

**Proposals and References**

**Proposal No. 1: Partial Amendments to the Articles of Incorporation**

1. Reason for the Amendments

- (1) To amend the maximum number of Directors set forth in the Articles of Incorporation, in order to accommodate the future business expansion of the Company and to seek stable management as well as the further strengthening and enhancement of the management structure. (Article 20 of the Articles of Incorporation)
- (2) To make necessary amendments accompanying the change in the scope of Directors with whom the Company may execute liability limitation agreements pursuant to the enforcement of the Act Partially Amending the Companies Act (Act No. 90 of 2014). (Article 30 of the Articles of Incorporation)

The Company has obtained approval from each member of the Audit & Supervisory Committee in regard to the proposed amendment above.

2. Details of the Amendments

(Changes are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>(Number of Directors) Article 20 The number of Directors of the Company shall not be more than <u>eight</u>.</p>	<p>(Number of Directors) Article 20 The number of Directors of the Company shall not be more than <u>nine</u>.</p>
<p>(Limiting Liability of Directors) Article 30 The Company may execute limitation liability agreements with <u>Outside Directors</u> to limit each of their liability under Article 423, Paragraph 1 of the Companies Act to the amount stipulated by laws and regulations, to the extent that each such Director acts without knowledge or gross negligence.</p>	<p>(Limiting Liability of Directors) Article 30 The Company may execute limitation liability agreements with <u>Directors (excluding Executive Directors and the like)</u> to limit each of their liability under Article 423, Paragraph 1 of the Companies Act to the amount stipulated by laws and regulations, to the extent that each such Director acts without knowledge or gross negligence.</p>


**Proposal No. 2: Election of 9 Directors**

Since the terms of office of the 7 Directors of the Company will expire as of the close of this Annual General Meeting of Shareholders, the Company requests the election of 9 Directors to accommodate the future business expansion of the Company and to seek stable management as well as the further strengthening and enhancement of the management structure.

The candidates for Director of the Company are as follows:



Candidate Number	Name (Date of Birth) Responsibilities	Career Summary (Other Significant Concurrent Offices Held)	Number of Company's Shares Owned
1	Akimitsu Sano (May 1, 1973) Nomination Committee Compensation Committee  <b>Re-election</b>	Oct. 1997 Founded Coin Ltd. (currently the Company) Sep. 2004 Appointed Representative Director of the Company July 2007 Appointed Representative Executive Officer and Director of the Company Mar. 2010 Appointed Director of COOKPAD Inc. (U.S.) (to present) May 2012 Appointed Director and Executive Officer of the Company July 2012 Appointed Director of the Company (to present) Feb. 2016 Appointed Executive Officer of the Company (to present)	46,582,800 shares
<b>Reason for nomination as Director candidate</b>  As the founder of the Company, Mr. Sano has successfully led the Company through such stages as the design of its corporate philosophy and the development of its core services, and as a Director serving concurrently as an Executive Officer, he has fully performed his roles in relation to decision making regarding important management matters and supervision of business execution. For these reasons, the Company believes that Mr. Sano can be expected to continue to perform an appropriate role in relation to the business expansion and overall management of the Company.			

Candidate Number	Name (Date of Birth) Responsibilities	Career Summary (Other Significant Concurrent Offices Held)	Number of Company's Shares Owned
2	<p>Yoshiteru Akita (Apr. 29, 1969)</p> <p><b>Re-election</b></p>	<p>Apr. 1993 Joined Japan Associated Finance Co., Ltd. (currently JAFCO)</p> <p>Apr. 1996 Joined JAC Co., Ltd. (currently Carchs Holdings Co., Ltd.)</p> <p>Sep. 1999 Appointed Representative Director of ICP Inc.</p> <p>May 2000 Appointed Director of Kakaku.com, Inc.</p> <p>Dec. 2001 Appointed President and Representative Director of Kakaku.com, Inc.</p> <p>June 2006 Appointed Director and Senior Advisor of Kakaku.com, Inc.</p> <p>July 2007 Appointed Director of the Company (to present)</p> <p>May 2012 Appointed Representative Executive Officer of the Company (to present)</p> <p>July 2015 Appointed Chairperson and Director of Minnano Wedding Co., Ltd. (to present)</p> <p>Other Significant Concurrent Offices Held: Chairperson and Director of Minnano Wedding Co., Ltd.</p>	15,781,200 shares
<p><b>Reason for nomination as Director candidate</b></p> <p>As a Director, Mr. Akita has been involved in the management of the Company over a long period of time, and as a Representative Executive Officer of the Company he has played a leading role in growing the performance of the Company to date, while as a Director serving concurrently as an Executive Officer, he has fully performed his roles in relation to decision making regarding important management matters and supervision of business execution. For these reasons, the Company believes that Mr. Akita can be expected to continue to perform an appropriate role in relation to the business expansion and overall management of the Company.</p>			

Candidate Number	Name (Date of Birth) Responsibilities	Career Summary (Other Significant Concurrent Offices Held)	Number of Company's Shares Owned
3	Rinpei Iwata (Mar. 22, 1974)  	Apr. 1996 Joined The Sanwa Bank, Limited (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)  Apr. 1999 Seconded to Export-Import Bank of Japan (currently Japan Bank for International Cooperation)  Sep. 2005 Joined McKinsey & Company, Inc. Japan  Apr. 2013 Appointed Principal (Partner) of McKinsey & Company, Inc. Japan  Nov. 2015 Appointed a member of the Study Group on the <i>Omotenashi</i> Standard Certification (to present)  Feb. 2016 Appointed Executive Officer of the Company (to present)  Other Significant Concurrent Offices Held: A member of the Study Group on the <i>Omotenashi</i> Standard Certification	0 shares
<p><b>Reason for nomination as Director candidate</b></p> <p>As partner at a consulting firm, Mr. Iwata possesses experience in providing consulting services to numerous companies, and the Company believes that Mr. Iwata can be expected to perform an appropriate role in relation to the business expansion and overall management of the Company as a Director serving concurrently as an Executive Officer.</p>			



Candidate Number	Name (Date of Birth) Responsibilities	Career Summary (Other Significant Concurrent Offices Held)	Number of Company's Shares Owned
4	<p>Masaaki Shintaku (Sep. 10, 1954)</p> <p>Nomination Committee</p> <p>Compensation Committee (Chair)</p> <p>Audit &amp; Supervisory Committee</p> <p>Re-election</p> <p>Outside Director</p>	<p>Apr. 1978 Joined IBM Japan, Ltd.</p> <p>Dec. 1991 Joined Oracle Corporation Japan</p> <p>Aug. 1994 Appointed Director of Oracle Corporation Japan</p> <p>Aug. 1996 Appointed Managing Director of Oracle Corporation Japan</p> <p>Aug. 2000 Appointed President and Representative Director of Oracle Corporation Japan</p> <p>Jan. 2001 Appointed Senior Vice President of Oracle Corporation</p> <p>June 2008 Appointed Chairperson and Representative Director of Oracle Corporation Japan</p> <p>Aug. 2008 Appointed Executive Advisor of Oracle Corporation Japan</p> <p>Mar. 2009 Appointed Advisor of Fast Retailing Co., Ltd.</p> <p>May 2009 Appointed a member of the Advisory Board of NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.) (to present)</p> <p>Nov. 2009 Appointed Outside Director of Fast Retailing Co., Ltd. (to present)</p> <p>July 2011 Appointed Director of the Company (to present)</p> <p>Dec. 2015 Appointed Outside Director of Works Applications Co., Ltd. (to present)</p> <p>Other Significant Concurrent Offices Held: Outside Director of Fast Retailing Co., Ltd.</p> <p>A member of the Advisory Board of NTT DOCOMO, INC.</p>	30,000 shares



Candidate Number	Name (Date of Birth) Responsibilities	Career Summary (Other Significant Concurrent Offices Held)	Number of Company's Shares Owned
<p><b>Reason for nomination as Outside Director candidate</b></p> <p>As a top executive at global companies, Mr. Shintaku possesses an abundance of knowledge and experience relating to management, and the Company believes that Mr. Shintaku can be expected to provide advice in relation to the business expansion and overall management of the Company.</p>			
5	<p>Kiyohiko Nishimura (Mar. 30, 1953)</p> <p>Nominating Committee</p> <p>Compensation Committee</p> <p>Audit &amp; Supervisory Committee</p> <p>Re-election</p> <p>Outside Director</p>	<p>Jan. 1983 Appointed Associate Professor of the Faculty of Economics, The University of Tokyo</p> <p>Nov. 1994 Appointed Professor of the Faculty of Economics, The University of Tokyo</p> <p>Oct. 2003 Appointed Executive Research Fellow of the Economic and Social Research Institute, Cabinet Office</p> <p>Concurrently serving as Professor of the Graduate School of Economics, The University of Tokyo</p> <p>Mar. 2004 Commissioned Professor of the Graduate School of Economics, The University of Tokyo</p> <p>Apr. 2005 Appointed Member of the Policy Board, The Bank of Japan</p> <p>Mar. 2008 Appointed Deputy Governor, The Bank of Japan</p> <p>Mar. 2013 Appointed Professor of the Graduate School of Economics, The University of Tokyo (to present)</p> <p>Oct. 2013 Appointed Dean of the Graduate School of Economics, The University of Tokyo</p> <p>July 2014 Appointed Director of the Company (to present)</p> <p>Other Significant Concurrent Offices Held: Professor of the Graduate School of Economics, The University of Tokyo</p>	0 shares

Candidate Number	Name (Date of Birth) Responsibilities	Career Summary (Other Significant Concurrent Offices Held)	Number of Company's Shares Owned
<p><b>Reason for nomination as Outside Director candidate</b></p> <p>In addition to his extensive knowledge as a researcher in the field of economics, Dr. Nishimura possesses a high level of insight spanning finance and all aspects of economics which he developed during his time at the Bank of Japan, and the Company believes that Dr. Nishimura can be expected to provide advice in relation to the overall management of the Company.</p>			
6	<p>Toru Kitagawa (Aug. 4, 1960)</p> <p></p> <p></p>	<p>Apr. 1983 Joined Kanematsu-Gosho, Ltd. (currently Kanematsu Corporation)</p> <p>Nov. 1999 Joined Japan Communications Inc. and appointed Head of Corporate Planning Office</p> <p>Feb. 2001 Joined Baltimore Technologies Japan Co., Ltd and appointed Senior Executive Financial Officer</p> <p>Jan. 2002 Joined Levi Strauss Japan K.K. and appointed Finance Controller</p> <p>Sep. 2006 Joined Starbucks Coffee Japan, Ltd. and appointed Officer/Executive Officer (to present)</p> <p>Other Significant Concurrent Offices Held: Officer/Executive Officer of Starbucks Coffee Japan, Ltd.</p>	0 shares
<p><b>Reason for nomination as Outside Director candidate</b></p> <p>Based on his strategic and financial experience in multiple business-to-customer brand businesses, including as Executive Officer at Starbucks Coffee Japan, Ltd. (where his duties included strategy, finance and supply chain), the Company believes that Mr. Kitagawa will provide appropriate supervision and advice regarding the management of the Company.</p>			

Candidate Number	Name (Date of Birth) Responsibilities	Career Summary (Other Significant Concurrent Offices Held)	Number of Company's Shares Owned
7	<p data-bbox="347 909 558 994">Kyoko Deguchi (Dec. 12, 1965)</p> <div data-bbox="395 1066 504 1155" style="background-color: #800040; color: white; padding: 2px; display: inline-block;">New election</div> <div data-bbox="395 1209 504 1299" style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">Outside Director</div>	<p data-bbox="584 362 1232 394">Apr. 1989 Joined Bain &amp; Company Japan, Inc.</p> <p data-bbox="584 416 1168 448">Feb. 1997 Joined Disney Store Japan, Inc.</p> <p data-bbox="584 470 1152 501">Dec. 1999 Joined Japan GE Plastics, Ltd.</p> <p data-bbox="584 524 1184 622">Mar. 2000 Appointed Director and Head of Finance Manager of GE Plastics Japan, Ltd.</p> <p data-bbox="584 645 1232 743">Jan. 2007 Joined Janssen Pharmaceutical K.K. and appointed Deputy Vice President of Marketing Division</p> <p data-bbox="584 766 1232 864">Aug. 2009 Appointed Director of Stryker Japan K.K. and appointed Global Marketing Vice President</p> <p data-bbox="584 887 1222 963">Jan. 2012 Appointed Representative Director and President of Stryker Japan K.K.</p> <p data-bbox="584 985 1232 1061">Jan. 2013 Appointed Advisor to Bellsystem24, Inc.</p> <p data-bbox="584 1084 1206 1285">Mar. 2013 Appointed Senior Managing Executive Officer and Chief of Office of the President and Officer In-charge of Accounting and Finance Division, Bellsystem24, Inc.</p> <p data-bbox="584 1308 1168 1384">Mar. 2014 Appointed President of AbbVie G.K.</p> <p data-bbox="584 1406 1190 1505">July 2014 Appointed Outside Director of Nippon Ski Resort Development, Co., Ltd. (to present)</p> <p data-bbox="584 1527 1232 1706">Feb. 2015 Appointed Director and COO of Ochanomizu Orthopaedic Medicine, Active Rehabilitation Clinic, Medical Corporation <i>Shikiku-kai</i> (to present)</p> <p data-bbox="584 1729 1206 1827">Feb. 2016 Appointed Executive Director and COO of Ochanomizu Orthosis and Prosthesis Co., Ltd. (to present)</p>	4,400 shares



Candidate Number	Name (Date of Birth) Responsibilities	Career Summary (Other Significant Concurrent Offices Held)	Number of Company's Shares Owned
		<p>Other Significant Concurrent Offices Held:</p> <p>Outside Director of Nippon Ski Resort Development, Co., Ltd.</p> <p>Director and COO of Ochanomizu Orthopaedic Medicine, Active Rehabilitation Clinic, Medical Corporation <i>Shikiku-kai</i></p> <p>Executive Director and COO of Ochanomizu Orthosis and Prosthesis Co., Ltd.</p>	
<p><b>Reason for nomination as Outside Director candidate</b></p> <p>Based on her management experience at multiple companies including as Representative Director and President of Stryker Japan K.K., the Company believes that Ms. Deguchi will provide appropriate supervision and advice regarding the management of the Company.</p>			
8	<p>Koichiro Fujii (Apr. 14, 1972)</p> <p></p> <p></p>	<p>Apr. 1999 Joined Science and Technology Agency</p> <p>Apr. 2007 Appointed Deputy Director of International Science and Technology Affairs, Science and Technology Policy Bureau, Ministry of Education, Culture, Sports, Science and Technology</p> <p>Dec. 2007 Joined FleishmanHillard Japan, Inc.</p> <p>May 2010 Joined Google Japan Inc. and appointed Head of Public Policy and Government Affairs</p> <p>Jan. 2012 Appointed Executive Officer of Google Japan Inc.</p> <p>June 2014 Founded Makaira K.K. and appointed Representative Director (to present)</p> <p>Jan. 2015 Appointed Member of Examination Committee for MICE Branding, Japan Tourism Agency</p> <p>Other Significant Concurrent Offices Held: Representative Director of Makaira K.K.</p>	0 share

Candidate Number	Name (Date of Birth) Responsibilities	Career Summary (Other Significant Concurrent Offices Held)	Number of Company's Shares Owned
<p><b>Reason for nomination as Outside Director candidate</b></p> <p>Based on his abundant experience and expertise in advertising activities including from his time as Executive Officer at Google Japan Inc. and working at the Ministry of Education, Culture, Sports, Science and Technology, the Company believes that Mr. Fujii will provide appropriate supervision and advice regarding the management of the Company.</p>			
9	<p>Daisuke Yanagisawa (Feb. 19, 1974)</p> <p></p> <p></p>	<p>Apr. 1996 Joined Sony Music Entertainment (Japan) Inc.</p> <p>Aug. 1998 Founded KAYAC Inc. as a limited partnership corporation (<i>goshi kaisha</i>) and served as General Partner</p> <p>Jan. 2005 Established KAYAC Inc. as a joint-stock corporation (<i>kabushiki kaisha</i>) and appointed Representative Director</p> <p>Dec. 2014 Appointed Representative Director and CEO of KAYAC Inc. (to present)</p> <p>Sep. 2015 Appointed Outside Director of TOW Co., Ltd (to present)</p> <p>Other Significant Concurrent Offices Held: Representative Director and CEO of KAYAC Inc.</p> <p>Outside Director of TOW Co., Ltd</p>	0 share
<p><b>Reason for nomination as Outside Director candidate</b></p> <p>As Representative Director and CEO of KAYAC Inc., Mr. Yanagisawa is the manager of a listed company and possesses an abundance of leading-edge knowledge related to IT, and the Company believes that Mr. Yanagisawa will provide appropriate supervision and advice regarding the management of the Company.</p>			

Notes:

- Each of Mr. Masaaki Shintaku, Mr. Kiyohiko Nishimura, Mr. Toru Kitagawa, Ms. Kyoko Deguchi, Mr. Koichiro Fujii, and Mr. Daisuke Yanagisawa is a candidate for Outside Director of the Company as provided for in Article 2, Paragraph 3, Item 7 of the

Ordinance for Enforcement of the Companies Act. The reason for proposing each of these candidates as a candidate for Outside Director is stated at the bottom of each candidate's profile. In addition, for Mr. Kiyohiko Nishimura, although he does not possess experience of being involved in company management other than through serving as an outside director or an outside statutory auditor for a company in the past, the Company has judged that he will be able to properly carry out his role as an Outside Director as described in the reason for the proposal.

2. "Number of Company's Shares Owned" is based on the shares owned by each candidate as of December 31, 2016.
3. There are no special interests between each of the candidates and the Company.
4. Mr. Masaaki Shintaku and Mr. Kiyohiko Nishimura are currently Outside Directors of the Company. As of the close of this Annual General Meeting of Shareholders, they will have served as Outside Directors for 4 years and 8 months and 1 year and 8 months respectively.
5. Liability limitation agreements between each of the candidates and the Company:  
The Company has executed limitation liability agreements with Mr. Masaaki Shintaku and Mr. Kiyohiko Nishimura to limit each of their liability under Article 423, Paragraph 1 of the Companies Act to the amount stipulated by laws and regulations under Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, to the extent that each such candidate acts without knowledge or gross negligence, and the Company intends to maintain these agreements if they are re-elected at this Annual General Meeting of Shareholders. Further, the Company also intends to execute limitation liability agreements with Mr. Toru Kitagawa, Ms. Kyoko Deguchi, Mr. Koichiro Fujii, and Mr. Daisuke Yanagisawa if they are elected at this Annual General Meeting of Shareholders.
6. The Company has filed a notification with the Tokyo Stock Exchange to the effect that Mr. Masaaki Shintaku and Mr. Kiyohiko Nishimura are independent officers and the Company will file the same if they are re-elected at this Annual General Meeting of Shareholders. Further, if Mr. Toru Kitagawa, Ms. Kyoko Deguchi, Mr. Koichiro Fujii, and Mr. Daisuke Yanagisawa are elected at this Annual General Meeting of Shareholders, the Company also intends to file a notification with the Tokyo Stock Exchange to the effect that they are independent officers.

### **Proposal No. 3: Issuance of stock acquisition rights as stock options**

The Company requests an approval to charge the Board of Directors with the responsibility of determining the subscription details of the stock acquisition rights as stock options (“Stock Options”) to be issued to the executive officers and employees of the Company and directors and employees of the Company’s subsidiaries under the provisions of Articles 236, 238, and 239 of the Companies Act.

#### **1. Reason for offering Stock Options in favorable conditions**

The Company plans to issue Stock Options free of charge to its executive officers and employees, and to directors and employees of the Company’s subsidiaries to raise their motivation and morale toward improving performance of the Company, and to attract skilled personnel.

#### **2. Persons to whom the Stock Options are allotted**

Executive officers and employees of the Company, and directors and employees of the Company’s subsidiaries

#### **3. Content of Stock Options**

(1) Number and type of shares that can be acquired by exercise of Stock Options

The number of shares that can be acquired by exercise of the Stock Options shall be no more than 2,600,000 common stock of the Company.

The number of shares above shall be adjusted by applying the following formula if the Company proceeds with a stock split or reverse stock split. That being said, the adjustment shall be based on the number of shares that can be acquired by exercising the Stock Options that have not been exercised at that point in time, and units less than one share arising as a result of the adjustment shall be discarded.

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or reverse stock split

Other than the foregoing, the number of shares shall be adjusted within a reasonable range in unavoidable situations arising after the 12th Annual General Shareholders’ Meeting (the “AGM”) whereby an adjustment is necessary.

(2) Number of Stock Options

The number of Stock Options to be allotted shall be no more than 26,000.

The number of shares to be acquired by the exercise of one Stock Option is 100 shares. The number of shares to be acquired by the exercise of one Stock Option shall be adjusted accordingly if the number of shares that can be acquired by exercise of the Stock Options is adjusted as set out in (1) above.

(3) Moneys to be paid in exchange for the issuance of Stock Options

No payment is required in exchange for the issuance of the Stock Options.

(4) Value of properties contributed in the exercise of the Stock Options

The value of properties contributed in the exercise of the Stock Options shall be the paid-in amount per share (the “Exercise Price”) issued by exercise of the Stock Options multiplied by the number of shares acquired by exercising the Stock Options. The Exercise Price shall be determined as follows.

The Exercise Price shall be the average closing price in ordinary trading (including indicative price) of common stock in the Company on the Tokyo Stock Exchange on each day in the month prior to the month in which the allotment date of the Stock Options falls (excluding days on which no trade occurs) × 1.05 (rounded up to the nearest yen) or the closing price on the allotment date (or closing price on the most recent date before the allotment date if no trade occurred on that date), whichever is the higher value.

In the event of the Company proceeding with a stock split or reverse stock split of its common stock after the allotment date of the Stock Options, the Exercise Price shall be adjusted using the formula below, with values of less than 1 yen being rounded up.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before adjustment}}{1} \times \frac{1}{\text{Stock split or reverse stock split ratio}}$$

In the event of the Company issuing stock for subscription at a price below the market price per share after the allotment date of the Stock Options (including stock issued free of charge and disposition of treasury stock, but excluding the exercise of Stock Options (including convertible bonds) and conversion of securities that can be converted to common stock in the Company (including the issuance of the Company’s shares as payment for acquiring the said securities)), the Exercise Price shall be adjusted using the formula below, with values of less than 1 yen being rounded up.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before adjustment}}{1} \times \frac{\text{Number of Shares already issued} + \frac{\text{Number of newly issued shares} \times \text{Paid-in amount per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

“Shares already issued” in the formula above denotes the number of all issued shares in the Company minus the number of treasury stock held by the Company at the end of the previous month. When the Company is disposing of treasury stock, the number of newly issued shares shall be the same as the number of treasury stock to be disposed of.

“Market price per share” shall be the average closing price in ordinary trading (including indicative price) of common stock in the Company on the Tokyo Stock Exchange over 30 days starting on the 45th business day before the date that the adjusted Exercise Price is to be applied (excluding days on which no trade occurs).

Other than the foregoing, the Exercise Price shall be adjusted within a reasonable range in unavoidable situations arising after the AGM whereby an adjustment is necessary.

(5) Period in which the Stock Options can be exercised

The period of time in which the Stock Options can be exercised (“Exercise Period”) shall be three years starting two years after the allotment date of the Stock Options.

(6) Conditions on the exercise of Stock Options

- a) The holder of the stock option (“Option Holder”) continues to hold the position of director, executive officer, auditor, or employee of the Company or its subsidiaries at the time of exercise of the Stock Option. This condition does not apply, however, to those who have left their positions with rational reason as approved by the Board of Directors, such as retirement at the end of their term, mandatory retirement, death, or employment transfer.
- b) In the event of the death of the Option Holder during the exercise period, the heir of the Option Holder may exercise the Stock Option within the scope of rights conferred on the Option Holder by following the procedures set out by the Company within a year of the start of the inheritance process if the Option Holder was not on leave of absence from before the start of the exercise period. However, the Stock Option cannot be inherited in the event of the death of the heir of the Option Holder.
- c) The Option Holder may exercise Stock Options held within the following ratio limits (including Stock Options already exercised) during the following periods. If the number of Stock Options that the Option Holder is entitled to exercise includes units of less than one Stock Option, the said units shall be discarded.
  - i) Up to one year from the starting date of the Exercise Period (“Initial Date”): One third of the total number of Stock Options allotted to the Option Holder
  - ii) One-year period from one year after the Initial Date: Two-thirds of the total number of Stock Options allotted to the Option Holder
  - iii) From two years after the Initial Date to the end of the Exercise Period: All Stock Options allotted to the Option Holder

(7) Matters related to the increase in legal capital and legal capital reserves associated with the issuance of shares arising from the exercise of Stock Options

- a) The amount of legal capital to be increased as a result of the issuance of shares arising from the exercise of Stock Options shall be no more than one half of the upper limit to the amount of capital increase calculated in accordance with Article 17, Paragraph 1 of the Company’s Calculation Rules (“Capital Increase Limit”). However, units of less than one yen shall be rounded up and the cost of the issuance of shares arising from the exercise of Stock Options deducted from the Capital Increase Limit shall be zero yen.
- b) The amount of legal capital reserve to be increased as a result of the issuance of shares due to the exercise of Stock Options shall be the Capital Increase Limit minus the amount of capital increase set out in paragraph a) above.

(8) Restrictions set on acquisition of Stock Options by transfer

The acquisition of Stock Options by transfer requires approval of the Board of Directors of the Company.

(9) Reasons for acquisition of Stock Options by the Company

- a) In the event that the 21-trading-day average value of the closing price (including indication price) of the Company's common stock in ordinary trading on the Tokyo Stock Exchange between the allotment date of the Stock Options and the day before the commencement date of the exercise period (excluding days without a closing price. However, to be adjusted accordingly if the Company conducts an allotment of shares free of charge, stock split or reverse stock split, or for any other similar reason) falls below 65% of the Exercise Price and the Company's Board of Directors sets an acquisition date, the Company may acquire the stock options free of charge on the said date.
- b) In the event that the shareholder's meeting (or Board of Directors if approval by the shareholder's meeting is not required) approves the conclusion of an absorption-type merger agreement or consolidation-type merger agreement in which the Company is the dissolving company, or a share exchange agreement in which it is the wholly owned subsidiary, or a share transfer plan in which it is the wholly owned subsidiary, or an absorption-type demerger agreement or incorporation-type demerger plan in which it is the splitting company, and the Company's Board of Directors decides that the acquisition of Stock Options by the Company is necessary and the Board of Directors sets an acquisition date, the Company may acquire the Stock Options free of charge on the said date.
- c) If Option Holders become unable to exercise the Stock Options held due to the provisions set out in (6) above becoming applicable prior to the Option Holder exercising the Stock Options held, the Company may acquire the Stock Options free of charge.
- d) If the Company passes a resolution to amend the rules in its Articles of Incorporation requiring the Company's approval to acquire by transfer all shares issued by the company, the Company may acquire all Stock Options free of charge.
- e) If the Company resolves to amend the rules in its Articles of Incorporation requiring the Company's approval to acquire by transfer the type of shares that can be acquired by exercise of Stock Options or to establish the rules in the Articles of Incorporation regarding shares of this type, Company may acquire all Stock Options free of charge.

(10) Policy for decisions on matters regarding expiration of Stock Options as a result of company reorganization and issuance of new Stock Options by the reorganized company

In the event that the Company enters into a merger in which it is the dissolving company, share exchange, or share transfer (collective, "Reorganization"), the Company may exchange new Stock Options of the joint-stock company as provided in Article 236, Paragraph 1., No. 8 a), d), and e) of the Companies Act ("Reorganized Company") for expired Stock Options held by remaining Option Holders immediately prior to the date that the said Reorganization takes effect (the date of the registration of incorporation in the case of consolidation-type reorganization. The same applies hereafter), and that the exchange of Stock Options shall take place under the following conditions provided they are set out in the agreement or plan of the Reorganization.

- a) The number of Stock Options to be issued by the Reorganized Company

The same number of Stock Options shall be issued as the number of Stock Options held by the remaining Option Holders.

- b) Number and type of shares that can be acquired by exercise of Stock Options, and calculation method  
The type of shares that can be acquired by exercise of the Stock Options is common stock in the Reorganized Company. The number of shares that can be acquired by exercise of Stock Options shall be calculated by the number of shares that can be acquired by exercise of Stock Options on the day before the Reorganization takes effect multiplied by the merger ratio, or the share exchange/share transfer ratio with the appropriate adjustments, to be adjusted by the method set out in (1) above after the date that the Reorganization takes effect.
- c) Amount of moneys contributed in the exercise of the Stock Options, and calculation method  
The amount shall be calculated as the Exercise Price of the Stock Options on the day before the date that the Reorganization takes effect, with the appropriate adjustments, to be adjusted by the method set out in (4) above after the date that the Reorganization takes effect.
- d) Exercise Period  
The Exercise Period of the Stock Options shall run from the first day of the Exercise Period or the date that the Reorganization takes effect, whichever is later, until the end of the Exercise Period.
- e) Conditions on the exercise of Stock Options  
The conditions on the exercise of Stock Options shall conform to those set out in (6) above.
- f) Matters related to the increase in legal capital and legal capital reserves associated with the issuance of shares arising from the exercise of Stock Options  
Matters related to the increase in legal capital and legal capital reserves associated with the issuance of shares arising from the exercise of Stock Options shall conform to those set out in (7) above.
- g) Restrictions on acquisition of Stock Options by transfer  
The acquisition of Stock Options by transfer shall require approval by the Reorganized Company.
- h) Reasons for acquisition of Stock Options by the Reorganized Company  
Reasons for the acquisition of Stock Options by the Reorganized Company shall conform to those set out in (9) above.

(11) Treatment of units of less than one share to be issued when Stock Options are exercised

Units of less than one share shall be discarded from the total number of shares issued to the Option Holders at the time of exercise.



Audit Report on Consolidated Financial Statements

**Independent Auditor's Report**

February 15, 2016

The Board of Directors  
Cookpad Inc.

KPMG AZSA LLC

Mamoru Yamamoto (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Takaaki Kurisu (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Tomomichi Sakai (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes of Cookpad Inc. as at December 31, 2015 and for the year from January 1, 2015 to December 31, 2015 in accordance with Article 444-4 of the Companies Act.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in

the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Cookpad Inc. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

**Independent Auditor's Report**

February 15, 2016

The Board of Directors  
Cookpad Inc.

KPMG AZSA LLC

Mamoru Yamamoto (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Takaaki Kurisu (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Tomomichi Sakai (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of Cookpad Inc. as at December 31, 2015 and for the year from January 1, 2015 to December 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

**Management's Responsibility for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while

the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

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

### **Opinion**

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Cookpad Inc. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

### **Audit Report**

We, the Audit Committee, audited the execution of duties by Directors and Executive Officers during the 19th fiscal year (from January 1, 2015 to December 31, 2015), and hereby report on the method and results of the audit as follows.

#### **1. Method and Content of the Audit**

We periodically received reports from Directors, Executive Officers and employees, etc., requested explanations as necessary, and expressed opinions, regarding the development and operation of internal control systems that were organized based on decisions by the Board of Directors in relation to matters set forth in Article 416, Paragraph 1, Item 1(b) through 1(e) of the Companies Act, and performed the audit using the following methods.

- (i) In accordance with auditing policies and assignment of duties, etc. established by the Audit Committee, and in cooperation with the internal auditing division, we attended significant meetings, received reports on matters regarding the execution of duties from Directors and Executive Officers, etc., obtained explanations thereof as necessary, viewed documents concerning important decisions, and investigated the conditions of operations and assets. Regarding the Company's subsidiaries, we received reports on their business as necessary and investigated their overall operation.
- (ii) We monitored and verified that the Accounting Auditor remained independent and performed audits appropriately, received reports from the Accounting Auditor on the execution of its duties and requested explanations as necessary. We were also notified that a "system for ensuring the proper execution of duties" (as per Article 131 of the Corporate Accounting Rules) was organized in accordance with "Quality Control Standards for Auditing" (October 28, 2005, Business Accounting Council), and requested explanations as necessary.

Using the aforementioned method, we examined the business report and its supplementary statements, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statements of operations, non-consolidated statement of changes in net assets, and notes thereto) and their supplementary statements, and the consolidated financial statements (consolidated statement of financial position, consolidated statements of operations, consolidated statement of changes in equity, and notes thereto) for this fiscal year under review.

#### **2. Results of the Audit**

(1) Audit Results of business report, etc.

- (i) We confirm that the business report and its supplementary statements fairly represent the condition of the Company and are in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.

(ii) We confirm that, with respect to the execution of duties by Directors and Executive Officers, there are no fraudulent acts, or material facts that violate applicable laws and regulations or the Articles of Incorporation.

(iii) We confirm that the decisions made by the Board of Directors with regard to internal control systems are proper. We recognize that there is nothing to be noted with respect to the description of those internal control systems in the business reports and the execution of duties by Directors and Executive Officers.

(2) Audit Result of non-consolidated financial statements and their supplementary statements.

We confirm that the methods and the results of the audit by KPMG AZSA LLC, the Accounting Auditor of the Company, are appropriate.

(3) Audit Result of consolidated financial statements

We confirm that the methods and the results of the audit by KPMG AZSA LLC, the Accounting Auditor of the Company, are appropriate.

### **3. Supplemental Opinion by Audit Committee Member Masakazu Iwakura**

In addition to the above audit opinion on which agreement was reached by all members of the Audit Committee, I state my opinion as a member of the Audit Committee on the fact that, as a material subsequent event occurring after but immediately subsequent to the end of this fiscal year, Director Akimitsu Sano, with 3 other shareholders, sent a shareholder's proposal to the Company as of January 8, 2016, and on matters relevant to such fact which occurred during this fiscal year.

This proposal included descriptions contrary to the objective facts, stating in its "reason for proposal" that "some Director(s) are causing unnecessary rifts and confusion in the Company by suddenly establishing a so-called "Special Committee", misusing professional opinions obtained by unnecessarily spending large sums of money and issuing a so-called Recommendation Letter pretending to be fair and neutral to justify their current management," and proposed to replace all Director candidates except Director Sano who were originally scheduled by the Company's Nominating Committee on October 30, 2015 to be elected at the 12th Annual General Meeting of Shareholders, and to instead nominate Director Sano and 7 other candidates listed in such proposal as the Company's candidates for Directors. (Please note that this shareholder's proposal was withdrawn by Director Sano and the 3 other shareholders as of February 12, 2016 and Director Sano acknowledged to the Company's Outside Directors at the Company's Nominating Committee held on the same day and the Company's Board of Directors' meeting held immediately thereafter that the above description in the "reason for proposal" was contrary to the objective facts.) Director Sano also refused without reasonable reason, when questioned by the Company's Outside Directors at the Company's Nominating Committee held on January 15, 2016, to provide any explanation on the shareholder's proposal (in particular, on the "reason for proposal" that was contrary to the objective facts). Furthermore, he engaged outside legal counsel and proceeded with preparations for a proxy fight regarding the proposal to elect Directors at the abovementioned General Meeting of Shareholders.

The factual background in question was as follows. In response to an allegation originally made by Director Sano that the business execution by the executives of the Company then in charge was detrimental to the Company's interests, the Company, for the purpose of contributing to the maximization of the corporate value of the Company and due protection of the interests of the minor shareholders of the Company, at its Board of Directors' meeting held on November 27, 2015, established a Special Committee comprised of 5 Outside Directors of the Company and retained third-party financial and legal advisers who were independent from the Company, and asked the Committee to prudently examine and study whether the business plan proposed by Director Sano or the business plan being pursued by the executives then in charge (which had until that point enjoyed the approval of all Directors including Director Sano) was best suited for the above purposes. On December 18, 2015, the Special Committee submitted a Recommendation Letter to the Board of Directors to the effect that pursuing the business plan of the executives then in charge was more suitable for the maximization of the corporate value of the Company and the due protection of the interests of the minor shareholders. The Board of Directors, in turn, passed a resolution in favor of the Recommendation Letter. (Please note that Director Sano attended that meeting of the Board of Directors and, although he did not participate in the resolution along with Representative Executive Officer Yoshiteru Akita because they were considered Directors with special interests in the matter requiring resolution, he expressed to the Board of Directors at such meeting after the resolution was passed that he agreed with the Recommendation Letter.)

However, Director Sano submitted a shareholder's proposal and attempted, by means of a proxy fight, to overthrow the Company's management who were operating on the basis of the executives' business plan that the Company had resolved to pursue at the Board of Directors' meeting held on December 18, 2015. In other words, Director Sano attempted to reject the Recommendation Letter of the Special Committee, the contents of which had been approved by the Board of Directors of the Company, composed for the purpose of maximizing the corporate value of the Company and duly protecting the interests of minor shareholders and prudently studied and examined by the Special Committee, by placing priority on his position as a shareholder of the Company before his position as a Director of the Company. Director Sano, by taking the advantage of his voting rights holdings of 43.581% of the total number of voting rights held by all shareholders of the Company, attempted this by submitting the shareholders' proposal and the proxy fight as stated above, and these acts by Director Sano can only be considered to be inappropriate.

Then, on February 5, 2015, Director Sano and the current executives agreed to "unify" the Director candidates to be proposed at this 12th Annual General Meeting of Shareholders scheduled to be held in March this year by amending the maximum number of Directors set forth in the Company's Articles of Incorporation from the current 8 Directors to 9 Directors, 6 Directors of which were to be nominated as candidates based on the shareholders' proposal made by other 3 shareholders including Director Sano and 3 of which were to be nominated as candidates from

among the current Directors. At the meeting of the Nomination Committee of the Company held on the 12th of the same month, Director Sano and the current executives requested the Nomination Committee to nominate these 9 candidates as the Director candidates as had been agreed between them by changing the candidates originally planned to be proposed, on the premise that Director Sano and others would withdraw their shareholders' proposal as set out above. (Please note that Director Sano and the others then withdrew their shareholders' proposal on that day as described above.) As a result, at the Nomination Committee meeting held on the on the same day, the Nomination Committee changed the originally planned Director candidates and, on the 12th of the same month, passed a resolution to nominate Director candidates in line with the above agreement. Accordingly, a proposal to elect the Director candidates determined by that resolution is to be proposed as the Company's proposal at this Annual General Meeting of Shareholders. (It should be noted that at the Nomination Committee held on that day, the member of the Audit Committee who submitted this supplemental opinion voted against the proposal which is contrary to the originally planned Director candidates, and did not cast a vote regarding election of Director Sano as a Director candidate.

Based on the foregoing factual background, I feel compelled to make the following remarks. First, regarding the behavior of Director Sano, he lacked any reasonable reason to contradict the abovementioned Recommendation Letter by the Company's Special Committee and the resolution passed by the Board of Directors in favor thereof, and then refused to make any explanation when asked by Outside Directors at the Company's Nominating Committee to explain the details of the above shareholder's proposal that contained descriptions contrary to the objective facts. Using his position as a shareholder with voting rights comprising 43.581% of the total number of voting rights held by all shareholders of the Company, he deviated from his position as Director of the Company and by taking advantage of such holdings, He attempted to change the Company's management by entering into the above agreement with the executives then in charge in order to render meaningless the above resolution of the Board of Directors passed on December 18, 2015 and to have his business plan, which had not been adopted by such resolution, accepted. Although it cannot be said that such actions by Director Sano breach the duty of care of prudent management owed by Directors, considering the aim of the above resolution of the Board of Directors, such actions threaten to go against maximizing the corporate value of the Company and duly protecting the interests of minority shareholders. Therefore, I feel compelled to point out that such actions, including the way they were performed, were not appropriate. (I also note that, if it could be said that Directors in Japan owe a so-called "fiduciary duty" towards shareholders under the laws of Japan, I believe that Director Sano's actions may have breached such fiduciary duty.)

Then, regarding the executives, firstly, it was at the very least obvious that the series of actions by Director Sano as stated above would significantly affect the judgment of shareholders and investors when taking into account his shareholding ratio. However, the executives did not make appropriate and timely disclosure of that fact even when the executives were requested to do



so by an Outside Director, and I feel compelled to point out that the disclosure made by the executives was incomplete in scope and was not timely, and thus was inappropriate. Secondly, the executives concluded an agreement with Director Sano to an effect that contradicted the resolution of the Board of Directors passed at its meeting held on December 18, 2015 because, due to Director Sano holding 43.581% of voting rights of the total number of voting rights held by all shareholders of the Company, they feared losing against him in the proxy fight that he was preparing to make at this 12th Annual General Meeting of Shareholders, and I feel compelled to point out that such act by the executives in concluding such an agreement can hardly be described as unquestionable. However, both of the above questionable acts by the current executives can be considered to have been undertaken out of concern for the potential deterioration of the creditworthiness or possible damage to the brand of the Company had the proxy fight at this Annual General Meeting of Shareholders eventuated, given that Director Sano holds 43.581% of voting rights of the total number of voting rights held by all shareholders of the Company. Also, although it can be considered possible to criticize the current executives from the point of view that such a decision should have been made after hearing the opinions of other minor shareholders at this Annual General Meeting of Shareholders, it can be considered that this is not something which I am able to criticize unilaterally, and I believe that the current executives' decision should be regarded as marginally falling short of exceeding the scope of the reasonable management discretion allowed under the principle of management decision.

I hereby submit this supplemental opinion, and add that I am in agreement with the other members of the Audit Committee with respect to the main text of the opinion of the Committee set forth above.

February 19, 2016

Audit Committee

Cookpad Inc.

Audit Committee Chairman      Hiroyuki Yamada      (Seal)

(Outside Director)

Audit Committee Member      Kenji Kumasaka      (Seal)

(Outside Director)

Audit Committee Member      Masaaki Shintaku      (Seal)

(Outside Director)

Audit Committee Member      Masakazu Iwakura      (Seal)

(Outside Director)

Audit Committee Member      Kiyohiko Nishimura      (Seal)

(Outside Director)