

# Corporate Governance Report

CORPORATE GOVERNANCE

User Local, Inc.

Last Update: 20, September, 2024

**User Local, Inc.**

Masao Ito

Representative Director and CEO

Contact: Administrative

Division

050-3204-2167

Securities code: 3984

<https://www.userlocal.jp/>

The corporate governance of User Local, Inc. (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

### 1. Basic Views

Under the mission of “Driving global evolution by combining Big Data and AI”, the Company positions the enhancement of corporate governance as the most important issues and believes that it is important to continue to maximize sustainable corporate value and contribute to society while building relationship of trust with all stakeholders.

Based on this recognition, the Company has committed to highly transparent management with enhancement of the efficiency and soundness of management.

The Company’s corporate governance priorities

- To enhance management supervision by the Audit & Supervisory Committee to ensure accountability to shareholders.
- To reinforce internal control system and compliance to enhance the corporate value
- To engage in constructive dialog with stakeholders and disclose corporate information appropriately.

### Reasons for Non-compliance with the Principles of the Corporate Governance Code

[Supplementary Principle 4.1.2 Disclosure of Medium-term Management Plan]

Due to the rapid changes in the environment and technology of the industry we belong to, the Company believes that it is not appropriate to formulate a medium-to-long-term plan with specific targets. The Company explains about the medium- to long-term management strategies through IR to promote understanding among shareholders and investors.

### Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1.4 Cross-Shareholdings]

The Company does not hold the any listed shares as cross-shareholdings. If the Company conducts cross-shareholdings in the

future, the Company will do so only after the Board of Directors examines whether the cross-shareholdings are reasonable and appropriate.

[Principle 1.7 Related Party Transactions]

The Company has a basic policy of not engaging in related party transactions. If the Company conducts transactions with its directors and their close relatives, the Company will do so only after the Board of Directors examines whether the transactions are reasonable and appropriate. And the status of such transactions will be reported to the Board of Directors regularly.

[Supplementary Principle 2.4.1 Voluntary and Measurable Goals for Ensuring Diversity]

The Company believes that employees are the most important asset and the foundation for the growth of the Company. The Company is working on initiatives aimed at formulating human resources strategies and developing the environment in which each employee with diverse values and expertise can demonstrate their abilities to the fullest. The Company has also created the workplace where employees can be active regardless of ages or gender with promoting younger employees and female employees in management positions.

The Company actively recruits employees on the basis of equal evaluation regardless of gender, nationality, etc. With respect to the status of ensuring diversity as of end of the previous fiscal year, the share of females at managerial positions was 25%. Meanwhile, at this point, we do not set or disclose performance targets for the appointment of foreign and/or mid-career employees to managerial positions as we do not perceive a significant difference in appointing our employees to managerial positions on account of their nationality or timing of hiring. Please refer to the Company's website regarding our approach, policies, and initiatives for human resource development and diversity. (<https://esg.userlocal.jp/>)

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company does not have a company pension fund.

[Principle 3.1 Full Disclosure]

(i) Corporate mission

Under the mission of “Driving global evolution by combining big data and AI”, the Company developing business to realize this. Observing user behavior from the perspective that the user is always right, the Company has delivered the services that meet the needs of the times and established the system of low-cost operations that can be offered to a large number of customers over the long term.

The forecast for the next fiscal year is disclosed in the Summary of Financial Results.

(ii) Basic Views and Guidelines on Corporate Governance Based on Each of the Principles of the Code

For the Company's basic views and guidelines on corporate governance, please refer to “ I .1 Our Principle of Our Basic Policy on Corporate Governance, Capital Structure, Company Attributes, and Other Basic Information.

(iii) Board Policies and Procedures in Determining the Remuneration of Senior Management and Executive Directors

The Company's policy on determining the remuneration of the directors (excluding Directors who are Audit & Supervisory Committee Members) is to determine the amount and the method of calculation at a level appropriate to the roles and responsibilities of the directors with transparency, fairness and objectivity, and it consists of fixed compensation and stock

compensation.

The policy and the total amount of remuneration for directors (excluding directors who are Audit & Supervisory Committee Members) is determined by the Board of Directors within the limit of the annual remuneration amount resolved at the Meeting of Shareholders, taking into consideration the duties to be assigned, the performance of each fiscal year, the degree of contribution, the trends of other companies in the same industry, and other factors. In the accordance with such policy, the amount of individual remuneration is determined by Representative Director after consultation and report by the Nomination and Remuneration Committee.

With respect to the remuneration for Audit & Supervisory Committee Members is determined through discussions among Audit & Supervisory Committee, taking into consideration such factors as whether the auditor is a full-time auditor or not and the division of duties within the limit of the annual remuneration amount resolved at the Meeting of Shareholders.

The maximum amount of remuneration for directors was resolved at the Ordinary General Meeting of Shareholders held on September 20, 2024 to be no more than 200,000 thousand yen per year. The maximum amount of remuneration for Audit & Supervisory Committee Members was resolved at the Ordinary General Meeting of Shareholders held on September 20, 2024 to be no more than 50,000 thousand yen per year. As of the date of submission of this report, 5 directors and 3 Audit & Supervisory Committee Members are subject to the payment of remuneration based on these payment limits.

The Company also introduced a restricted stock compensation plan for directors and Audit & Supervisory Committee Members which was approved at the Ordinary General Meeting of Shareholders to be held on September 20, 2024. The annual stock compensation amount within the existing compensation limit above shall not exceed 100,000 thousand yen (Up to 80,000 total shares of common stock) for directors and 25,000 thousand yen (Up to 20,000 total shares of common stock) for Audit & Supervisory Committee Members.

(iv) Board Policies and Procedures for the Appointment/Dismissal of Senior Management and the Nomination of Executive Director and Auditor Candidates

In nominating candidates for directors (excluding directors who are Audit & Supervisory Committee Members), the Nomination and Remuneration Committee deliberates based on the results of director's evaluations and the employee's personnel evaluation, and submits its report to the Board of Directors. The Board of Directors proposes at the Ordinary General Meeting of Shareholders after the resolution of the Board of Directors. In nominating candidates for Outside Directors, the Company nominates the persons, taking into account the balance between experience, knowledge, skills and diversity in addition to a high degree of independence, and proposes at the Ordinary General Meeting of Shareholders by resolution of the Board of Directors. In nominating candidates for Audit & Supervisory Committee Members, the Company nominates the persons, taking into account the areas of expertise of the Audit & Supervisory Committee Members who are retiring or remaining and proposes at the Ordinary General Meeting of Shareholders by resolution of the Audit & Supervisory Committee.

(v) Explanations with Respect to the Individual Appointments/Dismissals and Nominations Described in (iv)

Reasons for appointment of directors (excluding directors who are Audit & Supervisory Committee Members) and Audit & Supervisory Committee Members are described on the Notice of Annual General Meeting of Shareholders with their brief personal records.

[Supplementary Principle 3.1.3 Disclosure, etc. Based on TCFD Recommendations]

Please refer to the Company's website for information on our sustainability philosophy and policies, human capital initiatives, and disclosures under the TCFD or equivalent framework.

(<https://esg.userlocal.jp/>)

[Supplementary Principle 4.1.1 Scope of Authority Delegated to the Management]

The Board of Directors decides on important matters related to the execution of the company's business and supervises the execution of duties by directors. The "Rules on the Board of Directors" stipulate the matters to be resolved at the Board of Directors meetings, and the Company delegates the other important authority to Representative Director, directors, or executive officers in charge of each operation in order to expedite a decision-making process for business execution. In addition, since the transition to a company with an Audit Committee, it has become possible to delegate the authority of the Board of Directors to make business execution decisions to the directors, thereby further accelerating management decision-making and business execution.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

The Company nominates persons as candidates for Independent Outside Directors who meet the requirements stipulated by Tokyo Stock Exchange, Inc. and have diverse and specialist knowledge and experience required to provide the Company.

[Supplementary Principle 4.10.1 Use of Optional Approach]

The Company has established the Nomination and Remuneration Committee which is composed of mainly Outside Directors. The Nomination and Remuneration Committee is primarily responsible for appointing directors and formulating their compensation. Proposals for the appointment and compensation of directors are considered by the Nomination and Remuneration Committee and then approved by the Board of Directors.

[Supplementary Principle 4.11.1 Board Composition]

The Company appoints members who constitutes the Board of Directors, taking into account the balance between experience, knowledge and skills in a variety of fields. The Board of Directors consists of 8 directors including 5 Independent Outside Directors. The Company considers this number is appropriate for the quick and appropriate decision-making as of now. The Company will continue to consider the addition of directors in order to take diversity into account, while maintaining a modest-sized Board of Directors to assure the practicality of the discussion in the Board of Directors.

A skills matrix listing the knowledge, experience, and abilities of the directors and auditors has been prepared and is included on the last page of this report.

[Supplementary Principle 4.11.2 Status of Concurrent Positions of Directors]

The Company has confirmed that all directors who have concurrent positions can properly perform their roles and responsibilities at the Company. The status of major concurrent positions of directors is described on the Notice of Ordinary General Meeting of Shareholders.

[Supplementary Principle 4.11.3 Summary of Analysis and Evaluation Results of Effectiveness of the Board of Directors]

The Company conducts a questionnaire survey about the effectiveness of the Board of Directors for all directors once a year and exchanges opinions based on the result at the Board of Directors.

The survey consists of the following items.

- i. Operation and provision of information by the Board of Directors
- ii. Composition of the Board of Directors
- iii. Roles and responsibilities of the Board of Directors
- iv. Effectiveness of the Board of Directors

Regarding the evaluation results in this year's survey, the effectiveness of the Board of Directors was generally evaluated as adequate as in the previous year.

As issues to be addressed in the future, the Board of Directors mentioned the need for diversity with a view to further business development of the Company, and more concrete discussions on medium- to long-term management strategies and management plans.

[Supplementary Principle 4.14.2 Training Policy for Directors]

In order to ensure that directors perform their roles adequately, the Company provides support including costs, such as mediating educational programs provided by external organizations.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company has conducted Investor Relations in accordance with Information Disclosure Policy, and its policy is to disclose information in a timely and fair manner in compliance with relevant laws and regulations. The Company has appointed CFO as executive officer in charge of information disclosure and worked in cooperation with the administrative departments. The Company holds financial results briefings for shareholders, analysts and institutional investors twice a year.

In addition, the Company responds as appropriate to opinions and concerns identified in dialogue with shareholders and shares the information with the Board of Directors or the Audit & Supervisory Committee Members as necessary. The Company manages insider information by focusing on matters related to the Company's sustainable growth and medium- to long-term enhancement of corporate value in accordance with the "Information Disclosure Policy" when engaging in dialogue with investors.

[Measures for Raising Management Awareness of Capital Costs and Stock Prices]

(English-translated disclosures available)

The Company aims to grow its business with a focus on capital efficiency, ROE for the fiscal year of the end of June 2024 was 16.9%. In order to maintain and increase this level in the future, the Company will continue to strive to improve profitability over the medium to long term.

In addition, the Company regards the continuous return of profits to its Shareholders as a highly important management issue and aims to pay continuous dividends while balancing growth investments in human resources and R&D to support stable growth. The Company has introduced a stock option plan and a restricted stock compensation plan for the purpose of enhancing corporate value and increasing the creation of shareholder value for the Company's directors and employees with a view to

medium- to long-term growth.

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Masao Ito	6,075,600	37.58
The Master Trust Bank of Japan, Ltd. (Trust account)	1,231,000	7.61
Custody Bank of Japan, Ltd. (Trust account)	789,600	4.88
Kazuyuki Watanabe	730,000	4.51
Syunsuke Mikami	353,600	2.18
KeyValue, Inc.	200,000	1.23
Yoshikazu Nakamura	192,000	1.18
The Tokyo Tanshi Co.,Ltd.	175,000	1.08
Nomura PB Nominees Limited Omnibus-Margin (CASHPB) (Standing Proxy Nomura Securities Co.,Ltd.)	120,200	0.74
Hiroshi Hongo	115,400	0.71

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-
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Name of Parent Company, if applicable	None
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#### Supplementary Explanation

• The status of Major Shareholders is as of June 30, 2024.

## 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	June
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	100 or more but fewer than 500
Net Sales (Consolidated) for the Previous Fiscal Year	Less than ¥10 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which may have a Material Impact on Corporate Governance**

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**II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight**

**1. Organizational Composition and Operation**

Corporate Governance System	Company with Supervisory Committee
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**Directors**

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

**Outside Directors' Relationship with the Company (1)**

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Ryota Matsuzaki	From another company								○			
Taku Ito	Lawyer											
Tomomi Watanabe	From another company											
Yoshikazu Nakamura	From another company											
Hiroyuki Tanaka	Lawyer											

\*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business for the Company or its subsidiary
- b. Person who executes business for a non-executive director of the Company's parent company
- c. Person who executes business for a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- e. Major client of the Company or a person who executes business for said client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Ryota Matsuzaki		○	<p>Kibidango, Inc. Representative Director</p> <p>Although Kibidango, Inc. is the one of our customers, the amount of transaction is small.</p>	<p>Mr. Matsuzaki possesses broad global experience and knowledge of the financial industry and IT industry. The Company has appointed him as an Outside Director in the anticipation that he will give accurate advice on the management of the Company. Although his Company, Kibidango, Inc. is the one of our customers, he cannot exercise any influence on the Company's management. Therefore, the Company has nominated him as an independent officer.</p>
Taku Ito		○	-	<p>Mr. Ito possesses specialist knowledge and experience as an attorney with regard to corporate legal affairs. The Company has appointed him as an Outside Director in the anticipation that he will give accurate advice from legal perspective.</p>



Tomomi Watanabe	○	○	-	Ms. Watanabe has experience as USCPA in Audit firm. The Company has appointed her as an Audit & Supervisory Committee Member in the anticipation that she will conduct appropriate audit with her expertise and experience.
Yoshikazu Nakamura	○	○	-	Mr. Nakamura possesses specialist knowledge and experience as CPA and Tax accountant. In addition, he has been a CEO of a listed company. The Company has appointed him as an Audit & Supervisory Committee Member in the anticipation that he will offer proper advice and suggestions from broad knowledge on the above. The Company received advice on taxation from him in the past, but there is no business relationship at present. Therefore, as there is no risk of conflict of interest with general shareholders, the Company has appointed him as an independent officer.
Hiroyuki Tanaka	○	○	-	Mr. Tanaka possesses specialist knowledge and experience as attorney and CPA. The Company has appointed him as an Audit & Supervisory Committee Member in the anticipation that he will conduct appropriate auditing from both legal and accounting perspective.

## Supervisory Committee

### Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	3	1	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Not Appointed
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### Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The company shall assign employees to assist the Audit & Supervisory Committee whenever required. As of the date of submission of this document, the Company has not appointed any full-time employees, but the Administration Department is responsible for assisting the Audit & Supervisory Committee in its duties.

### Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

In order to enhance the effectiveness of audits, the Audit & Supervisory Committee, the accounting auditor, and the person in charge of internal auditing share their respective audit plans and audit results, give specific instructions for improving operations, and exchange opinions on a regular basis and as necessary to promote cooperation among the three parties.

## Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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### Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	Inside Director

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#### Supplementary Explanation

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The Nomination and Remuneration Committee, which is an advisory body to the Board of Directors and in which independent outside directors constitute the majority, has been established. The purpose of this committee is to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to decisions on director nominations, remuneration, and other matters.

### Matters Concerning Independent Directors

Number of Independent Directors	5
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#### Other Matters Concerning Independent Directors

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All outside directors who meet the qualifications for independent directors are designated as independent directors.

### Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Stock Options Scheme and Other
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#### Supplementary Explanation for Applicable Items

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With the aim of linking medium- to long-term growth and the enhancement of corporate value the Company implemented the stock option and the restricted stock compensation plan in order to share values with our shareholders and sustainably enhance our corporate value.

Persons Eligible for Stock Options	Inside Directors / Outside Directors / Employees
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#### Supplementary Explanation for Applicable Items

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With the aim of linking medium- to long-term growth and the enhancement of corporate value the Company grants the stock option to Directors, Audit & Supervisory Committee Members and employee in order to share values with our shareholders and sustainably enhance our corporate value.

### Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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#### Supplementary Explanation for Applicable Items

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Since no Director is paid in excess of a total of ¥100 million in remuneration, individual remuneration amounts are not shown.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The policy and the total amount of remuneration for the directors (excluding Directors who are Audit & Supervisory Committee Members) is determined by the Board of Directors within the limit of the annual remuneration amount resolved at the Meeting of Shareholders, taking into consideration their responsibilities and business, the Company's performance, and the trend of other companies in the same industry. In the accordance with such policy, the amount of individual remuneration is determined by Representative Director after consultation and report by the Nomination and Remuneration Committee. With respect to the remuneration for Audit & Supervisory Committee Members is determined through discussions among Audit & Supervisory Committee, taking into consideration such factors as whether the auditor is a full-time auditor or not and the division of duties within the limit of the annual remuneration amount resolved at the Meeting of Shareholders.

#### Support System for Outside Directors

The Administration Department supports the Outside Directors. The employees of the department are engaged in timely reporting and provision of information for the Board of Directors in order to give them time to fully consider the agenda of it.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has the Board of Directors and the Audit & Supervisory Committee.

The Board of Directors consists of 5 Directors (including 2 Outside Directors) and 3 Audit & Supervisory Committee Members (including 3 Outside Directors) holds the monthly regular meeting and the extraordinary meeting of the Board of Directors as necessary. In compliance with Articles of Incorporation, the Board of Directors makes decision on important management matters and supervises the operation of Directors.

The Audit & Supervisory Committee consists of a full-time corporate Auditor and 2 corporate Auditors and holds the monthly regular meeting and the extraordinary meeting of the Audit & Supervisory Committee as necessary, where audit plans are developed, the audit implementation status is reported, and their opinions are exchanged.

The Audit & Supervisory Committee Members supervise the operation of Directors through attending the Board of Directors and the other important meetings, accessing to important documents and interviewing the Executive Directors. In addition, the Corporate Auditors are striving to improve the effectiveness and efficiency of our audits through close collaboration, having the meeting the Internal Audit and the Financial Auditors at regular intervals

The Company does not have an independent internal audit department due to the relatively small size of the Company. The Corporate Planning Office is in charge of the internal audit of the Company, where audit plans are developed, the audit implementation status is reported to the Representative Director. The internal audit of the Corporate Planning Office is audited by the Administration Department Manager to avoid self-audit.

The Company has concluded an auditing contract with PricewaterhouseCoopers Japan which conducts independently. There

is no relationship of special interest between the Company and this Auditor. In addition, in accordance with Article 427, paragraph (1) of the Companies Act, the Company has entered agreements with its Outside Directors to limit liability for damaged.

### 3. Reasons for Adoption of Current Corporate Governance System

From the perspective of further flexible business execution, the Company has set the number of Executive Directors at three. In addition, the Company appoints 2 Outside Directors and 3 Outside Audit & Supervisory Committee Members and believes that this corporate governance system will enhance the fairness and transparency of management.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company endeavors to promptly send the Convocation Notice of the General Meeting of Shareholders.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company will avoid scheduling the General Meeting of Shareholders on peak days so that as many shareholders as possible can attend.
Electronic Exercise of Voting Rights	The Company has made it possible to exercise voting rights via the internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has implemented an Electronic Voting Platform for shareholders to exercise their voting rights since the Annual General Meeting of Shareholders for the year ending June 30, 2021.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company has posted the summarized English version of the Convocation Notice on the Company's website since the Annual General Meeting of Shareholders for the year ending June 30, 2021.
Other	-

### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has posted our basic policy on IR activities and information disclosure methods on our website. <a href="https://ir.userlocal.jp/">https://ir.userlocal.jp/</a>	
Regular Investor Briefings held for Individual Investors	Representative Director and Directors provide explanation about recent business results and medium- to long-term management strategies in the Annual General	Held

	Meeting of Shareholders. In addition, the Company holds financial results briefings for individual investors at least once a year.	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefings for analysts and institutional investors twice a year. In addition, the Company sets up the individual interviews to provide explanations on recent business results and medium- to long-term management strategies.	Held
Regular Investor Briefings held for Overseas Investors	-	Not Held
Online Disclosure of IR Information	The Company establishes the IR site on its website and posts information such as financial reports, timely disclosure materials, and IR News.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The CFO is responsible for information disclosure and is assisted by the Corporate Planning Office.	
Other	-	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company established “User Local Action Guidelines” with the aim to respect our stakeholders and fulfill our social responsibilities as a company. We have established a basic stance that all officers and employees of the Company must comply with.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Under the mission of “Driving global evolution by combining big data and AI”, the Company strives to resolve various issues facing society through business activities that utilize advanced technologies and our unique know-how. Specific details of our efforts are reported on our website. <a href="https://esg.userlocal.jp/">https://esg.userlocal.jp/</a>
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company considers that timely and appropriately information disclosure to our stakeholders is important in their decision making. We will proactively disclose information through our website and financial briefing.
Other	<ul style="list-style-type: none"> <li>• Developing a diverse workforce</li> </ul> <p>The Company believes that employees are the most important asset and the foundation for the growth of the Company. The Company is working on initiatives aimed at formulating human resources strategies and developing the environment in which each employee with diverse values and expertise can demonstrate their abilities to the fullest. The Company has also created</p>

the workplace where employees can be active regardless of ages or gender with promoting younger employees and female employees in management positions.

- Creating a comfortable work environment

We are actively working to create a comfortable working environment that takes work-life balance into consideration by introducing the diversity and freedom of work styles.

(Measures)

- Implementation of telework
- Rent subsidies for employees who live in the company's neighborhood
- 100% return to work after parental leave (up to the present)

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development

The Company has established the "Basic Policy on Internal Control System" to ensure the appropriate operations and strives to strict operation of internal control system based on the basic policy. The outline is as follows.

1. A system to ensure that Executive Directors and employees comply with laws, regulations, and articles of incorporation in performing their duties

(1) The Company has established the "Compliance Policy" and ensures that Executive Directors and employees have a sufficient awareness of compliance and abide by laws, ordinances, articles of incorporation, and internal regulations through Risk Management Committee meeting held periodically.

(2) The Company has provided an internal reporting system for consultation and internal compliance reporting with an outside legal counsel as a contact point for reporting in order to prevent violations of laws, regulations and the Articles of Incorporation, and to detect such violations at an early stage.

(3) Internal Auditors have audited the operations and property management in accordance with the "Internal Audit Regulations" and reported to Representative Director that Executive Directors and Employees comply with Laws, Regulations, and Articles of Incorporation.

(4) The Company has established the "Rules on measures against antisocial forces" and the manuals and spread it to the company.

2. A system for storage and management of information related to execution of duties by Executive Directors

(1) Executive Directors record, store and manage documents made in an electronic format based on the "Rules on Document Management". Executive Directors and Auditor may access these documents and records at any time.

(2) The Company has classified these documents and records according to level of confidentiality and established the appropriate access restriction and backup system based on the "Information System Operation Rules" and "Network Security Rules".

3. Rules and other systems for managing risk of loss

(1) The Company has established the "Risk Management Rules" in order to manage the corporate risk and a sufficient awareness of compliance to Directors and employee and held Risk Management Committee Meeting chaired by the Director

of Administration.

(2) Risk Management Committee Meeting has been held periodically to understand the risk, discuss at the meeting, and it is notified internally as necessary.

(3) In the event of any kind of risk arising that may cause a major loss to the Company, the Company will establish an emergency response system with the Representative Director in overall charge, and strive for early recovery.

4. A system to ensure that the duties of the Directors are being carried out efficiently

(1) The Company holds the Board of Directors once a month in order to audit the status business execution, make resolutions on legal matters, and make decisions on important management matters. In addition, the Company convenes the extraordinary meetings as needed.

(2) The Company has established a suitable and efficient decision-making system based on the "Rules on Authority" and the "Rules of Division of Duties".

(3) The Board of Directors formulates the medium-term management plan and annual budget and make decisions efficiently.

5. Matters related to employees who are requested by Auditors to assist with their duties, matters related to the independence from Directors of employees assisting with the duties of Auditors, and matters related to ensuring the effectiveness of instructions given to employees assisting with the duties of Auditors

(1) The Auditor can request that the employees to assist with their audit (hereafter referred to as employees assisting the Auditor).

(2) Employees assisting the Auditor shall exclusively work under the Auditor and shall not concurrently perform duties for other divisions and the other Directors.

(3) Reassignment, performance evaluation, and disciplinary action related to employees assisting the Auditor require the prior consent of the Auditor.

6. A system for submitting reports to the Auditor, which includes the system for Directors and employees to report to the Auditor

(1) Executive Directors and employees will, in addition to matters required by law, also report the following matters to Auditors without delay: matters that could have a significant impact on the Company and matters that could have violate laws and the Article of Incorporation.

(2) The Representative Director, the other Directors and the Auditors shall meet, regardless of whether it is regular or irregular, to exchange of opinions and communicate effectively.

(3) The Auditor will periodically attend the Board of Directors and the other important meetings to understand the key decision-making process and the business execution and access the important documents such as minutes of the Board of Directors and approval documents.

(4) Executive Directors and employees will, in addition to matters required by law, also report the status of the whistleblowing system and internal auditing system to Auditors without delay.

(5) The Auditor will periodically contact with the legal advisor who is the contact person of the Whistle-Blower System.

(6) The Company shall not treat any Directors or employee unfavorably on the basis of said Directors or employee who give a report to the Audit.

7. Matters related to the policy surrounding liability for expenses incurred by the Auditor in performing their duties

(1) The Company will include in the budget the costs incurred in the process of executing of duties of the Auditor and process



expenses claimed by the Auditor through regular auditing practices.

(2) For costs that exceed the budget, the Auditor will apply for costs to the Administration department in advance and the Company process the expenses.

(3) Payments of costs incurred in the process of executing the duties of the Auditor shall be made either in advance or later.

8. Other systems for ensuring the effectiveness of audits by the Auditor

(1) The Directors shall build the environment where the Auditor to attend the important meetings and meet the Internal Auditors, the Accounting Auditors and any other professionals.

(2) The Auditor shall meet regularly the Accounting Auditors, cooperate with the Internal Auditors, and exchange information at all times and conduct auditing effectively.

9. Internal control system for financial reporting

(1) The Company develops and appropriately operates internal control systems for financial reporting and establish the system for timely and appropriate evaluating through the monitoring system.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company establishes the “Basic Policy on the Exclusion of Anti-Social Forces” and declares that the Company does not provide money or other economic benefit to Anti-Social Forces in any case. The Administrative department exercises control over antisocial forces and establishes the internal rules and the preparedness for the procedures for gathering preliminary information. If the Company will be demanded unreasonably by antisocial forces, the Company will cooperate with the legal advisors and the other professionals.

The Company confirmed that Stockholders, Directors, Auditors, Employee, and business partners have no relationship with antisocial forces by using the research of internet, TEIKOKU Data Bank, and Nikkei Telecom. Also, the Company carries out checks on all existing partners to ascertain whether or not they have relationship with antisocial forces every year, in addition to the new business partner and the top 20 stockholders at the end of the period.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

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### 2. Other Matters Concerning the Corporate Governance System

The Company is striving to maintain and strengthen corporate governance by working on the followings as a priority.

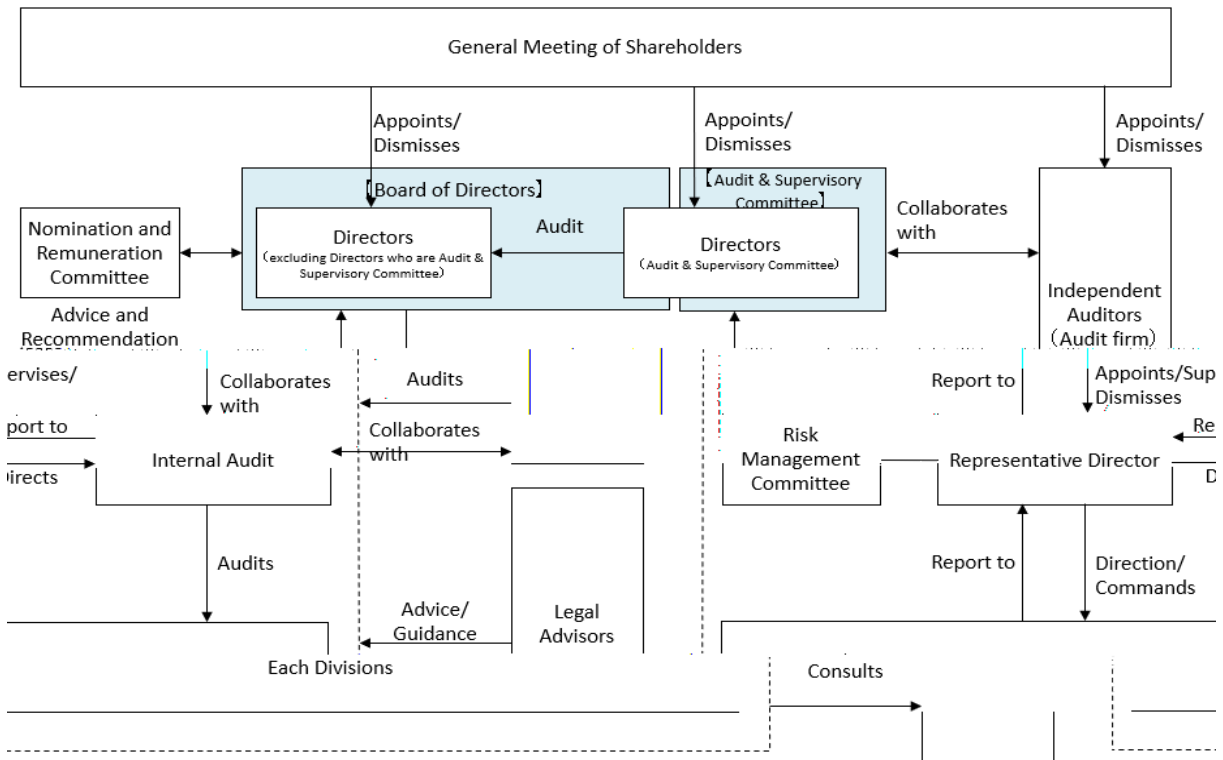
- Enhancing management supervision by the Board of Directors and Audit & Supervisory Committee
- Improving an internal control system

- Timely and appropriately information disclosure

The Company holds the regular meeting of the Board of Directors once a month, where the Directors and the Outside Directors attend and proactively express their opinions so that the fair decision-making process has established. In addition, the Internal Audit are conducted in cooperation with full-time corporate Auditors to ensure that appropriate checks and balances are in place in the daily flow of operations. The Company receives guidance from time to time on accounting issues and the internal control systems by the Accounting Auditors and strives to implement appropriate accounting processes.

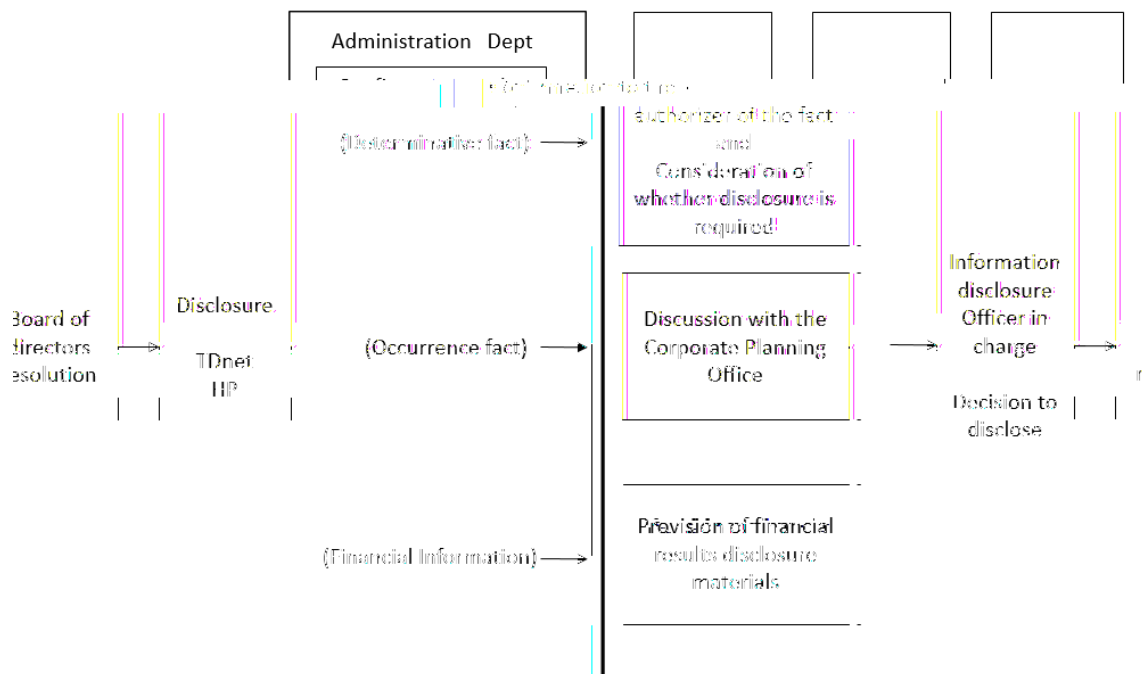
The Company's structure of corporate governance is as follows.

### Structure



## Timely Disclosure System

The Company established Timely Disclosure Manual, which has documented the following disclosure methods for each type of disclosed information.



## Director's Skill Matrix

		Management	R&D	Marketing Branding	Finance & Accounting	Human Resource	Legal Governance	ESG Sustainability
Director	Masao Ito	○	○	○		○	○	○
	Kazuyuki Watanabe	○		○		○		○
	Daisuke Iwamoto	○			○	○	○	○
	Ryota Matsuzaki	Outside	○	○	○	○		
	Taku Ito	Outside					○	
Auditor	Tomomi Watanabe	Outside			○		○	
	Yoshikazu Nakamura	Outside	○		○		○	
	Hiroyuki Tanaka	Outside			○		○	

END