Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 2301
January 11, 2024

To our shareholders:

Taishi Nakai, CEO
GAKUJO Co., Ltd.
1-1-3 Yurakucho, Chiyoda-ku, Tokyo

Convocation Notice of the 46th Ordinary Annual General Shareholders' Meeting

We are pleased to announce the 46th Ordinary Annual General Shareholders' Meeting of GAKUJO Co., Ltd. (the "Company"), which will be held as indicated below.
When convening this General Shareholders' Meeting, the Company uses electronic means for providing information that constitutes the content of Reference Documents for the General Shareholders' Meeting, etc. (matters to be provided through electronic means), and posts this information on the following websites. Please access either of the websites by using the internet addresses shown below to review the information.

[The Company's website]
https://company.gakujo.ne.jp/ir/stock/meeting/ (in Japanese)

[Website for posted informational materials for the general meeting of shareholders]
https://d.sokai.jp/2301/teiji/ (in Japanese)

[Tokyo Stock Exchange website (Listed Company Search)]
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)
(Access the Tokyo Stock Exchange website by using the internet address shown above, enter "Gakujo" in "Issue name (company name)" or the Company's securities code "2301" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

If you are unable to attend the meeting in person, you may exercise your voting rights via the internet or in writing (mail). Please review the Reference Documents for the General Shareholders' Meeting, and exercise your voting rights by 6:00 p.m. on Thursday, January 25, 2024.

1. **Date and Time** Friday, January 26, 2024, at 10:00 a.m. (JST)
2. **Location** Compass Hall, 10F, Gakujo Umeda Compass
   2-5-10 Umeda, Kita-ku, Osaka

3. **Purpose**

Matters to be reported

Business Report and Non-consolidated Financial Statements for the 46th fiscal year (November 1, 2022 to October 31, 2023)

Matters to be resolved

<Company Proposals (Proposal Nos. 1 and 2)>

Proposal No. 1 Dividends of Surplus (Year-End Dividends for the 46th Fiscal Year)

Proposal No. 2 Amendment to the Articles of Incorporation

<Shareholder Proposals (Proposal Nos. 3 to 9)>

Proposal No. 3 Dismissal of One Director

Proposal No. 4 Amendment to the Articles of Incorporation (Individual Disclosure of Directors' Remuneration)

Proposal No. 5 Acquisition of Treasury Shares
Proposal No. 6 Appropriation of Surplus
Proposal No. 7 Amendment to the Articles of Incorporation (Disclosure of Capital Costs)
Proposal No. 8 Amendment to the Articles of Incorporation (Cancellation of Treasury Shares)
Proposal No. 9 Cancellation of Treasury Shares

Outline of Shareholder Proposals (Proposals Nos. 3 to 9) is as described in the "Reference Documents for the General Shareholders' Meeting."

4. Notes on the Exercise of Voting Rights

If there is no indication of approval or disapproval for each proposal, it will be treated as an indication of "approval" for the Company proposals and "disapproval" for shareholder proposals.

- If you are attending the meeting in person, please present the Voting Rights Exercise Form sent out with this notice at the reception.
- If revisions to the matters to be provided through electronic means arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the aforementioned websites.

Reference Documents for the General Shareholders' Meeting

Proposals and Reference Information

<Company Proposals (Proposal Nos. 1 and 2)>

Proposal No. 1 Dividends of Surplus (Year-End Dividends for the 46th Fiscal Year)

To maximize corporate value, the Company will secure internal reserves and place the highest priority on investments for business expansion and business development, including new business development and human resource development, which are essential for future business expansion. After securing internal reserves for growth, we intend as much as possible to return surplus funds to shareholders, taking into consideration the state of cash flow. Based on this basic policy, we would like to propose the following year-end dividend for the 46th fiscal year.

(1) Type of dividend property
To be paid in cash.

(2) Allotment of dividend property and their aggregate amount
The Company proposes to pay a dividend of ¥27 per common share of the Company.
In this event, the total dividends will be ¥376,973,271.

(3) Effective date of dividends of surplus
The effective date of dividends will be January 29, 2024.

Proposal No. 2 Amendment to the Articles of Incorporation

1. Reasons for the proposal

The Company intends to relocate its headquarters from Chiyoda-ku, Tokyo to Chuo-ku, Tokyo in April 2024, and the location of the head office provided for in the current Article 3 (Location of the Head Office) of the Articles of Incorporation shall be amended from Chiyoda-ku, Tokyo to Chuo-ku, Tokyo in line with this.

As indicated in the medium-term management plan, the Company is strengthening its structure by concentrating resources on the Tokyo Metropolitan market. Following examination of candidate head offices suitable for the new management lineup in response to the expectation that the head office currently inhabited will become cramped, it was decided to relocate the headquarters to Chuo-ku, Tokyo, after giving comprehensive consideration to such perspectives as improvement of employee engagement and the associated improvement of business efficiency and productivity.

The amendment to the Articles of Incorporation in this proposal will take effect from the date shown in Article 1 (Transitional Measures Concerning the Location of the Head Office) of the Supplementary Provision contained in the proposed amendments.

2. Details of the amendments

The details of the amendments are as follows:

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed amendment
Article 3. (Location of the Head Office) The head office of the Company shall be located at Chiyoda-ku, Tokyo, Japan.	Article 3. (Location of the Head Office) The head office of the Company shall be located at Chuo-ku, Tokyo, Japan.
(Newly established)	Supplementary Provision
(Newly established)	Article 1. (Transitional Measures Concerning the Location of the Head Office) The amendment to Article 3 (Location of the Head Office) shall take effect on the head office relocation date decided in the meeting of the Board of Directors to be held by April 1, 2024, and this Supplementary Provision shall be deleted after the effective date of the head office relocation has elapsed.

<Shareholder Proposals (Proposal Nos. 3 to 9)>

Proposals No. 3 through 9 were proposed by one shareholder.
The outline and reasons for these proposals are stated in the original text.

Proposal No. 3 Dismissal of One Director

(1) Outline of the proposal
Dismiss Director Kiyokazu Nakai.

(2) Reasons for the proposal
Despite having excessive assets under investment management and non-core real estate for lease, the Company allocated share acquisition rights using treasury shares to securities companies in July 2021, causing the stock price to rapidly decline as shareholders disliked the risk of dilution per share. The Company later acquired share acquisition rights issued in January 2022 from the same securities companies and cancelled them, but low stock prices continued, and the period of infringing upon the tradable share market capitalization level that is one of the listing criteria for the Prime Market, a new division of the Tokyo Stock Exchange to which a transition was made in April 2022, lasted until early autumn 2022. The failure of this capital policy is evidence of disregard for the interests of minority shareholders, and responsibility for this should be borne by Chairman Kiyokazu Nakai, who is the director in charge of financial strategy.
In addition, an executive officer who was the person responsible for finance in the investment banking division of the securities company that was an allottee of the issuance of share acquisition rights in 2021 was appointed to the role of "executive advisor" of the Company in 2022, attending the Company's investor relations (IR) meetings and responding to specialized questions on finance. The one who brought the former executive officer of the securities company to the Company is Chairman Nakai, and the two have known each other for a long time. It is clear that there is a conflict of interests between Chairman Nakai, who recruited an acquaintance who brought about the sudden decline of the Company's stock price and the risk of infringing upon listing criteria despite being the director in charge of financial strategy, and minority shareholders seeking to increase shareholder value.
Furthermore, it has also been exposed that corporate governance is not functioning in the Company's Board of Directors that has allowed such personnel and hiring by Chairman Nakai. The Company's Board of Directors should demand that management brings in a professional chief financial officer (CFO) rather than leaving financial strategy to Chairman Nakai, who should be held responsible for the failure of capital policy. The Company is considering the utilization of M&A (merger & acquisition), and payment of expensive consideration and the use of treasury shares for consideration for acquisition will lower earnings per share (EPS) and cash flow per share, and there is a renewed risk of diluting and harming the interests of minority shareholders as in 2021 when share acquisition rights were issued. Such concerns of minority shareholders cannot be dispelled without the presence of a professional CFO.
The Company's cash conversion cycle (CCC) is short at around one month, but much like an investment company, the Company has highly liquid assets under investment management totaling approximately ¥11 billion, including over ¥4.7 billion in cash and deposits and over ¥6.2 billion in investment securities as of the end of July 2023. This is equivalent to approximately 80% of total assets, approximately 50% of market capitalization and around 16 months of monthly turnover, and is a cause of the excess capital of an 89% equity ratio. In addition, almost half of the floors of the building owned in Osaka with a value of ¥2 billion or more based on the cap rate of nearby office buildings are leased out, and a company with close affinity to The Asahi Shimbun Company, which is a major shareholder of the Company, is a tenant in the building. The company building with an estimated ¥1 billion or more in unrealized gains is one cause of excess capital, and the total value of cash and deposits, investment securities and owned buildings is on par with the Company's total assets. The Company's stock price indicators, such as the EV/EBITDA ratio, which is the corporate value divided by earnings before interest, taxes, depreciation, and amortization, are undervalued relative to its competitors because the Company excessively owns assets that do not contribute to its core business.
The Company has mentioned that crisis response in preparation for the recent military conflict between Israel and the Islamic organization Hamas, which will have unclear spillover effects on business, as a reason for legitimizing the buildup of assets under investment management while seeking to find uses of

funds suitable for the Company's growth story, but it must be said that Chairman Nakai lacks credentials as the director in charge of financial strategy of a company listed on the Prime Market.
Financial strategy is what is required to increase the Company's shareholder value because the Company's excess capital and excessive assets under investment management have brought about return on equity (ROE) that does not adequately reflect capital costs greater than business risks and the ability to earn through the main business lines, but Chairman Nakai only comes to the office once or twice a week.
Chairman Nakai has had great accomplishments as founder, but he has overlooked policies running counter to financial strategy to be taken as a Prime company. Chairman Nakai should be dismissed as director also from the perspective of improving the Company's corporate governance and increasing shareholder value.

Opinion of the Company's Board of Directors on Proposal No. 3

1) Opinion of the Company's Board of Directors
The Company's Board of Directors **opposes** this proposal for the following reasons:

2) Reasons for opposition
Since it was founded in 1976, the Company has contributed to the growth of companies and thereby the strengthening of competitiveness of the Japanese economy through support for the activities of young adults and students as a company providing job change and job hunt information supporting valuable matching of the generation of the future such as young adults and students with companies. The Company's Chairman Kiyokazu Nakai ("Chairman Nakai") has led management from the front line as the Company's founder and greatly contributed to increasing the corporate value of the Company.
The Company was recognized as "Gakujo for Shushoku-haku" up until the spread of COVID-19, and had developed as a career information company with strengths in events. "Shushoku-haku" is the first joint company seminar developed in Japan by Chairman Nakai (then President), and is a major event with 50 to 200 companies gathering at a venue enabling hundreds to thousands of students in attendance to speak with a variety of companies to find a place to work. Sales related to "Shushoku-haku" were ¥2.7 billion in the fiscal year ended October 31, 2019 (38.9% of overall sales at the time), and it grew to become the Company's core business.
However, when COVID-19 spread in Japan and a state of emergency was declared in 2020, companies' hiring interest declined and "social distancing" between people was also required, resulting in the Company being unable to host its core business of "Shushoku-haku."
Under such conditions, Chairman Nakai (then President) led discussions on building a "new Gakujo" as the chief executive officer, and built a structure for promoting management of a "new Gakujo" through the entire management team.
To begin with, under the leadership of Chairman Nakai, even as other companies pulled out of joint company seminars due to COVID-19, we established conditions to safely implement "Shushoku-haku" and resumed the event after an interruption of around two months, protecting opportunities for students to hunt for jobs with peace of mind. As a result, business related to "Shushoku-haku" remains a core business stably earning around 29% of the Company's net sales even after COVID-19.
At the same time, to address the current digitalization, and the increased activity and declining age of the job change market, President Taishi Nakai (then Vice President) served as the leader initiating the expansion of online media businesses such as "Re-Shukatsu" and "Asagaku Navi," in addition to actively engaging in the development of new businesses and new services. Through this, the online media business has grown into a core business earning approximately 41% of the Company's net sales, and now provides over 20 new products and new services.
Furthermore, the Director in Charge of Management (then Executive Officer) played a central role in introducing core systems, engaging in the improvement of productivity through the digital transformation of sales processes, sales management, financial accounting and personnel management.
As a result of such initiatives, the Company has a lineup ranging from offline products such as "Shushoku-haku," core online media products such as "Re-Shukatsu" and "Asagaku Navi," and over 20 new products, established a system providing diverse services with which other companies cannot keep pace by proposing and providing these in one stop, and achieved its highest profit since founding in the fiscal year ended October 31, 2023.

Furthermore, when formulating the medium-term management plan in 2021, we sought to rejuvenate the organization, and Taishi Nakai ("President Nakai") assumed the position of CEO with the aim of promoting execution speed and further strengthening of the management structure, while Kiyokazu Nakai oversees management in general as Chairman and supports President Nakai. At present, the Company is smoothly proceeding to transition the responsibilities of CEO from Chairman Nakai to President Nakai, and Chairman Nakai's extensive knowledge and experience as founder reinforces the new management structure, and is essential to the Company for establishing a structure for further maintaining and enhancing corporate value.

Meanwhile, the reasons for this proposal contain numerous mischaracterizations and factual errors as follows.

i) The reasons for the proposal state that "... almost half of the floors of the building owned in Osaka ... are leased out, and a company with close affinity to The Asahi Shimbun Company, which is a major shareholder of the Company, is a tenant in the building. The company building with an estimated ¥1 billion or more in unrealized gains is one cause of excess capital ..."

With regard to this point, the Osaka headquarters building is a 10-story building owned by the Company, and only three entire floors and part of one floor are leased out, with the leased space accounting for approximately 30 percent of the total area.

The Osaka headquarters building is in a favorable location in Umeda, Kita-ku, Osaka, and has "seminar rooms" for holding a variety of events related to job changes and job hunting, and high-revenue events are held without the cost of sales such as venue expenses, and equipment and supply transportation expenses. Furthermore, the Company is expanding business at a rapid pace to reach 500 employees in the fiscal year ending October 31, 2026. The space used by the Company on the Osaka headquarters building is being fully utilized as a hub of activity for the Company's employees to exhibit their skills to the full extent. In this way, the Osaka headquarters building is an important operating asset of the Company and does not warrant the criticism in the shareholder proposal claiming that it is excess capital not contributing to our main business.

Furthermore, the claim that a company with close affinity to The Asahi Shimbun Company, which is our major shareholder, is a tenant in the building has no basis in fact.

ii) The reasons for the proposal state that concerns about dilution due to financing through share acquisition rights by the Company in 2021 caused the decline in the Company's stock price toward autumn of 2022.

However, the 3rd share acquisition rights issued in July 2021 were issued with the intent of strategic investment to build the "new Gakujo" mentioned above with consideration for factors such as reducing the impact on the share price and curbing excessive dilution. Furthermore, all of the 3rd share acquisition rights were acquired and cancelled in January 2022 due to factors such as a change in the market environment.

iii) The reasons for this proposal state that the hiring of the Company's "executive advisor" by Chairman Nakai exposed corporate governance not functioning in the Company's Board of Directors.

The Company sometimes hires people with specialized knowledge as "executive advisors," and hiring is appropriately decided according to internal procedures based on the skills, etc. of the candidate. The criticism in this proposal claiming that corporate governance is not functioning due to the hire is not warranted.

As stated above, the Board of Directors opposes this proposal because Chairman Nakai is a person required for maintaining and improving the corporate value of the Company, and his dismissal is not necessary.

Proposal No. 4 Amendment to the Articles of Incorporation (Individual Disclosure of Directors' Remuneration)

(1) Outline of the proposal

Add the following Article to the Articles of Incorporation of the Company, and move each Article from Article 24 forward in the current Articles of Incorporation. Note that the Company may make necessary adjustments to the Articles listed in this proposal if formal adjustments (including, but not limited to, the correction of misplaced Article numbers) to the Articles listed in this proposal will be required from the approval of any of the other proposals (including proposals made by the Company) made at this Ordinary Annual General Shareholders' Meeting.

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed amendment
(Newly established)	Article 24. (Disclosure of Directors' Remuneration) <u>The amount, details and method of determination of remuneration of Directors shall be individually disclosed every year in the Business Report and the Annual Securities Report.</u>

(2) Reasons for the proposal

An old acquaintance who was an executive officer responsible for finance in the investment banking division of a securities company that was an allottee of the share acquisition rights issued in 2021 being appointed as "executive advisor" of the Company in 2022 upon the recommendation of Chairman Nakai, who is director in charge of financial strategy, has caused problems with the Company's corporate governance. In addition, the Company is considering M&A strategy, and the risk of the interests of minority shareholders being diluted and harmed due to payment of expensive consideration and the use of treasury shares for consideration for acquisition lowering EPS and cash flow per share has emerged. In the first place, the use of treasury shares to allot share acquisition rights to securities companies in 2021 brought about a sudden drop in stock price as shareholders disliked the risk of dilution per share, and the period of infringing upon the tradable share market capitalization level that is one of the listing criteria for the Prime Market lasting until early autumn 2022 indicates that there is a high likelihood of a conflict of interests between the Board of Directors that decided the financing and minority shareholders.

In the first place, individual remuneration of directors indicates how the Board of Directors assesses issues faced by the Company and how these are reflected in the remuneration of individual directors, serving a role of clarifying the cause of corporate governance problems. For example, based on a comparison of the individual remuneration of Chairman Nakai and President Taishi Nakai who is the son of Chairman Nakai, and a comparison of the individual remuneration of the two who are part of the founding family with other executive directors, it is possible to determine whether the individual remuneration of each director is made according to responsibilities and performance and whether the method of determination of individual remuneration of each director is objective and transparent, thereby enabling evaluation of the Company's corporate governance issues.

According to the "Corporate Governance Report" disclosed by the Company in February 2023, "Remuneration of executive directors is made up of basic remuneration and stock-based remuneration, and outside directors who perform supervisory functions are only paid basic remuneration in light of their duties," but the amounts have not been made clear. In particular, the only mention of the amount of remuneration by type of executive director is "The Board of Directors shall determine details such as remuneration of individual directors within the range of the remuneration limits set by the General Shareholders' Meeting based on the remuneration levels of companies of the same size as the Company and in related industries and businesses," and how the remuneration of the management team is intended to function as an incentive in the Company cannot be learned from publicly available materials.

Japan's Corporate Governance Code states "The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately." (Japan's Corporate Governance Code (June 2021 edition) Supplementary Provision 4.2.1 [page 19]), and it cannot be gathered that the Company's Board of Directors is actively considering

a director remuneration system, nor can it be gathered that it determines individual remuneration of directors though objective and transparent procedures.
This proposal is to establish a provision requiring the Company to individually disclose remuneration of directors in the Articles of Incorporation in order to establish an environment enabling shareholders and the stock market to appropriately evaluate performance of the Company's management team and the Company's corporate governance problems.

Opinion of the Company's Board of Directors on Proposal No. 4

1) Opinion of the Company's Board of Directors
The Company's Board of Directors **opposes** this proposal for the following reasons:

2) Reasons for opposition
In the meeting of the Board of Directors held on March 8, 2021, the Company resolved a policy on the determination of the details of individual remuneration, etc. of directors, such as stating "The basic policy on the amount of remuneration, etc. of the Company's directors and the policy on determining the method of calculation thereof is that the remuneration of individual directors shall be determined to be an appropriate level based on their responsibilities with consideration for economic conditions and the balance with employee wages, within the range of total remuneration determined by the General Shareholders' Meeting."
Furthermore, in June 2023, the Company established a Nomination and Remuneration Advisory Committee for the purpose of ensuring that decisions of the Board of Directors about director nominations, remuneration and other matters are independent and objective and can be explained to the public.
The individual remuneration, etc. of directors including the Company's Representative Director is subject to a transparent and objective process in which the Nomination and Remuneration Advisory Committee is consulted ahead of a resolution by the Board of Directors based on the policy on determination stipulated by the Board of Directors, and determined by the Board of Directors based on the committee's recommendations, within the range of the remuneration limit determined by the General Shareholders' Meeting.
In this way, the Company determines individual remuneration of directors through a transparent and objective process, and appropriately discloses the aggregate amount of remuneration, etc. and the number of people paid for each category of officer in accordance with laws and regulations. Furthermore, it is our belief that a provision requiring disclosure of the amount of individual remuneration of directors as demanded by this shareholder proposal is not suitable in the first place for a provision of the Articles of Incorporation, which outline the fundamental principles of a company.
Therefore, the Board of Directors opposes this proposal.

Proposal No. 5 Acquisition of Treasury Shares

(1) Outline of the proposal

Pursuant to the provisions of Article 156, paragraph (1) of the Companies Act, within one year from the conclusion of this Ordinary Annual General Shareholders' Meeting, the Company shall acquire up to 1,078,000 shares of common stock of the Company, not exceeding the total acquisition cost of ¥1,830 million (however, if the total acquisition price permitted under the Companies Act (the "distributable amount" as defined in Article 461 of the Companies Act) is less than this amount, up to the maximum total acquisition price permitted under the Companies Act), by cash delivery.

(2) Reasons for the proposal

As previously stated, as of the end of July 2023, the Company has highly liquid assets under investment management totaling approximately ¥11 billion, including over ¥4.7 billion in cash and deposits and over ¥6.2 billion in investment securities. These are equivalent to about 80% of total assets and 50% of market capitalization, and is the cause of the excess capital of an 89% equity ratio. Almost half of the floors of the building owned in Osaka are leased out, and a company with close affinity to The Asahi Shimbun Company, which is a major shareholder of the Company, is a tenant in the building, which is also one cause of excess capital. The Company's stock price indicators, such as the EV/EBITDA ratio, are undervalued relative to its competitors because the Company excessively owns assets that do not contribute to its core business.

As suggested and recommended by the "Competitiveness and Incentives for Sustainable Growth: Building Favorable Relationships between Companies and Investors" Project (Ito Report), listed companies are required to raise "Minimum Level of ROE to be Targeted and the Need for a Higher Awareness of the Cost of Capital" (page 18 of the report), but the Company's excess capital has resulted in a cost of capital exceeding business risk and an undervalued ROE that does not adequately reflect the earning power of the Company's core businesses.

The total value of the Company's cash and deposits, investment securities, and owned buildings is on par with the Company's total assets, and it has more than ample liquidity in relation to the total value of the acquisition price of treasury shares proposed by the Company. To begin with, the increase in personnel expenses aimed at growth can be absorbed through cash flow generated from periodic income.

As of November 2, 2023, the number of shares proposed to be acquired was 5% of total trading volume for the previous year. Even if there is a six-month silent period in total for the year from the end of the quarter when treasury shares cannot be repurchased to the announcement of results for the same, this is 10% of the total trading volume for the remaining six months when repurchase is possible, which the market can fully absorb in one year.

Opinion of the Company's Board of Directors on Proposal No. 5

1) Opinion of the Company's Board of Directors

The Company's Board of Directors **opposes** this proposal for the following reasons:

2) Reasons for opposition

The Company regards the return of profits to shareholders as an important management issue and maintains a basic policy for shareholder return to maintain a dividend payout ratio of 40 to 50% and flexibly acquiring treasury shares with consideration for market conditions and performance trends. Over the past five fiscal years, the Company has actually repurchased more than ¥1 billion of treasury shares.

By resolution of the Board of Directors on December 11, 2023, the Company formulated its new medium-term management plan, and announced an upward revision to the forecasts of the medium-term management plan and the capital allocation ("Capital Allocation") for the next three years covered by the new medium-term management plan ("Target Period").

(See <Reference> below.)

In the Capital Allocation, a total of approximately ¥18.1 billion including ¥11.6 billion in cash and deposits, and investment securities as of October 31, 2023, and a cumulative total of approximately ¥6.5 billion in operating cash flow until the fiscal year ending October 31, 2026 will be used as the source of funds for capital allocation during the Target Period.

Also, the plan is to allocate approximately ¥7.1 billion as business expansion and business development investment, approximately ¥2.0 billion to business continuity investment such as upgrading core online

products, and approximately ¥2.5 billion to dividends paid (dividend payout ratio of 40% to 50%) by the fiscal year ending October 31, 2026. Acquisition of treasury shares will be flexibly considered based on the state of implementation of business expansion and business development investment.
Meanwhile, in preparation for the occurrence of a critical situation, and also considering the uncertainty associated with the Company being in a stage of rapid business expansion, the Company has adopted a policy of securing approximately ¥6.5 billion as a contingency fund. The size of the contingency fund was set by referring to the liquidity ratio of listed information and communications companies considering that the Company is a company with online media as its core business based on the net sales target of ¥13.3 billion for the fiscal year ending October 31, 2026, and cash and deposits and investment securities as of October 31, 2026 are planned to be reduced to approximately 50% to 60% of the amount as of October 31, 2023.
In this way, the Company has formulated the Capital Allocation based on the belief that it is important to perform business expansion and business development investment leading to sustained growth and business continuity investment, to secure the funds for these, and to have an optimal balance with the return of profit to shareholders. However, this proposal is excessive in its intention to have an annual outflow of ¥1,830 million, exceeding the net income for the fiscal year ended October 31, 2023 (¥1,753.39 million) and exceeding 10% of the Capital Allocation. Needless to say, it will significantly reduce room for business expansion and business development investment and business continuity investment, and not lead to the enhancement of the Company’s medium- to long-term corporate value or the common interests of shareholders.
The Company believes that flexible and dynamic decision-making and the implementation of acquisition of treasury shares, based on a comprehensive assessment of stock price trends, business performance and financial position, and the business environment etc., will lead to the enhancement of the Company’s medium- to long-term corporate value and the common interests of shareholders. The Board of Directors will continue to make timely and appropriate decisions going forward, and will implement them flexibly and dynamically when necessary.
Therefore, the Board of Directors opposes this proposal.

Proposal No. 6 Appropriation of Surplus

(1) Outline of the proposal

The appropriation of the surplus shall be as follows:

This proposal is an additional proposal independent of the proposal for the appropriation of surplus if the Board of Directors of the Company proposes the same proposal at this Ordinary Annual General Shareholders' Meeting.

a. Type of dividend property
Cash

b. Dividend per share
¥117 per common share of the Company, less the amount of the dividend of surplus per share of common shares of the Company, as proposed by the Board of Directors of the Company and approved at this Ordinary Annual General Shareholders' Meeting (¥117 if the Board of Directors of the Company does not propose the appropriation of the surplus at this Ordinary Annual General Shareholders' Meeting)

c. Allotment of dividend property and their aggregate amount
Dividend per share of common stock of the Company in accordance with b. above (the total amount of dividends is calculated by multiplying the dividend per share by the total number of common shares issued and outstanding (excluding treasury shares) as of October 31, 2023)

d. Effective date of dividends of surplus
Date of this Ordinary Annual General Shareholders' Meeting

e. Dividend payment start date
Date three weeks after the business day following the date of this Ordinary Annual General Shareholders' Meeting

(2) Reasons for the proposal

The Company has a large amount of assets under investment management and a business model that does not require large capital investments, so it cannot cancel its excess capital unless it returns at least 100% of its profits to shareholders. In the medium-term management plan announced in December 2021, the Company stated its policy to pay a dividend payout ratio of 40 to 50%, but has not detailed the specific capital allocation in consideration of indicators representing capital efficiency such as ROE. The Company is seeking out new business, but in addition to doubts cast on the stance of producing new returns commensurate with capital costs of new business, as mentioned earlier, an executive officer who was responsible for finance in the investment banking division of a securities company that was an allottee of the share acquisition rights issued in 2021 was appointed to the position of "executive advisor" in 2022 and there is a risk that the Company will launch expensive M&A or investment in new businesses that harm the interests of minority shareholders in future.

Considering the risk of damage to shareholder value from the further expansion of assets under investment management and shareholders' equity, from M&A without regard to the cost of capital, and from selection of funding methods not suitable for targeting M&A, the only way to protect shareholders will be by taking radical steps toward shareholder returns. It is therefore proposed that a dividend of ¥117 per share be paid, corresponding to the Company's projected net income per share for the fiscal year ended October 31, 2023.

The Company intends to maintain three years of business expenses in assets under investment management, equivalent to approximately 80% of total assets and approximately 50% of the Company's market capitalization as of the end of July 2023, to protect the Company's employment in the event of an emergency. However, as a company in the business of helping young people find jobs, we should be investing in human resources, not in savings, and we should be helping our employees improve their skills to increase their market value as professionals so that when the time comes, it will be easier for them to change jobs. In the first place, our personnel expenses are a little over ¥1 billion per year, and even

assuming a rapid increase in employees in future, personnel expenses over three years are far less than the ¥11 billion in assets under investment management.
The Company has explained that even the recent military conflict between Israel and the Islamic organization Hamas is a reason for ensuring liquidity, but the Company's core business is within Japan, and it does not have business or clients in the Middle East.

Opinion of the Company's Board of Directors on Proposal No. 6

1) Opinion of the Company's Board of Directors
The Company's Board of Directors **opposes** this proposal for the following reasons:

2) Reasons for opposition
As mentioned in opinion opposing Proposal No. 5 "Acquisition of Treasury Shares," the Company regards the return of profits to shareholders as an important management issue and maintains a basic policy for shareholder return to maintain a dividend payout ratio of 40 to 50% and flexibly acquiring treasury shares with consideration for market conditions and performance trends.
The Company had initially set the annual dividend forecast per share at ¥48.00 for the fiscal year ended October 31, 2023, but in light of the financial results for the period, the Company has decided to propose a year-end dividend of ¥27.00 per share, and an annual dividend of ¥51.00 per share (a dividend payout ratio of 40.6%) to this General Shareholders' Meeting (See the Company's press release "Notice on Dividends of Surplus" dated December 11, 2023).
Furthermore, the Company has also indicated a policy of maintaining a dividend payout ratio of 40% to 50% during the Target Period in the Capital Allocation announced on December 11, 2023.
The Company has formulated the Capital Allocation based on the belief that it is important to perform business expansion and business development investment leading to sustained growth and business continuity investment, to secure the funds for these, and to have an optimal balance with the return of profit to shareholders. Meanwhile, this proposal requests excessive dividends of approximately ¥1.6 billion (calculated by multiplying the ¥117 dividend per share stated in this proposal by the total number of outstanding shares (excluding treasury shares) as of October 31, 2023), which is equivalent to almost 10% of the source of funds for the Capital Allocation, and needless to say, it will significantly reduce room for business expansion and business development investment and business continuity investment, and not lead to the enhancement of the Company's medium- to long-term corporate value or the common interests of shareholders.
Therefore, the Board of Directors opposes this proposal.

Proposal No. 7 Amendment to the Articles of Incorporation (Disclosure of Capital Costs)

(1) Outline of the proposal

Add the following Chapter and Article to the Company's Articles of Incorporation. Note that the Company may make necessary adjustments to the Articles listed in this proposal if formal adjustments (including, but not limited to, the correction of misplaced Article numbers) to the Articles listed in this proposal will be required from the approval of any of the other proposals (including proposals made by the Company) made at this Ordinary Annual General Shareholders' Meeting.

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed amendment
(Newly established)	Chapter VII Disclosure of Cost of Equity Article 34. (Disclosure of Cost of Equity) In the report on corporate governance submitted by the Company to the Tokyo Stock Exchange, the Company shall disclose the cost of equity known to the Company within one month prior to the date of submission of the report, together with the basis for its calculation.

(2) Reasons for the proposal

As stated earlier, despite having a large amount of highly liquid assets, the Company used treasury shares to allot share acquisition rights to securities companies in 2021, bringing about a sudden drop in stock price as shareholders disliked the risk of dilution per share, and the period of infringing upon the tradable share market capitalization level that is one of the listing criteria for the Prime Market continued until early autumn 2022. An executive officer who was responsible for finance in the investment banking division of a securities company that was an allottee of the issuance of the share acquisition rights was also appointed as "executive advisor" of the Company in 2022, and although the Company may utilize M&A, etc. in future, there is a high likelihood of the emergence of the risk of capital efficiency deteriorating and earnings per share being diluted if a move is made toward M&A or major investment without consideration for minority shareholders, such as issuance of share acquisition rights.

The Corporate Governance Code established by the Tokyo Stock Exchange states in "Principle 5.2 Establishing and Announcing Management Strategy and Business Plan" that "When establishing and announcing management strategies and business plans, listed companies should articulate their revenue plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets."

The Company selected the Prime Market, a new market segment of the Tokyo Stock Exchange. The Company should present the cost of equity as "targets for profitability and capital efficiency" and "provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets."

Opinion of the Company's Board of Directors on Proposal No. 7

1) Opinion of the Company's Board of Directors

The Company's Board of Directors **opposes** this proposal for the following reasons:

2) Reasons for opposition

The Company recognizes the importance of capital cost, and has formulated a new medium-term management plan with an understanding of capital cost, and this approach is also utilized in important decisions in the execution of business.

The Company has always responded to dialogue with shareholders about its awareness of capital cost, and we also recognize that it is not determined uniquely, as there are various approaches that form the basis for calculation.

To begin with, Principle 5.2 of the Corporate Governance Code, which is cited in the reason for this proposal, states that "listed companies should articulate their revenue plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets," but this does not require the disclosure of figures for the cost of capital or the basis for these calculations.

Furthermore, "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" announced by the Tokyo Stock Exchange on March 31, 2023 explicitly states "disclosure of the cost of capital itself is not necessarily required," and it is clear that figures for cost of capital themselves are not required to be disclosed under the Corporate Governance Code or the approach of the Tokyo Stock Exchange.

In addition to the above, it is our belief that a provision requiring disclosure of the cost of capital as demanded by this shareholder proposal is not suitable in the first place for a provision of the Articles of Incorporation, which outline the fundamental principles of a company.

Therefore, the Board of Directors opposes this proposal.

Proposal No. 8 Amendment to the Articles of Incorporation (Cancellation of Treasury Shares)

(1) Outline of the proposal

Add the following Article to the Articles of Incorporation of the Company, and move each Article from Article 16 forward in the current Articles of Incorporation. Note that the Company may make necessary adjustments to the Articles listed in this proposal if formal adjustments (including, but not limited to, the correction of misplaced Article numbers) to the Articles listed in this proposal will be required from the approval of any of the other proposals (including proposals made by the Company) made at this Ordinary Annual General Shareholders' Meeting.

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed amendment
(Newly established)	Article 16. (Cancellation of Treasury Shares) The Company may cancel treasury shares (including determining the class and number of each class of treasury shares to be cancelled) by an ordinary resolution at a shareholders meeting as provided for in Article 309, paragraph (1) of the Companies Act.

(2) Reasons for the proposal

As of July 31, 2023, the Company held treasury shares equivalent to 10% of the total number of shares outstanding, and as mentioned above, the Company issued share acquisition rights using treasury shares in 2021, causing the stock price to decline and damage to shareholder value. In the future, treasury shares may be used in M&A, but as we are overcapitalized, even if we find a target company with a lower valuation than our own, utilizing interest-bearing debt instead of treasury shares would bring us closer to an optimal capital structure.

It is only natural that shareholders are concerned that an executive officer who was responsible for finance in the investment banking division of a securities company that was an allottee of the share acquisition rights issued in 2021 being appointed as "executive advisor" of the Company in 2022 based on the recommendation of Chairman Nakai, who is the director in charge of financial strategy presents a looming risk of dilution of the Company's shares in future, and cancellation of treasury shares leads to increasing the shareholder value of the Company. It is therefore proposed that the Articles of Incorporation be amended to allow shareholders themselves to make decisions regarding the cancellation of treasury shares by a resolution of the General Shareholders' Meeting. For the Company, which has excess capital, it is more rational to acquire and use treasury shares for stock-based compensation in the future, in order to minimize the risk of damaging shareholder value.

Opinion of the Company's Board of Directors on Proposal No. 8

1) Opinion of the Company's Board of Directors

The Company's Board of Directors **opposes** this proposal for the following reasons:

2) Reasons for opposition

Treasury shares held by the Company is expected to be used as compensation for the Company's shares to be delivered under stock-based compensation or for M&A, etc.

As part of its initiatives to strengthen human capital, the Company introduced a restricted stock-based remuneration system for directors on December 8, 2017, and later introduced a restricted stock-based remuneration system for employees on December 12, 2022 for the purpose of ensuring officers execute management from the viewpoint of shareholders, and to further increase employees' awareness of participation in management and commitment to increasing corporate value.

We believe it is essential for the Board of Directors to make flexible and dynamic management decisions regarding the acquisition, holding, utilization, and cancellation of treasury shares, while comprehensively considering the capital policy based on mid- to long-term management strategies, growth investments, and the external environment. Therefore, the Company believes that flexibility of management should not be lost due to providing for the cancellation of treasury shares in the Articles of Incorporation, and that it is

appropriate for the Board of Directors to pass a resolution in accordance with the provisions of the Companies Act.
Therefore, the Board of Directors opposes this proposal.

Proposal No. 9 Cancellation of Treasury Shares

(1) Outline of the proposal

Subject to the approval of Proposal No. 8 "Amendment to the Articles of Incorporation (Cancellation of Treasury Shares)," cancel all treasury shares held by the Company.

(2) Reasons for the proposal

For the reasons stated in Proposal No. 8 "Amendment to the Articles of Incorporation (Cancellation of Treasury Shares)," it is proposed that the Company cancels all treasury shares held by the Company. For the Company, which has had a bitter experience of damaging shareholder value by issuing share acquisition rights using treasury shares, the cancellation of treasury shares will contribute to improving the Company's shareholder value.

Opinion of the Company's Board of Directors on Proposal No. 9

1) Opinion of the Company's Board of Directors

The Company's Board of Directors **opposes** this proposal for the following reasons:

2) Reasons for opposition

As stated in the opinion opposing Proposal No. 8 "Amendment to the Articles of Incorporation (Cancellation of Treasury Shares)," the Company anticipates using treasury shares as the Company's shares delivered as stock-based remuneration and as consideration for M&A. Furthermore, we believe it is essential to perform acquisition, holding, utilization, and cancellation of treasury shares flexibly and dynamically, while comprehensively considering the capital policy based on mid- to long-term management strategies, growth investments, and the external environment.

The Company will make timely and appropriate decisions regarding the cancellation of treasury shares based on the medium- to long-term capital policy and, when deemed necessary, will implement such cancellations flexibly and dynamically by a resolution of the Board of Directors in accordance with the provisions of the Companies Act.

Also, the Company has introduced stock-based compensation system for officers and employees for the purpose of officers executing management from the viewpoint of shareholders and further increasing employees' sense of participation in management and commitment to improving corporate value, as part of our efforts to strengthen human capital.

Therefore, the Board of Directors opposes this proposal.

<Reference>

Capital Allocation

学情 GAKUJO

Emphasize balance on both strengthening growth investment and enhancing return of profit

■Image of capital allocation (millions of yen)

