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Notice regarding Transition to a Company with an Audit & Supervisory Committee, Change in Location of Head Office, Amendments to the Articles of Incorporation and Appointment of Directors

User Local, Inc. (hereinafter “the Company”) hereby announces that the Board of Directors resolved at their meeting today that the Company will transition from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee and change in location of head office, following approval at the 19th Ordinary General Meeting of Shareholders to be held in September 2024. In addition, the Board of Directors resolved to propose the partial amendments to the Articles of Corporation and the appointment of directors regarding the new system following the transition to a Company with Audit & Supervisory Committee to the 19th Ordinary General Meeting of Shareholders to be held in September 2024.

1. Transition to a Company with an Audit & Supervisory Committee

(1) Purpose of the transition

The Company will further enhance and strengthen corporate governance by conferring voting rights on the Board of Directors to officers responsible for auditing (including outside officers) and strengthening the supervisory function of the Board of Directors. In addition, the Company seeks to speed up decision-making and business execution by delegating authority for some business execution to directors, thereby enhancing sustainable corporate value.

(2) Timing of the transition

The transition to a company with an audit & supervisory committee is expected to take place after obtaining approval for the necessary amendments to the Articles of Incorporation, etc. at the 19th Ordinary General Meeting of Shareholders to be held in September 2024.

2. Change in Location of Head office

(1) Reason for change in location

The Company will relocate its head office from Shinagawa-ku, Tokyo to Minato-ku, Tokyo, in order to accommodate an increase in personnel for future business expansion, improve management efficiency, strengthen recruitment and enhance the workplace environment.

(2) Timing of change in location

The Company will decide the timing of change in location of head office at a meeting of the Board of Directors

to be held by April 30, 2025.

3. Amendments to the Articles of Incorporation

(1) Reason for the amendments

- ① To transition to a company with an Audit & Supervisory Committee, the company will newly establish the provisions regarding the Audit & Supervisory Committee, as well as Directors who are Audit & Supervisory Committee Members, and delete the provisions regarding the Audit & Supervisory Board and Audit & Supervisory Board Members, etc. In addition, to facilitate flexible decision-making and business execution, the Company will newly establish the provisions which pertains to the delegation of authority to Directors, and make amendments to other provisions as necessary.
- ② The location of the head office is to be amended in the Articles 3 from “Shinagawa-ku, Tokyo” to “Minato-ku, Tokyo” for the change in location of the head office.
- ③ To facilitate flexible capital and dividend policies, the Company will newly establish in the Articles of Incorporation to prescribe that the distribution of surplus, etc. is to be determined by a resolution of the Board of Directors.
- ④ The number of articles will be revised in accordance with the establishment of new articles and deletion of existing articles.

(2) Details of the Amendments

The detail of the amendment is shown as the Appendix.

(3) Schedule

Date of the Ordinary General Meeting of Shareholders for the Amendment: September 20, 2024 (Scheduled)

Effective date of the Amendment: For. 3 (1) ① and ③, September 20, 2024 (Scheduled)

For. 3 (1) ②, Date of head office relocation to be determined at a meeting of the Board of Directors to be held by April 30, 2025

4. Personnel Changes among Directors and Corporate Auditors after Transition to a Company With an Audit & Supervisory Committee

(1) Director candidates (excluding directors who are members of the Audit and Supervisory Committee)

(To be proposed at the Ordinary General Meeting of Shareholders to be held in September, 2024)

Name	New title	Current title
Masao Ito	President and Representative Director	same as left
Kazuyuki Watanabe	Director and General Manager of Sales dept.	same as left
Daisuke Iwamoto	Director and CFO	same as left
Ryota Matsuzaki	Outside Director	same as left
Taku Ito	Outside Director	same as left

(2) Director nominations for members of the Audit and Supervisory Committee

(To be proposed at the Ordinary General Meeting of Shareholders to be held in September, 2024)

Name	New title	Current title
Tomomi Watanabe	Outside Director and Audit and Supervisory Committee Member (Full-time)	Full-time Audit & Supervisory Board Members
Yoshikazu Nakamura	Outside Director and Audit and Supervisory Committee Member	Outside Audit & Supervisory Board Members
Hiroyuki Tanaka	Outside Director and Audit and Supervisory Committee Member	Outside Audit & Supervisory Board Members

Appendix Details of the Amendment of the Articles of Incorporation

(The underlined parts show the change.)

Present Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER I General Provisions</p> <p>(Location of Head Office) Article 3 The head office of the Company shall be situated at <u>Shinagawa-ku</u>, Tokyo, Japan.</p> <p>(Organizational Bodies) Article 4 The Company shall have the following organizational bodies in addition to the General Meeting of Shareholders and Directors.</p> <ol style="list-style-type: none"> (1) Board of Directors (2) <u>Audit & Supervisory Board Members</u> (3) <u>Audit & Supervisory Board</u> (4) Independent Auditors <p style="text-align: center;">CHAPTER II Shares</p> <p><u>(Acquisition of Treasury Shares)</u> Article 9 <u>The Company may purchase (referring to “purchasing provided for in Article 165, Paragraph 2 of the Companies Act) treasury shares based on a resolution of its Board of Directors.</u></p> <p>(Transfer Agent) Article <u>10</u> (Text omitted) 2. The transfer agent and its office at which the Company shares are handled shall be determined <u>by the Board of Directors.</u></p> <p>3. (Text omitted)</p> <p>(Handling of Shares) Article <u>11</u> The procedures and the fees in connection with the handling of shares shall be decided in accordance with the Share Handling Regulations established <u>by the Board of Directors</u> in addition to the provisions of laws and regulations or the Articles of Incorporation.</p> <p>Article <u>12~17</u> (Text omitted)</p>	<p style="text-align: center;">CHAPTER I General Provisions</p> <p>(Location of Head Office) Article 3 The head office of the Company shall be situated at <u>Minato-ku</u>, Tokyo, Japan.</p> <p>(Organizational Bodies) Article 4 The Company shall have the following organizational bodies in addition to the General Meeting of Shareholders and Directors.</p> <ol style="list-style-type: none"> (1) Board of Directors (2) <u>Audit & Supervisory Committee</u> (3) Independent Auditors <p style="text-align: center;">CHAPTER II Shares</p> <p>(Deleted)</p> <p>(Transfer Agent) Article <u>9</u> (Text is the same as in the present Article) 2. The transfer agent and its office at which the Company shares are handled shall be determined <u>by the Board of Directors or the director delegated by resolution of the Board of Directors.</u></p> <p>3. (Text is the same as in the present Article)</p> <p>(Handling of Shares) Article <u>10</u> The procedures and the fees in connection with the handling of shares shall be decided in accordance with the Share Handling Regulations established <u>by the Board of Directors or the director delegated by resolution of the Board of Directors</u> in addition to the provisions of laws and regulations or the Articles of Incorporation.</p> <p>Article <u>11~16</u> (Text is the same as in the present Article)</p>

CHAPTER IV Directors and Board of Directors

(Number of Directors)

Article 18 The Directors of the Company shall be more than three (3) in number.

(Newly established)

2. The Outside Directors shall be more than one (1) in number.

(Election of Directors)

Article 19 Directors shall be elected by a resolution of the general meeting of shareholders.

2. (Text omitted)

3. (Text omitted)

(Newly established)

(Newly established)

(Election of substitute Directors)

Article 20 The Company may elect a substitute Director at the general meeting of shareholders in preparation for vacancy in the number of Directors provided for in laws and regulations.

2. The election of substitute Director shall be pursuant to Article 19, Paragraphs 2 and 3.

3. A resolution for the election of a substitute Director shall remain in effect until the beginning of the ordinary general meeting of shareholders held for the last business year that ends within two (2) years from the date of such resolution.

CHAPTER IV Directors and Board of Directors

(Number of Directors)

Article 17 The Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members) shall not be more than ten (10) in number.

2. The Directors who are Audit & Supervisory Committee Members shall not be more than five (5) in number.

(Deleted)

(Election of Directors)

Article 18 Directors shall be elected by a resolution of the general meeting of shareholders, which should be implemented by distinguishing between Directors who are Audit & Supervisory Committee Members and other Directors.

2. (Text is the same as in the present Article)

3. (Text is the same as in the present Article)

4. The Company may elect a substitute Audit & Supervisory Committee Member at the general meeting of shareholders in preparation for vacancy in the number of Directors as an Audit & Supervisory Committee Member provided for in laws and regulations.

5. A resolution for the election of a substitute Audit & Supervisory Committee Member shall remain in effect until the beginning of the ordinary general meeting of shareholders held for the last business year that ends within two (2) years from the date of such resolution.

(Deleted)

(Term of Directors)

Article 21 Ther term of Directors shall expire at the close of the ordinary general meeting of shareholders held for the last business year that ends within two years of being elected.

(Newly established)

2. The term of a director elected to increase or fill a vacancy shall be the same as the remaining term of the other directors.

(Newly established)

(Representative Director and Executive Directors)

Article 22 By a resolution of the Board of Directors, Representative Director shall be elected.

2. By a resolution of the Board of Directors, one Chairman of the Board, one Representative Director, and a few Executive Vice Presidents, Senior Managing Directors, and Managing Directors shall be elected.

Article 23 (Text omitted)

(Convening Meetings of the Board of Directors)

Article24 Each of the Directors and Audit & Supervisory Board Members shall be notified of a meeting of the Board of Directors at least three (3) days before the date set such meeting. In case of urgent necessity, however, this period shall be shortened.

2. A meeting of the Board of Directors may be held without the convocation procedures upon the unanimous consent of all directors and Audit & Supervisory Board Members.

(Term of Directors)

Article 19 Ther term of Directors (excluding Audit & Supervisory Committee Members) shall expire at the close of the ordinary general meeting of shareholders held for the last business year that ends within one years of being elected.

2. Ther term of Directors who are Audit & Supervisory Committee Members shall expire at the close of the ordinary general meeting of shareholders held for the last business year that ends within two years of being elected.

(Deleted)

3. The term of a director who is a Audit & Supervisory Committee Member elected to fill a vacancy left by a director who retires before the expiration of his/her term of office shall expire when the term of the retiring director as a member of the Audit & Supervisory Committee Member expires.

(Representative Directors and Executive Directors)

Article 20 By a resolution of the Board of Directors, Representative Directors shall be elected from among the Directors (excluding Audit & Supervisory Committee Members).

2. By a resolution of the Board of Directors, one Chairman of the Board, one Representative Director, and a few Executive Vice Presidents, Senior Managing Directors, and Managing Directors shall be elected from among the Directors (excluding Audit & Supervisory Committee Members).

Article 21 (Text is the same as in the present Article)

(Convening Meetings of the Board of Directors)

Article22 Each of the Directors shall be notified of a meeting of the Board of Directors at least three (3) days before the date set such meeting. In case of urgent necessity, however, this period shall be shortened.

2. A meeting of the Board of Directors may be held without the convocation procedures upon the unanimous consent of all directors.

(Method of resolution)

Article25 (Text omitted)

2. The Company shall deem that a resolution of the Board of Directors has been passed with respect to the matters to be resolved by the Board of Directors when the requirements specified in Article 370 of the Companies Act are satisfied. This provision shall not apply if the Audit & Supervisory Board Members objects.

(Newly established)

Article26 (Text omitted)

(Remuneration)

Article27 Remuneration, bonuses, and other financial benefits of Directors given by the Company in consideration of the performance of duties to Directors shall be determined by resolution of a General Meeting of Shareholders.

(Newly established)

CHAPTER V Audit & Supervisory Board Member and Audit & Supervisory Board

(Number of Auditor)

Article29 The number of the Audit & Supervisory Board Members of the Company shall be at least three (3).

(Election)

Article30 Audit & Supervisory Board Members shall be elected at a General Meeting of Shareholders.

2. A resolution to select Audit & Supervisory Board Members shall require a majority of votes cast by shareholders present at the meeting who hold one third (1/3) or more of the voting rights of shareholders entitled to exercise their voting rights.

(Method of resolution)

Article23 (Text omitted)

2. The Company shall deem that a resolution of the Board of Directors has been passed with respect to the matters to be resolved by the Board of Directors when the requirements specified in Article 370 of the Companies Act are satisfied.

(Minutes of Board of Directors meetings)

Article24 Minutes of the proceedings of the Board of Directors shall be prepared as required by law.

Article 25 (Text is the same as in the present Article)

(Remuneration)

Article26 Remuneration, bonuses, and other financial benefits of Directors given by the Company in consideration of the performance of duties to Directors shall be determined by resolution of a General Meeting of Shareholder, by distinguishing Directors who concurrently serve as Audit & Supervisory Committee members from other Directors.

(Delegation of Decisions on Execution of Important Operations)

Article27 Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of the decisions regarding execution of important operations (excluding matters set forth in items of Article 399-13, Paragraph 5 of the Companies Act) to Directors by a resolution of the Board of Directors.

(Deleted)

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(Deleted)

<p><u>(Election of substitute Audit & Supervisory Board Member)</u> <u>Article31 The Company may elect a substitute Audit & Supervisory Board Member at the general meeting of shareholders in preparation for vacancy in the number of Audit & Supervisory Board Members provided for in laws and regulations.</u> <u>2. The election of a substitute Audit & Supervisory Board Member shall be pursuant to Article 30, Paragraphs 2.</u> <u>3. A resolution for the election of a substitute Audit & Supervisory Board Member shall be effective until the beginning of the ordinary general meeting of shareholders with respect to the last business year ending within 4 years after their election.</u></p>	<p>(Deleted)</p>
<p><u>(Term of office)</u> <u>Article32 The term of office of Audit & Supervisory Board Members shall expire at the time of conclusion of the Ordinary General Meeting of Shareholders with respect to the last business year ending within 4 years after their election.</u> <u>2. The term of office of a Audit & Supervisory Board Member who is elected as a substitute for a Audit & Supervisory Board Member who has resigned before the expiration of his/her term of office shall continue by the time when the term of office of the resigned Audit & Supervisory Board Member expires.</u></p>	<p>(Deleted)</p>
<p><u>(Full-time Audit & Supervisory Board Member)</u> <u>Article33 The Audit & Supervisory Board shall appoint Full-Time Audit & Supervisory Board Member by its resolution.</u></p>	<p>(Deleted)</p>
<p><u>(Convocation notice)</u> <u>Article34 Notice of a Audit & Supervisory Board shall be sent to each Audit & Supervisory Board Member not later than three 3 days prior to the scheduled date of the meeting. However, this period may be reduced if necessary in an emergency.</u></p>	<p>(Deleted)</p>
<p><u>(Method of resolutions)</u> <u>Article35 A resolution of the Audit & Supervisory Board shall be adopted by a majority vote of Audit & Supervisory Board Members, unless otherwise provided for in laws and regulations.</u></p>	<p>(Deleted)</p>
<p><u>(Audit & Supervisory Board Regulations)</u> <u>Article36 Matters concerning the Audit & Supervisory Board shall be governed by laws and regulations, the Articles of Incorporation, and the regulations of the Audit & Supervisory Board established by the Audit & Supervisory Board.</u></p>	<p>(Deleted)</p>

<p><u>(Remuneration)</u> <u>Article37 Remuneration for Audit & Supervisory Board Members shall be determined by resolution of a General Meeting of Shareholders.</u></p>	<p>(Deleted)</p>
<p><u>(Reduction in Liabilities of Audit & Supervisory Board Members)</u> <u>Article38 Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from their liability for damages to the extent permitted by laws and regulations.</u> <u>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Audit & Supervisory Board Members limiting their liabilities, however, that the amount of limitation of liability in accordance with the agreement shall be the amount specified in relevant laws and regulation.</u></p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>CHAPTER V Audit & Supervisory Committee</u></p>
<p>(Newly established)</p>	<p><u>(Full-time Audit & Supervisory Committee Member)</u></p>
<p>(Newly established)</p>	<p><u>Article29 The Audit & Supervisory Committee may appoint Full-Time Audit & Supervisory Committee member by its resolution.</u></p>
<p>(Newly established)</p>	<p><u>(Convocation notice)</u></p>
<p>(Newly established)</p>	<p><u>Article30 Notice of a Audit & Supervisory Committee shall be sent to each Audit & Supervisory Committee member not later than three 3 days prior to the scheduled date of the meeting. However, this period may be reduced, if necessary, in an emergency.</u> <u>2. A meeting of the Audit & Supervisory Committee may be held without the convocation procedure upon the unanimous consent of the Audit & Supervisory Committee members.</u></p>
<p>(Newly established)</p>	<p><u>(Method of resolution)</u> <u>Article 31 A resolution of the Audit & Supervisory Committee shall be adopted by a majority vote of the Audit & Supervisory Committee members present who are entitled to exercise their votes.</u></p>

(Newly established)

(Newly established)

CHAPTER VI Accounting

Article39 (Text omitted)

(Year-end Dividend)

Article40 The Company may, by resolution of the general meeting of shareholders, distribute dividends to those shareholders or pledgees who are entered or recorded in the register of shareholders as of the close of business on June 30 of each year.

(Interim Dividend)

Article41 The Company may, by resolution of the Board of Directors, pay interim dividends to those shareholders or pledgees who are entered or recorded in the register of shareholders as of the close of business on December 31 of each year, as provided in Article 454, Paragraph 5 of the Companies Act.

(Newly established)

(Newly established)

Article42 (Text omitted)

(Audit & Supervisory Committee Regulations)

Article32 Matters concerning the Audit & Supervisory Committee shall be determined pursuant to the provisions of laws and regulations, these Articles of Incorporation, and the Audit & Supervisory Committee Regulations established by the Audit & Supervisory Committee.

(Minutes of Board of Directors meetings)

Article33 Minutes of the proceedings of the Audit & Supervisory Committee shall be prepared as required by law.

CHAPTER VI Accounting

Article34 (Text is the same as in the present Article)

(Deleted)

(Deleted)

(Organization that determines dividends of surplus)

Article35 The Company may determine the distribution of dividends from surplus and other matters specified in the items of Article 459, Paragraph 1 of the Companies Act by a resolution of the Board of Directors unless otherwise provided for by laws and regulations.

(Record date for distribution of surplus)

Article36 The record date for the Company's year-end dividend payments shall be June 30 every year.

2. The record date for the Company's interim dividend payments shall be December 31 every year.

Article37 (Text is the same as in the present Article)

CHAPTER VI Miscellaneous rules

Article43 (Text omitted)

(Newly established)

(Newly established)

CHAPTER VII Miscellaneous rules

Article38 (Text is the same as in the present Article)

Supplementary Provisions

(Transitional Measures Concerning Exemption of Audit & Supervisory Board Members from Liability)

Article1 Pursuant to provisions of Article 426, Paragraph 1 of the Companies Act, the Company may exempt, by a resolution of the Board of Directors, Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liability for damages caused by their acts conducted before the conclusion of the 19th Ordinary General Meeting of Shareholders to the extent permitted by the applicable laws and regulations.

2. With respect to a contract with an Audit & Supervisory Board Member (including a former Audit & Supervisory Board Members) to limit his or her liabilities for damages arising as a result of negligence of his or her duties before the closing of the 19th Ordinary General Meeting of Shareholders under Article 427, Paragraph 1 of the Companies Act, the Articles of Incorporation before the changes to be made by a resolution of the said Ordinary General Meeting of Shareholders shall apply.

(Location of Head office)

Article2 The amendment to Article 3 (Location of Head Office) of the Articles of Incorporation shall become effective on the date of head office relocation to be determined at a meeting of the Board of Directors to be held by April 30, 2025 and this Article 2 of the Supplementary Provisions shall be deleted after the effective date of the Head Office relocation.