Company, and thus nominated her as a Director candidate.	
	Special interest	There is no special interest between Ms. Ishimaru and the Company.	

No	Name (Date of birth)	Career profile	Number of shares held (shares)
6	Nobuyuki Shinoda August 30, 1951 【Outside Director candidate】 <input type="checkbox"/> Reappointment <input checked="" type="checkbox"/> Outside <input type="checkbox"/> Independent	April 1974 Joined the Seibu Department Stores, Ltd. March 1995 Section Chief of Human Resources Department 1 and Manager of Human Resources at Ikebukuro Branch March 1997 Joined THE LOFT CO.,LTD. September 2002 Executive Officer May 2008 Director and Executive Officer, and Responsible for Corporate Planning March 2011 Responsible for Management Department June 2016 Outside Director of the Company (current holder) January 2020 Chairman of Remuneration Committee August 2023 Chairman of Nomination and Remuneration Committee (current holder)	3,800
	Reasons for selection as Outside Director candidate and expected roles	Based on a wealth of knowledge and experience in business management that he has cultivated over the years, Mr. Shinoda has been nominated as an Outside Director candidate with the Company's expectation that he will supervise the overall management of the Company from an objective perspective and provide accurate advice. After being appointed, the Company expects that he will make use of his expertise as a person with management experience to make comments at meetings of the Board of Directors, etc., regarding the formulation of management plans, etc., mainly from a management perspective, and to supervise the progress of management plans.	
	Special interest	There is no special interest between Mr. Shinoda and the Company.	

No	Name (Date of birth)	Career profile	Number of shares held (shares)
7	Chikako Shimahata January 30, 1985 【Outside Director candidate】	April 2007 October 2012 April 2013 April 2013 June 2020 September 9	4,000
	<div style="display: flex; justify-content: space-around; align-items: center;"> Reappointment Outside Independent </div>	Joined Shinko Securities Co., Ltd. (current Mizuho Securities Co., Ltd.) Sapporo Branch Joined Sapporo Nishi Branch of Japan Pension Service Registered as Labor and Social Security Attorney Representative of Labor and Social Security Attorney Office Pirika Office (current holder) CEO of Pirika Inc. (current holder) Outside Director of the Company (current holder)	
	Reasons for Selection as Outside Director Candidates and Expected Roles	Ms. Shimahata is a qualified labor and social security attorney and has a wealth of experience, specialized knowledge, and experience in human resources and labor. In order to make use of her knowledge and experience in the Company's Board of Directors structure, she has been nominated as an Outside Director candidate. After being appointed, the Company expects her to make use of her expertise as a labor and social security attorney mainly to strengthen the supervisory function of overall management and conflicts of interest, from the perspective of labor law.	
*Special interest	There is no special interest between Ms. Shimahata and the Company.		

(Notes)

1. "Number of shares of the Company held" refers to the number of shares held by each candidate as of June 30, 2023.
2. Mr. Nobuyuki Shinoda and Ms. Chikako Shimahata are Outside Director candidates. If both of them are appointed as Directors, the Company intends to continue to appoint them as Independent Directors in accordance with rules stipulated by Tokyo Stock Exchange and Sapporo Securities Exchange.
3. Mr. Nobuyuki Shinoda and Ms. Chikako Shimahata, who are Outside Directors candidates, are currently Outside Directors of the Company, and the number of years since they have been appointed as Outside Directors will be seven years for Mr. Nobuyuki Shinoda and three years for Ms. Chikako Shimahata as of the conclusion of this General Meeting.
4. The Company has entered into a contract of directors and officers liability insurance with an insurance company, and each candidate will be insured under the insurance contract if he or she is appointed as a Director. In addition, the Company plans to renew it with the same content at the next contract renewal. For a summary of the contents of the insurance contract, please refer to Section 4 (Status of Company Officers), (3) Summary of the Contents of the Contract of Directors and Officers Liability Insurance in the Business Report.
5. The Company's Articles of Incorporation stipulates that the Company may enter into a limited liability contract with an Outside Director in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, limiting its liability for damages under Article 423, Paragraph 1 of the said Act, in order to welcome appropriate personnel with a high degree of independence as Outside Directors. As a result, the Company has entered into a limited liability contract with Mr. Nobuyuki Shinoda and Ms. Chikako Shimahata to limit liability for compensation up to the amount stipulated by laws and regulations, and we plan to continue the above contract if their reappointment is approved.

(For your reference) Skill Matrix of Directors

	Audit and Supervisory Committee Member	Independent Director	Corporate Management	Understanding of the Company's Business	ESG • SDGs	Financial Accounting	Human Resources and Labor	Legal Compliance	Sales Strategy Marketing	New Business Technology	Diversity (Gender, Nationality,)
Masanori Inomata			●	●	●	●	●	●	●	●	
Daisuke Ishikawa			●	●					●		
Takafumi Hamazu			●	●	●	●	●	●	●		
Hisashi Kaneko			●	●					●	●	
Mie Ishimaru			●	●		●	●	●			●
Nobuyuki Shinoda		●	●				●	●	●		
Chikako himahata		●	●		●		●	●			●
Tetsuro Tatsuta	●		●	●				●			
Tomohiro Obata	●	●	●					●			
Hiroshi Kamada	●	●	●					●			

Business Report (from July 1, 2023 to June 30, 2024)

1. Current Status of the Corporate Group

(1) Business status for the current fiscal year

1) Business progress and results

The Japanese economy during the current consolidated fiscal year (July 1, 2023 to June 30, 2024), while experiencing an increase in foreign tourists, resumption of various domestic events, and DX acceleration due to labor shortages, is still in a critical condition in which higher interest rate due to the removal of the negative interest rate policy or increased material procurement costs due to the Yen's depreciation are concerned.

Under such circumstances, our group will continue to steadily implement the medium-term management plan on March 17th, 2023. In order to realize the medium-term visions stated in this plan, we are engaging ourselves to achieve this plan based on Step 1 "Wi-Fi in all facilities" and Step 2 "realization of future infrastructures created by telecommunications and renewable energy."

The effect of stock business accumulation for the Home-Use business is continuing on the contrary to the heat up of competition and the slowdown in the specific customer sales channel have been seen. In addition, the sales scale of cross-sell-products including "FG smart call," network camera- and intercom-compatible systems, that drives the growth of Home-Use business is increasing due to an aggressive business expansion.

On the other hand, the operating profit margin is on a declining trend due to the increasing trends of depreciation expenses associated with investment in telecommunication facilities and selling expenses due to the strengthening of the sales structure, as well as temporary struggles in flow sales.

As a result of the above, the segment sales increased to 10,386 million yen (+8.2% YoY), and the segment income decreased to 2,910 million yen (-2.0% YoY).

In the business use business, the long lead time from order acquisition to sales posting had been a bottleneck, but our long-time efforts to date have been paid off, and sales of premises-communication-infrastructure-services to medical and nursing care facilities, public facilities, and tourist facilities, grew significantly.

The sales related to development projects for equipment that meet the individual needs of each client at FG-Lab, our subsidiary, remained steady.

Also, increase in large-scale projects and opportunities to provide high-value-added services pushed up the Operating income margins for each project leading to an increasing trend in the operating income margin of Business-Use business as a whole.

As a result of the above, the segment sales increased to 1,675 million yen (+10.8% YoY), and the segment income also increased to 480 million yen (+65.9% YoY).

The sales and segment income, although there were several real estate sales at FG Smart Asset, decreased as projects were concentrated in the previous fiscal year.

As a result of the above, the segment sales decreased to 523 million yen (-68.7% YoY), and the segment income also decreased to 57 million yen (-58.0% YoY).

Regarding other business segments, including Renewable Energy, sales were recorded for the Higashikagura of Hokkaido complex related to the installation of an All-in-one generation and consumption solar energy system.

As a result of above, the segment sales increased to 27 million yen (+221.2% YoY), and the segment income also increased to 7 million yen (+286.3% YoY).

As a result, for the current consolidated fiscal year, we report net sales of 12,613 million yen (-1.4% YoY), operating income of 2,387 million yen (+2.9% YoY), ordinary income of 2,395 million yen (+4.6% YoY), and net income attributable to shareholders of the parent company of 1,567 million yen (+5.7% YoY).

Sales	Operating income	Ordinary income	Net income attributable to the parent company's shareholders
12,613 million yen	2,387 million yen	2,395 million yen	1,567 million yen
YoY	YoY	YoY	YoY
-1.4%	+2.9%	+4.6%	+5.7%

[Sales of segments]

S e g m e n t s	Sales (Millions of yen)			Composition ratio (%)	YoY (%)
	23rd Fiscal year Year ending June 30,2022	24 th Fiscal year Year ending June 30,2023	25 th Fiscal year Year ending June 30,2024		
Home use business	8,141	9,600	10,386	82.3	8.2
Business use business	1,244	1,512	1,675	13.3	10.8
Real estate business	1,238	1,674	523	4.2	△68.7
Others	0	8	27	0.2	221.2
Total	10,624	12,795	12,613	100.0	△1.4

Notes	1. Home use business	Construction, maintenance, operation, support, PB provision, etc. of Internet-free apartment
	2. Business use business	Construction, maintenance, operation, support, PB provision, etc. of free Wi-Fi facilities
	3. Real estate business	Buying, selling, leasing, etc. of real estate
	4. Others	Renewable energy(Electricity)

2) Status of Capital Investment

The total amount of capital investment made by the Group during the current consolidated fiscal year under review was 2.364 billion yen.

The main capital investment for the installation of telecommunications equipment for the provision of services were 2.185 billion yen for the home use service and 77 million yen for the business use service.

3) Status of Financing

In the consolidated fiscal year under review, there are no significant financings other than that of ordinary working capital.

4) Status of Business Transfers, Absorption Splits, or New Business Splits

There are no significant matters to be stated.

5) Status of Business Transfers from Other Companies

There are no significant matters to be stated.

6) Status of Succession of Rights and Obligations Related to the Business of Other Corporations, etc. Due to Merger or Absorption Split

FG Smart Asset Inc., a wholly-owned subsidiary of the Company, absorbed TM Asset Inc., which was a wholly-owned subsidiary of FG Smart Asset Inc., on December 27, 2023.

7) Status of Acquisition or Disposal of Shares or Other Interests or Stock Acquisition Rights, etc. of Other Companies

There are no significant matters to be stated.

(2) Status of Property and Profits and Losses

1) Status of Property and Profits and Losses of the Corporate Group

Classification	Period	22nd Fiscal year (Ended June 2021)	23rd Fiscal Year (Ended June 2022)	24th (previous) Consolidated Fiscal Year (Ended June 2023)	25th (current) Consolidated Fiscal Year (Ended June 2024)
Sales	(million yen)	8,491	10,624	12,795	12,613
Ordinary Income	(million yen)	1,543	1,604	2,290	2,395
Net Income Attributable to the Parent Company's Shareholders	(million yen)	1,019	1,073	1,482	1,567
Net Income per Share	(yen)	50.11	52.60	72.70	77.20
Total Assets	(million yen)	9,397	13,087	12,764	13,076
Net Assets	(million yen)	3,677	3,279	4,758	5,836
Net Assets per Share	(yen)	180.40	160.74	230.12	285.59

(Notes) Net income per share is calculated based on the average number of shares issued during the period.

2) Status of Property and Profits and Losses of the Company

Classification	Period	22nd Fiscal year (Ended June 2021)	23rd Fiscal Year (Ended June 2022)	24th (previous) Business Year (Ended June 2023)	25th (current) Business Year (Ended June 2024)
Sales	(million yen)	8,151	8,921	10,753	11,643
Ordinary Income	(million yen)	1,284	1,262	1,942	2,016
Net Income	(million yen)	847	851	1,426	1,323
Net Income per Share	(yen)	41.66	41.71	69.92	65.18
Total Assets	(million yen)	8,295	10,233	11,290	12,094
Net Assets	(million yen)	3,033	2,411	3,784	4,611
Net Assets per Share	(yen)	148.83	118.22	184.45	227.51

(Notes) Net income per share is calculated based on the average number of shares issued during the period.

(3) Status of Significant Parent and Subsidiary Company

1) Status of Parent Company

The Company does not have a parent company.

2) Status of Significant Subsidiary Company

Company names	Address	Capital	Major businesses	Ratio of voting rights of the Company	Relation details
NOIS Inc.	Minato-ku, Tokyo	10 million yen	Internet Brokering Business	100.00%	Concurrent positions of officers
Fibergate Taiwan Inc.	Tainan City, Taiwan	500,000 NTD	Equipment Development and Call Center Business	100.00%	Concurrent positions of officers
FG-Lab Inc.	Minato-ku, Tokyo	35 million yen	Contract Development Business and Real Estate Leasing Business	100.00%	Concurrent positions of officers
FG Smart Asset Inc.	Minato-ku, Tokyo	50 million yen	Real Estate Sales and Leasing Business	100.00%	Concurrent positions of officers
OffGrid-Lab Inc.	Minato-ku, Tokyo	35 million yen	Renewable Energy (Electricity) Business	16.67%	Concurrent positions of officers

(Notes) 1. FG Smart Asset Inc. absorbed TM Asset Inc. on December 27, 2023

2. Although the Company's voting rights ratio in OffGrid-Lab Inc. is 50/100 or less, OffGrid-Lab Inc. is a subsidiary of the Company as it is effectively controlled.

(4) Issues to be addressed

The management environment surrounding the Group is still unpredictable, with an increase in the number of foreign tourists, the resumption of various domestic events, and the acceleration of DX due to labor shortages, as well as concerns about the risk of rising interest rates due to the lifting of the negative interest rate policy and an increase in procurement costs for materials and other items due to the depreciation of the yen.

Under these circumstances, the Group will continue to steadily implement the medium-term management plan announced on March 17, 2023. In order to realize the medium-term vision in the medium-term management plan, we are working to achieve the medium-term management goals based on the two steps of Step 1 "Wi-Fi for all facilities" and Step 2 "Realization of future infrastructure created by telecommunications and renewable energy."

1) Home Use Business

In the home use business for the living environment, the Group will strive to acquire new contracts and expand our market share for residential Wi-Fi services. In addition, the proportion of newly contracted properties is increasing, and delivery times are getting longer, so we will further strengthen the management of the order status.

We aim to contribute to the acquisition of communication demand for rental condominiums and the increase in the unit price of services by enhancing cross-sell products as well as improving the communication quality and strengthening the security of remote work.

2) Business Use Business

In the business use business, we expect to further contribute to sales and profits by not only developing the market for demand for on-premise communication infrastructure services for medical and nursing care facilities, public facilities, and tourist facilities, but also by developing a system to meet diverse customer needs by further strengthening our sales structure and enhancing our expertise.

3) Response to rising costs

In order to respond to rising costs due to the rapid expansion of telecommunications traffic and the impact of the depreciation of the yen, we will take measures to reduce the impact of rising costs by streamlining the effective use of lines and considering foreign exchange contracts.

4) Improvement of the efficiency and productivity of internal systems

In response to the increasing complexity of operations associated with the expansion of the Company's scale, we believe that it is essential to improve the efficiency and productivity of internal operations. To this end, we will work to strengthen our internal structure by developing our core systems and introducing financial analysis tools.

5) Stable operation of internal controls and compliance

The Company recognizes that it is an important management issue to build a corporate governance system in which "internal control", "compliance", and "disclosure control" function sufficiently. We believe that securing the trust of all stakeholders, including shareholders, and society will lead to an increase in corporate value, and we will strive for sound and transparent management while pursuing fairness and efficiency, and will fulfill accountability. In addition, we are working to build and maintain a management system that discloses information to shareholders and other stakeholders in a timely and appropriate manner.

We would like to ask our shareholders for your continued support.

(5) Content of Principal Business (as of June 30, 2024)

Name of Segment	Content of Principal Business (Principal item and service)
Home Use Service	Construction, maintenance, operation, support, and PB provision of Internet-free apartment
Business Use Service	Construction, maintenance, operation, support, and PB provision of free Wi-Fi facilities
Real Estate Business	Real estate sales and leasing business
Others	Renewable Energy (Electricity) Business

(6) Principal Sales Offices (as of June 30, 2024)

1) Principal Place of Business of the Company

Name	Location
Headquarters	No. 28 Keiwa Building, Nishi 8-10-3, Minami 1-Jo, Chuo-ku, Sapporo, Hokkaido
Tokyo Office	KDX Shibadaimon Building, 2-10-12, Shibadaimon, Minato-ku, Tokyo
Osaka Office	Kawaramachi KT Building, 3-3-7, Kawaramachi, Chuo-ku, Osaka, Osaka
Nagoya Office	HR-NET Fushimi Building, 1-20-10, Nishiki, Naka-ku, Nagoya, Aichi
Sendai Office	Oak Tree Tsutsujigaoka, 3-4-18, Tsutsujigaoka, Miyagino-ku, Sendai, Miyagi
Fukuoka Office	Ichigo Hakata Building, 1-28, Gion-machi, Hakata-ku, Fukuoka, Fukuoka

2) Place of Business of the Subsidiaries

Name	Location
NOIS Inc.	KDX Shibadaimon Building, 2-10-12, Shibadaimon, Minato-ku, Tokyo
Fibergate Taiwan Inc.	5F, No. 571, Qingping Rd, Anping District, Tainan City, Taiwan
FG-Lab Inc.	KDX Shibadaimon Building, 2-10-12, Shibadaimon, Minato-ku, Tokyo
FG Smart Asset Inc.	KDX Shibadaimon Building, 2-10-12, Shibadaimon, Minato-ku, Tokyo
OffGrid-Lab Inc.	KDX Shibadaimon Building, 2-10-12, Shibadaimon, Minato-ku, Tokyo

(7) Status of employees (as of June 30, 2024)

1) Status of Employees of the Corporate Group

Classification	at the end of previous fiscal year	at the end of current fiscal year	Changes in the current fiscal year	Average age	Average length of service
Male	141 persons	135 persons	Decrease of 6 persons	37 years and 5 months	4 years and 11 months
Female	91 persons	95 persons	Increase of 4 persons	34 years and 3 months	5 years and 7 months
Total or average	232 persons	230 persons	Decrease of 2 persons	36 years and 1 month	5 years and 2 months

(Notes) The number of employees shown denotes full-time employees and does not include temporary or part-time employees.

2) Status of Employees of the Company

Classification	Number of employees	Average age	Average length of service
Male	127 persons	37 years and 3 months	4 years and 10 months
Female	90 persons	34 years and 2 months	5 years and 7 months
Total or average	217 persons	36 years and 0 month	5 years and 2 months

(Notes) The number of employees shown denotes full-time employees and does not include temporary or part-time employees.

3) The ratio of female managers is as follows:

Ratio of female manager	26.7%
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(8) Major Borrowers (as of June 30, 2024)

Borrowers	Outstanding Debt
North Pacific Bank, Ltd.	1,394 million yen
The Hokkaido Bank, Ltd	1,205 million yen
The Chiba Bank, Ltd.	404 million yen
Mizuho Bank, Ltd.	347 million yen
Aomori Bank, Ltd.	154 million yen
Sumitomo Mitsui Banking Corporation, Ltd.	147 million yen
The 77 Bank, Ltd	135 million yen
MUFG BANK, Ltd	130 million yen
The Hokuriku Bank, Ltd	115 million yen
The Norinchukin Bank	102 million yen

(9) Other Significant Matters Related to the Current Status of the Corporate Group

The Company has established a joint venture with H-Power Holdings Inc. The details of this matter are described in the "Notes on significant subsequent events" in the consolidated notes table of the consolidated financial statements.

2. Information on the Company's shares (as of June 30, 2024)

(1) Total number of authorized shares	79,100,000
(2) Shares issued	20,593,600 (Including Treasury stock 322,207 shares)
(3) Number of shareholders	6,233
(4) Major shareholders	

Name of shareholder	Number of shares held	Shareholding ratio
MI Corporation Inc.	4,749,000	23.42
Masanori Inomata	2,827,290	13.94
Custody Bank of Japan, Ltd. (Trust Account)	2,441,300	12.04
Sumitomo Mitsui Trust Bank, Ltd. (Trust Account A-23)	1,700,000	8.38
Taizo Matsumoto	1,092,400	5.38
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,091,100	5.38
Hikari Tsushin K.K.	599,600	2.95
CACEIS BANK/QUINTETLUXEMBOURG SUB AC / UCITS CUSTOMERS ACCOUNT (Standing proxy: Custody Business Department of HSBC Bank Tokyo Branch)	429,000	2.11
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1 (Standing proxy: MUFG Bank, Ltd.)	293,700	1.44
Nomura Securities Co., Ltd.	264,072	1.30

(Notes) 1. Ratio of number of shares held to the total number of shares issued (excluding treasury shares) is rounded down to the third decimal place.

2. The shareholding ratio is calculated by deducting treasury share (322,207 shares).

3. The 1,700,000 shares of Sumitomo Mitsui Trust Bank, Ltd. (Trust Account A-23) are related to a trust agreement for the purpose of managing shares with Masanori Inomata, President and Chief Executive Officer of the Company, as the trustor and beneficiary, and Sumitomo Mitsui Trust Bank, Ltd. as the trustee. In addition, 800,000 shares of the 2,677,400 shares held by the Custody Bank of Japan, Ltd. (trust account) are due to the conclusion of a management trust agreement for donated shares for shares held by Masanori Inomata, President and Chief Executive Officer of the Company. As a result, the actual number of shares held by Masanori Inomata is 10,071,400 shares with the ratio of 49.34%, which includes the number of shares held by MI Corporation Inc., the asset management company of Masanori Inomata.

【Status by owner】

Division	Status of Shares (100 shares per unit)								Status of shares less than one unit (shares)
	Government and local governments	Financial institution	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individual and others	Total	
					Non-individual	Individual			
Number of shareholders (persons)	0	9	25	54	70	10	5,156	5,324	—
Number of shares held (Units)	0	52,750	5,076	54,823	14,642	90	78,384	205,765	17,100
Shareholding ratio (%)	0.00	25.64	2.47	26.64	7.12	0.04	38.09	100.00	—

(Notes) The treasury shares of 322,207 shares are listed including 3,222 units in “Individual and others” and 7 shares in “Status of shares less than one unit”.

(5) Status of shares delivered to the Company's executives as compensation for the execution of duties during the current fiscal year

	Number of shares	Number of persons eligible for share delivery
Director (excluding Outside Director)	15,000 shares	5 persons
Outside Director	0 shares	0 persons
Audit and Supervisory Committee member	0 shares	0 persons

(Notes) The details of the Company's stock-based remuneration are described in "(b) Stock-based Remuneration of (4) Remuneration of Directors in 4. Status of Company Officers" in the business report.

(6) Other Significant Matters Related to Shares

There are no applicable matters.

3. Status of Stock Acquisition Rights, etc.

- (1) Status of stock acquisition rights granted as consideration for the execution of duties held by the Company's officers as of the end of the fiscal year under review

There are no applicable matters.

- (2) Status of stock acquisition rights granted to employees, etc. as consideration for the execution of duties during the fiscal year under review

There are no applicable matters.

- (3) Other status of stock acquisition rights

There are no applicable matters.

4. Status of Company Officers

(1) Status of Directors (as of June 30, 2024)

P o s i t i o n	Name	Responsible for	Significant concurrent positions
President and Chief Executive Officer	Masanori Inomata		CEO of MI Corporation Inc. Director of FG-Lab Inc. Director of FG Smart Asset Inc. CEO of OffGrid-Lab Inc. Representative Director of Sakura Aid Representative Director of MI Foundation Representative Director of MI Management Outside Director of 3eee Inc. Director of Digital Enhancement for Condominium
Senior Managing Director	Takafumi Hamauzu	Chief Director of Corporate Planning Division	Audit & Supervisory Board Member of FG Smart Asset Inc.
Managing Director	Hisashi Kaneko	Chief Director of Business Use Business Division, and Manager of Business Development Department	Director of FG Smart Asset Inc. Director of OffGrid-Lab Inc.
Director	Mie Ishimaru	Chief Director of Business Administration Division	Director of Ishimaru Certified Accountant's Office Audit & Supervisory Board Member of FG-Lab Inc.
Director	Daisuke Ishikawa	Chief Director of Home Use Business Division, and Deputy Chief Director of Business Use Business Division	—
Director (Outside Director)	Nobuyuki Shinoda	Chairman of Nomination and Remuneration Committee	—
Director (Outside Director)	Chikako Shimahata		Representative of Labor and Social Security Attorney Office Pirika Office CEO of Pirika Inc.
Director (Full-time Audit and Supervisory Committee Member)	Tetsuo Tatsuta		Audit and Supervisory Committee Member of Fibergate Taiwan Inc. Outside Audit & Supervisory Board Member of Furanoichiba (current holder) Part-time Audit and Supervisory Committee Member of Uohan Co., Ltd.
Director (Audit and Supervisory Committee Member)	Tomohiro Obata		Representative of PLAZA Law Office Outside Audit and Supervisory Committee Member of TOHOKU ENTERPRISE CO.,LTD. Outside Audit and Supervisory Committee Member of Paradigmshift Co.,Ltd.

Director (Audit and Supervisory Committee Member)	Hiroshi Kamada		Representative of Office K. Auditor of MI Foundation
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- (Notes)1. Directors: Mr. Nobuyuki Shinoda, Ms. Chikako Shimahata, Mr. Tomohiro Obata, and Mr. Hiroshi Kamada are Outside Directors.
2. Mr. Tomohiro Obata, a member of the Audit and Supervisory Committee, is a qualified lawyer and has considerable knowledge of legal affairs.
3. In order to strengthen the auditing and supervisory functions of the Audit and Supervisory Committee through the collection of information from Directors and employees, etc., and sufficient cooperation with the Internal Audit Office, Mr. Tetsuro Tatsuta has been selected as a full-time Audit and Supervisory Committee member.
4. The Company has designated all Outside Directors (including Audit and Supervisory Committee members) as Independent Directors in accordance with rules stipulated by Tokyo Stock Exchange and Sapporo Securities Exchange, and has notified both exchanges.

(2) Summary of the contents of the limited liability contract

The Company has entered into a contract with two Outside Directors who are not the Audit and Supervisory Committee members and two of those who are the Audit and Supervisory Committee members to limit liability for compensation under Article 423, paragraph 1 of the Companies Act in accordance with Article 427, paragraph 1 of the same Act and the Company's Articles of Incorporation.

The maximum amount of liability for compensation under the contract is the minimum amount of liability stipulated in Article 425, paragraph 1 of the same Act. Such limit shall be applicable only when the performance of the Outside Directors' duties giving rise to such liabilities is recognized to have been carried out in good faith and with no gross negligence.

(3) Summary of the contents of the contract of directors and officers liability insurance

The Company has entered into a contract of directors and officers liability insurance with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act, in which the directors of the Company and its subsidiaries are insured, and the Company bears all insurance premiums.

The summary of the contents of the insurance contract is that the insurance company compensates for damages that may result from the insured being liable for the execution of his or her duties or receiving a claim for the pursuit of such liabilities, and the policy is renewed every one year. We plan to renew it with the same content at the next contract renewal.

(4) Remuneration of executives

1) Policy for determination of the details of remuneration, etc. for executives

The Company resolved to make a decision on the details of individual remuneration for directors. When making a resolution by the Board of Directors, the Nomination and Remuneration Committee is consulted in advance on the content of the resolution, and a report is received.

The details of the policy for determination of the details of remuneration, etc. for individual directors are as follows.

a Basic Policy

With regard to the remuneration of directors of the Company, the basic policy is to pay remuneration at a sufficient and appropriate level as compensation for the burden of management responsibilities with the aim of increasing motivation to contribute to the improvement of medium- to long-term business performance so that corporate value can be continuously improved.

The remuneration of directors other than Audit and Supervisory Committee members (excluding outside directors) consists of fixed remuneration paid based on position, short-term stock-based remuneration for achieving annual performance targets, and long-term stock-based remuneration for achieving long-term management targets.

(a) Fixed remuneration

Fixed remuneration is determined according to position and other factors, and is paid monthly in cash.

(b) Stock-based remuneration

Short-term stock-based remuneration and Long-term stock-based remuneration

Please refer to b. Policy for determination of the details and method of calculating the amount or number of performance-based remuneration, etc. and non-monetary remuneration, etc. below.

b Policy for determination of the details and method of calculating the amount or number of performance-based remuneration, etc. and non-monetary remuneration, etc.

• Short-term stock-based

The short-term stock-based remuneration plan was the remuneration is that the number of shares of the Company's common share (hereinafter referred to as the "Company's shares") calculated by the calculation method determined in advance will be delivered to directors other than Audit and Supervisory Committee members (excluding outside directors) after the end of the relevant period, provided that the directors in question hold directors or other positions of the Company specified by the Board of Directors of the Company for the period from the date of the annual Ordinary General Meeting of Shareholders to the date of that in the following year. We have set "Consolidated Ordinary Income", which is a numerical target for short-term business management, as a short-term numerical target, and will be paid when the numerical target is achieved.

• Long-term stock-based

The long-term stock-based remuneration plan was the remuneration is that the number of shares of the Company's shares calculated by the calculation method determined in advance will be delivered to directors after the end of the relevant period, provided that the directors in question hold directors or other positions of the Company specified by the Board of Directors of the Company for the period from the date of the annual Ordinary General Meeting of Shareholders to the date of that held in two years later. This payment is made when the share price growth rate of the Company's shares, which is the numerical target for the Company's long-term business management, exceeds 1.0.

c Policy for determination of the ratio of monetary remuneration, performance-based remuneration, or non-monetary remuneration to the amount of remuneration for individual Directors

The amount of remuneration is determined based on the remuneration standard, with a guideline of 70%:10%:20% for the allocation ratio of fixed remuneration, short-term stock-based remuneration and long-term stock-based remuneration. The amount of remuneration for directors and outside directors who are the Audit and Supervisory Committee members consists of fixed remuneration and long-term stock-based remuneration from the perspective of their roles and independence, and the amount of remuneration, etc., is determined based on the position and remuneration standards of each director, with a guideline of 80%:20% for the allocation ratio of fixed remuneration and long-term stock-based remuneration for outside directors other than Audit and Supervisory Committee members.

d Matters related to determination of the details of remuneration, etc. for individual Directors

The amount of remuneration for individual directors is delegated to the President and Chief Executive Officer in accordance with a resolution of the Board of Directors. The content of the authority is to determine the amount of remuneration for directors and the method of calculating it, and it is determined within the range of the maximum amount of remuneration resolved at the General Meeting of Shareholders by comprehensively taking into account the status of achievement and the degree of contribution to the management policy and targets.

The Board of Directors establishes a voluntary Nomination and Remuneration Committee to ensure that such authority is appropriately exercised by the President and Chief Executive Officer (CEO), and the President and CEO shall fully consider the method of calculating remuneration for directors that the voluntary Nomination and Remuneration Committee deliberated on in the process of determining the amount of remuneration for Directors.

2) Total amount of remuneration, etc. for the current fiscal year

C a t e g o r y	Total amount of remuneration, etc. (Million of yen)	Total amount by type of remuneration, etc. (Millions of yen)			Number of People Paid (persons)
		Basic Remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Director (of which are Outside Directors)	132 (6)	118 (6)	— (—)	13 (—)	7 (2)
Director (Audit and Supervisory Committee Members) (うち社外取締役)	15 (6)	15 (6)	— (—)	— (—)	3 (2)
Total (うち社外取締役)	147 (13)	133 (13)	— (—)	13 (—)	10 (4)

(Notes) 1. The contents of non-monetary remuneration, etc. is the shares of the Company, and the conditions for allotment are as described in (4) Remuneration for Directors. In addition, the status of share delivery in the current fiscal year is described in “(5) Status of shares delivered to officers of the Company as compensation for the execution of duties during the current fiscal year in 2. Current status of shares.”

2. The maximum amount of monetary remuneration for Directors has been resolved as follows:

Director
(excluding Audit and Supervisory Committee members) Annual amount within 350 million yen (of which the annual amount for Outside Directors is within 50 million)
(Resolution of the Annual General Meeting of Shareholders on September 28, 2021)

As of the conclusion of the Annual General Meeting of Shareholders, the number of Directors (excluding Audit and Supervisory Committee members) is seven (including two Outside Directors).

Director
(Audit and Supervisory Committee Members) Annual amount within 60 million yen (Resolution of the Annual General Meeting of Shareholders on September 28, 2021)

As of the conclusion of the Annual General Meeting of Shareholders, the number of Directors who are members of the Audit and Supervisory Committee is three.

3. The maximum amount of stock-based remuneration for Directors has been resolved as follows:

Resolution of the Annual General Meeting of Shareholders on September 28, 2021 and on September 27, 2023)

	Director (excluding Audit and Supervisory Committee members)	Annual amount	within 50 million yen(not applicable to Outside Directors)
Short-term Incentive Plan		Number of Shares	Common Shares within 56,000 shares(not applicable to Outside Directors)

As of the conclusion of the Annual General Meeting of Shareholders, the number of Directors (excluding Audit and Supervisory Committee members) is five (not applicable to Outside Directors).

	Director (excluding Audit and Supervisory Committee members)	Annual amount	within 50 million yen (of which the annual amount for Outside Directors is within 10 million)
Long-term Incentive Plan		Number of Shares	Common Shares (of which the number of shares for Outside Directors is within 12,000 within 112,000 sharesshares)

As of the conclusion of the Annual General Meeting of Shareholders, the number of Directors (excluding Audit and Supervisory Committee members) is seven (including two Outside Directors).

	Director (Audit and Supervisory Committee Members)	Annual amount	within 20 million yen
Long-term Incentive Plan		Number of Shares	Common Shares within 23,000 shares

As of the conclusion of the Annual General Meeting of Shareholders, the number of Directors who are members of the Audit and Supervisory Committee is three.

3) The reason why the Board of Directors determined that the details of the remuneration for each individual Director for the current fiscal year are in line with the policy

The Nomination and Remuneration Committee deliberates on the remuneration of each individual, and the President and Chief Executive Officer determines the remuneration for each individual after considering the contents, and it is judged that it is in line with the Company's decision-making policy.

The Nomination and Remuneration Committee was established in June 2023, and deliberations are scheduled to be held by the Nomination and Remuneration Committee from the next fiscal year.

4) Matters concerning delegation of determination of the details of remuneration, etc. for each individual Director

- Name, position, and responsibilities of the delegated person
President and Chief Executive Officer: Masanori Inomata
- Details and reasons for delegated authority
Determination of the amount of remuneration, etc. of Directors and the method of its calculation
- Measures to ensure that authority is exercised appropriately

The President and Chief Executive Officer shall make decisions on the above matters within the scope of the maximum amount of remuneration, etc., approved by the General Meeting of Shareholders, after obtaining a report from the Nomination and Remuneration Committee, the majority of which is composed of Outside Directors.

(5) Matters Concerning Outside Officers (as of June 30, 2024)

- 1) Status of important concurrent positions held by other corporations, etc., and the relationship between the Company and the said other corporations, etc.

Position	Name	Concurrent position and its details
Director	Nobuyuki Shinoda	—
Director	Chikako Shimahata	Representative of Labor and Social Security attorney office Pirika Office CEO of Pirika, Inc.
Director (Audit and Supervisory Committee member)	Tomohiro Obata	Representative Employee of Legal Professional Corporation PLAZA law office Outside Director of Tohoku Enterprise Co., Ltd. Outside Audit & Supervisory Board Member of Paradigm Shift, Inc
Director (Audit and Supervisory Committee member)	Hiroshi Kamada	Representative of Office K. Auditor of public interest incorporated foundation MI Foundation

(Notes) There is no special relationship between the Company and each of the above concurrent positions.

2) Major Activities in the Current Fiscal Year

Name	Board of Directors and Nomination and Remuneration Committee	Audit and Supervisory Committee	Attendance and Summary of Duty Performed in Relation to Expected Role
Nobuyuki Shinoda	Attended Board of Director meetings 14 out of 14 times (100%) Attended Nomination and Remuneration Committee meetings 8 out of 8 times (100%)	—	He attended all 14 meetings of the Board of Directors (excluding written meetings) held during the current fiscal year. At the Board of Directors, he monitors the legality and appropriateness of the Company's management decisions, fulfills monitoring function, and provides advice and recommendations on the Company's management strategy, as well as advice and recommendations that lead to the improvement of the objectivity and corporate governance of the Company's Board of Directors. In addition, as the chairman of the Nomination and Remuneration Committee, which is a voluntary advisory body to the Company, he leads deliberations on how to determine the remuneration of Directors and compiles a draft report as a committee.
Chikako Shimahata	Attended Board of Director meeting 14 out of 14 times (100%) Attended Nomination Remuneration Committee meetings 8 out of 8 times (100%)	—	She attended all 14 meetings of the Board of Directors (excluding written meetings) held during the current fiscal year. Mainly from a professional standpoint as a social insurance and labor consultant, she deliberates on agendas and provides advice and recommendations as appropriate from an objective perspective as an Outside Director. She also attends meetings of the Nomination and Remuneration Committee, which is a voluntary advisory body to the Company, and provides objective advice and exchanges opinions from an external standpoint.
Tomohiro Obata	Attended Board of Director meetings 14 out of 14 times (100%) Attended Nomination Remuneration Committee meetings 8 out of 8 times (100%)	Attended 14 out of 14 times (100%)	He attended all 14 meetings of the Board of Directors (excluding written meetings) and 15 meetings of the Audit and Supervisory Committee held during the current fiscal year. Mainly from a professional standpoint as a lawyer, he deliberates on agendas and provides advice and recommendations as appropriate from an objective perspective independent of management as an Outside Audit and Supervisory Committee member. He also attends meetings of the Nomination and Remuneration Committee, which is a voluntary advisory body to the Company, and provides objective advice and exchanges opinions from an external standpoint and the lawyer.

Hiroshi Kamada	Attended Board of Director meetings 14 out of 14 times (100%) Attended Remuneration Committee meeting 3 out of 3 times (100%)	Attended 14 out of 14 times (100%)	He attended all 14 meetings of the Board of Directors (excluding written meetings) and 15 meetings of the Audit and Supervisory Committee held during the current fiscal year. He has many years of experience as a small and medium-sized enterprise consultant and has knowledge of overall management, management and operations, and provides advice and recommendations that lead to the improvement of the objectivity and corporate governance of the Board of Directors of the Company in matters such as accounting, finance, human resource development, risk management, and management strategy at operating companies. He also attends meetings of the Nomination and Remuneration Committee, which is a voluntary advisory body to the Company, and provides objective advice and exchanges opinions from an external standpoint.
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3) Amount of remuneration, etc. received from the Company's subsidiaries as an officer during the current fiscal year
There are no applicable matters.

4) Opinions on matters stated in the Business Report
There are no applicable matters.

5. Basic Policy on Company Control

The Company believes that those who control financial and business policy decisions should concentrate management resources on expanding corporate value and increasing shareholder profits with the aim of stable growth.

At this time, the Company has not introduced any special takeover defense measures, but will continue to conduct flexible studies while paying close attention to changes in social conditions and other factors.

6. Policy on Determination of Appropriation of Surplus

The Group aims to expand its business performance through growth investments and regards the return of profits to shareholders as one of the most important management issues.

Profits for each fiscal year will be divided into three major divisions, and in principle, one-third of them will be used as a source of profit dividends as a return to shareholders, another one-third of them will be used for returns to executives and employees, which are important human capital, and business investments for further growth of the Company, and the remaining one-third will be retained earnings.

Based on this, the year-end dividend for the current fiscal year will be 12.5 yen per share. The interim dividend was 5.0 yen per share. Therefore, an annual dividend of 17.5 yen per share.

For the next fiscal year, based on the above basic policy, we plan to pay an interim dividend of 13.5 yen per share and a year-end dividend of 13.5 yen per share.

Consolidated Balance Sheets (June 30, 2024)

(Millions of yen)

Assets		負債の部	
Accounts	Amounts	科目	金額
【current assets】	5,339	【Current liabilities】	4,086
Cash and deposits	2,120	Accounts payable	623
Accounts receivable	1,772	Short-term borrowings	140
Contract Assets	208	Current portion of long-term borrowings	1,203
Commodity	665	Income taxes payable	358
Real estate for sale	489	Contract liabilities	1,317
Work in progress	0	Provision for bonuses	88
Others	88	Others	356
Allowance for doubtful accounts	△5	【Fixed liabilities】	3,153
【Fixed asset】	7,736	Corporate bond	50
(tangible fixed assets)	7,200	Long-term borrowings	3,049
Building	35	Retirement benefit liability	53
Tools, furniture & fixtures	10	Total liabilities	7,240
Communication equipment	7,153	Net assets	
Construction in progress	0	【Shareholders' equity】	5,786
(Intangible assets)	88	Capital	494
Software	67	Capital surplus	423
Software in progress	20	Retained earnings	5,225
(Investments and other assets)	447	Treasury share	△356
Investment securities	11	【Other comprehensive income cumulative amount】	3
Deposit	46	Valuation difference of other securities	0
Deferred tax assets	372	Foreign currency translation adjustment account	3
Others	19	【Non-controlling interest】	46
Allowance for doubtful accounts	△1	Total net assets	5,836
【Deferred assets】	0	Total liabilities and net assets	13,076
Inaugural expenses	0		
Total assets	13,076		

(Notes) The listed amount is rounded down to the nearest million yen.

Consolidated profit and loss statement (from July 1, 2023 to June 30, 2024)

(Millions of yen)

Accounts		A m o u n t s	
【Sales】			12,613
【Cost of goods sold】			6,795
	Gross profit		5,817
【Selling, general and administrative expenses】			3,430
	Operating income		2,387
【Non-operating income】			
Insurance income		26	
Point revenue		5	
Others		2	34
【Non-operating expenses】			
Interest expenses		23	
Foreign exchange loss		2	
Others		0	26
	Ordinary income		2,395
【Extraordinary loss】			
Loss on disposal of fixed assets		51	
Loss on devaluation of investment securities		39	91
	Net income before income taxes		2,304
	Income taxes-current	631	
	Income taxes-deferred	100	732
	Net income		1,572
	Net income attributable to non-controlling interests		4
	Profit attributable to owners of parent		1,567

(Notes) The listed amount is rounded down to the nearest million yen.

Balance Sheets (June 30, 2024)

(Millions of yen)

Assets		Liabilities	
Accounts	Amounts	Accounts	Amounts
【Current assets】	4,183	【Current liabilities】	4,734
Cash and deposits	1,479	Accounts payable	667
Accounts receivable	1,755	Short-term borrowings	850
Contract Assets	208	Current portion of long-term borrowings	1,192
Commodity	664	Income taxes payable	286
Work in progress	0	Contract liabilities	1,317
Others	80	Provision for bonuses	83
Allowance for doubtful accounts	△5	Others	337
【Fixed asset】	7,910	【Fixed liabilities】	2,747
(tangible fixed assets)	7,199	Long-term borrowings	2,694
Building	35	Retirement benefit liability	53
Tools, furniture & fixtures	10	Total liabilities	7,482
Communication equipment	7,153	Net assets	
(Intangible assets)	96	【Shareholders' equity】	4,611
Software	68	Capital	494
Software in progress	27	Capital surplus	415
(Software in progress)	614	Capital reserve	400
Investment securities	1	Other capital surplus	14
Shares of related companies	196	Retained earnings	4,059
Deposit	45	Other retained earnings	4,059
Deferred tax assets	353	Retained earnings carried forward	4,059
Others	19	Treasury stock	△356
Allowance for doubtful accounts	△1	【Valuation and translation adjustments】	0
		Valuation difference of other securities	0
Total Assets	12,094	Total net assets	4,611
		Total liabilities and equity	12,094

(Notes) The listed amount is rounded down to the nearest million yen

Profit and loss statement (from July 1, 2023 to June 30, 2024)

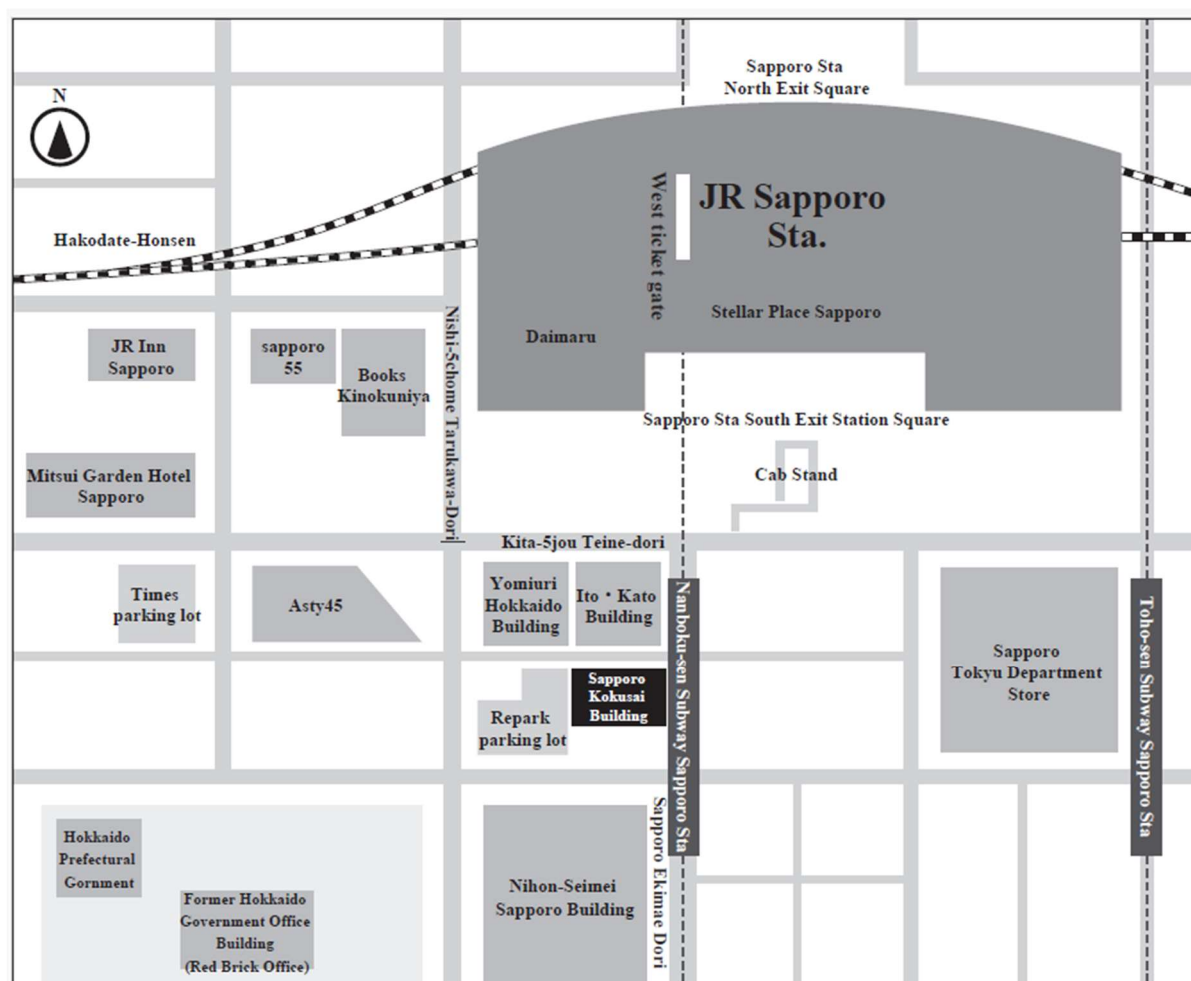
(Millions of yen)

Accounts		Amounts	
【Sales】			11,643
【Cost of goods sold】			6,245
	Gross profit		5,398
【Selling, general and administrative expenses】			3,393
	Operating income		2,004
【Non-operating income】			
Insurance income		26	
Point revenue		5	
Foreign exchange profit		0	
Others		2	35
【Non-operating expenses】			
Interest expenses		23	
Others		0	24
	Ordinary income		2,016
【Extraordinary loss】			
Loss on disposal of fixed assets		51	
Loss on devaluation of investment securities		39	91
	Net income before income taxes		1,925
	Income taxes-current	501	
	Income taxes-deferred	99	601
	Net income		1,323

(Notes) The listed amount is rounded down to the nearest million yen.

Venue Guide for the 25th Annual General Meeting of Shareholders

Venue	Sapporo Kokusai Building 8th Floor		
Address	Nishi 4-1, Kita 4-Jo, Chuo-ku, Sapporo	TEL	011-241-9020 (main phone number)



Travel Information
Access from the nearest station

Next to Exit 8 of "Sapporo station" (Subway Namboku Line, Tozai Line and Toho Line)