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(Stock Exchange Code 2428)

August 31, 2021

**To Shareholders with Voting Rights:**

Kazuhiro Miyazawa  
President and Representative Director

WELLNET CORPORATION  
1-3-1 Toranomom, Minato-ku, Tokyo,  
Japan

**NOTICE OF  
THE 39TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We are pleased to announce that the 39th Annual General Meeting of Shareholders of WELLNET CORPORATION (the "Company") will be held as described below.

Recently, preventing the spread of the novel coronavirus disease (COVID-19) has become a social issue, and after careful consideration of this situation, we have decided to hold this General Meeting of Shareholders after implementing appropriate measures to prevent infection, the same as the previous year.

As we place the highest priority on the safety and security of all our shareholders, we strongly recommend that you refrain from traveling to the venue on the day of the meeting and exercise your voting rights in advance via the Internet or in writing if at all possible.

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. on Tuesday, September 21, 2021, Japan time.

- 1. Date and Time:** Wednesday, September 22, 2021 at 2:00 p.m. Japan time  
Reception opens at 1:00 p.m.  
\* The Management Briefing Session, which has been held in previous years before the General Meeting of Shareholders, will also not be held this year.
- 2. Place:** Conference, 4th Floor, TOKYO TORANOMON GLOBAL SQUARE located at 1-3-1 Toranomom, Minato-ku, Tokyo, Japan  
As in the previous year, we will have significantly fewer chairs at this year's meeting because we will need to space them out to help prevent the spread of COVID-19. As a result, it is possible that not everyone who comes to the meeting will be able to enter the venue. We appreciate your understanding.
- 3. Meeting Agenda:**
  - Matter to be reported:** The Business Report and Financial Statements for the Company's 39th Fiscal Year (July 1, 2020 - June 30, 2021)
  - Proposals to be resolved:**
    - Proposal 1:** Partial Amendments to the Articles of Incorporation
    - Proposal 2:** Election of Three (3) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
    - Proposal 3:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members
    - Proposal 4:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member
- 4. Guidance for Exercising Voting Rights:**  
Please refer to [Guidance for Exercising Voting Rights] on page 3.

<Requests to Shareholders>

- We may revise the measures outlined above depending on the situation regarding the spread of the virus and announcements by the government or other institutions ahead of the General Meeting of Shareholders. We would therefore ask that you check for information regarding this on the Company's website (<https://www.well-net.jp/ir/>) (Japanese only).
- Exercise of voting rights with Voting Rights Exercise Form carries the risk of infection due to the process to return it and the work to tally the votes. Accordingly, we ask you to exercise voting rights via the Internet if at all possible when exercising voting rights prior to the meeting.
- We will provide liquid hand disinfectant for our shareholders near the reception of the venue. (We ask that shareholders attending the meeting bring and wear masks.)
- Body-temperature checks will be administered close to the venue's entrance, and persons who are recognized as having a fever, appear to be in poor health, or have returned from overseas to Japan within the past 14 days may be refused admission and asked to return home. Additionally, shareholders who have returned from overseas to Japan within the past 14 days are asked to declare so at the reception.
- Staff members at the General Meeting of Shareholders will also be wearing masks and have their temperature and health checked.
- Detailed explanations of the matter to be reported (including the audit report) and proposal will be omitted at this General Meeting of Shareholders to shorten the meeting's duration, from the perspective of preventing the spread of COVID-19.

<Other points to note>

- Reception is scheduled to open at 1:00 p.m. on the day of the meeting.
- We decided to discontinue distribution of gifts to shareholders, who attend the General Meeting of Shareholders, from the 33rd Annual General Meeting of Shareholders. We would like to ask for your kind understanding.
- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Based on the provisions of the relevant laws and the Company's Articles of Incorporation, the provided documents noted below are posted on the Company's website (<https://www.well-net.jp/ir/>) (Japanese only), and are therefore not included in the documents provided with this convocation notice.
  - Status of Stock Acquisition Rights
  - System to Ensure Appropriateness of Operations
  - Overview of Operational Status of System to Ensure Appropriateness of Operations
  - Statement of Changes in Equity
  - Notes to Financial StatementsAccordingly, the documents provided here comprise a portion of the Financial Statements audited by the accounting auditor when preparing the accounting audit report and a portion of the Business Report and Financial Statements audited by the Audit and Supervisory Committee when preparing the audit report.
- If there are revisions to the Reference Documents for the General Meeting of Shareholders, Business Report or Financial Statements, the revised information will be announced and posted on the Company's website (<https://www.well-net.jp/ir/>) (Japanese only).
- The Company, at the Board of Directors' meeting held on August 17, 2021, passed a resolution to pay a dividend of surplus with a payout ratio of 50% and a commemorative dividend for the completion of the new Sapporo Office of ¥5 (¥15.47 per share), with starting date of payment of September 24, 2021.

## [Guidance for Exercising Voting Rights]

### 1. Exercising Voting Rights in Writing

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 6:00 p.m. on Tuesday, September 21, 2021, Japan time.

### 2. Exercising Voting Rights via the Internet

#### (1) Instructions for exercising voting rights via PC or mobile phone

- 1) On the website for exercising voting rights (<https://evote.tr.mufg.jp/>), please use the login ID and temporary password indicated on the enclosed Voting Rights Exercise Form, and enter your votes for the proposals according to the instructions on the screen.
- 2) To prevent illegal access to the voting system by a person other than the shareholder (impersonation) as well as to avoid falsification of voting data, you will be asked to change your temporary password on the site for exercising voting rights.
- 3) The login ID and temporary password given are only effective for this General Meeting of Shareholders.

#### (2) Exercising voting rights via smartphone

- 1) By scanning the QR code® indicated on the enclosed Voting Rights Exercise Form with smartphone, you will be automatically connected to the website for exercising voting rights where you can exercise your voting rights.  
(You do not need to enter your login ID and temporary password.)
- 2) From the perspective of security, exercising voting rights by using the QR code is available only once. When scanning the QR code for the second and subsequent times, you will need to enter your login ID and temporary password.
- 3) You may not be able to log in with the QR code depending on your smartphone. If you are unable to log in with the QR code, please exercise your voting rights after reading the “2. (1) Instructions for exercising voting rights via PC or mobile phone” above.  
\*QR Code is registered trademarks of DENSO WAVE INCORPORATED.

#### (3) About the website for exercising voting rights

- 1) You may not be able to exercise your voting rights through your PC or smartphone depending on the network environment for your Internet connection, for example, if the firewall is set for the Internet connection, if any anti-virus software is installed, if a proxy server is used, or if TLS encryption is not used.
- 2) When exercising your voting rights through your mobile phone, please use either i-mode, EZweb or Yahoo! Keitai service. Please note that, for security reasons, the voting system does not support a model without TLS encrypted communication or incapable of sending mobile phone data.
- 3) Exercise of voting rights via the Internet will be accepted until 6:00 p.m. on Tuesday, September 21, 2021, Japan time. Please exercise your voting rights at your earliest convenience. If there are any questions, please contact the Help Desk.
- 4) The costs incurred for the access to the website for exercising voting rights (such as Internet connection charge and phone charge) shall be borne by the shareholder. Packet communication and other fees are charged for the usage of smartphone or mobile phone, which shall also be borne by the shareholder.

#### (4) Handling of voting rights exercised in duplicate

- 1) If you exercise your voting rights in duplicate in writing and via the Internet, your vote via the Internet will be treated as valid.
- 2) If you exercise your voting rights more than once via the Internet, your last vote will be treated as valid. If you exercise your voting rights multiple times through PC, smartphone or mobile phone, your last vote will be treated as valid.

#### (5) Inquiries regarding exercise of voting rights via the Internet

If you have any questions regarding the exercise of voting rights via the Internet, please contact the Help Desk below.

Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Division (Help Desk)  
Tel: 0120-173-027 (Business hours: 9:00 a.m. to 9:00 p.m.; toll free) (within Japan only)

(Provided document)

# Business Report

(From July 1, 2020 to June 30, 2021)

## 1. Items Regarding Current Status of the Company

### (1) Status of business during the fiscal year ended June 30, 2021

#### 1) Progress and results of business

During the fiscal year under review, the Japanese economy showed signs of gradual recovery from the economic downturn caused by the COVID-19 pandemic, which had been continuing since the previous fiscal year. However, the second, third, and fourth waves of infection emerged in succession. With the repeated issuance of the state of emergency and semi-state of emergency coronavirus measures, the economy was impacted by the government's request to refrain from going out, temporary closures, and other measures. Although the number of people being vaccinated is rising, the outlook on when the pandemic will subside and the future of the economy remains uncertain.

In the non-face-to-face settlement market, the Company's business domain, the demand for travel in Japan has plummeted, and the impact on transportation-related businesses such as airlines, buses, and railroads has been devastating. Despite our efforts to reduce expenses and other costs and to develop new services, the Company's business performance remains in a difficult situation.

At the same time, DX (Digital Transformation) is being actively promoted in a wide variety of industries and business categories, and the awareness and consumption behaviors of individual consumers are also changing. In this context, the provision of services and purchase of products through non-face-to-face and non-contact means is increasing, and IT is playing an increasingly important role in society. In the midst of this paradigm shift, we have been supporting the promotion of services for consumers from the operator's side as a product provider, such as the priority measures "Response to the age of electronic money" and "Promotion of Bus IT Promotion Solution Project," with "paperless" and "cashless" as keywords. In this context, we have been working to provide a fintech platform that is closely connected to people's lives.

As a result of these business activities, for the fiscal year ended June 30, 2021, the Company reported net sales of ¥8,842 million (down 5.7% year on year), operating profit of ¥567 million (down 30.6% year on year), ordinary profit of ¥666 million (down 19.4% year on year), and profit of ¥393 million (down 20.3% year on year).

#### 2) Status of capital investment

The total amount of capital investment conducted by the Company during the fiscal year ended June 30, 2021 was ¥2,573 million and the Company invested in mainly the construction cost of new Sapporo Office.

#### 3) Status of fund procurement

As an installment of the ¥2,000 million in borrowings from North Pacific Bank, Ltd. required for the construction of the new Sapporo Office, completed in June 2021, the Company took out bank loans of ¥1,260 million during the fiscal year.

### (2) Issues to be addressed

The non-face-to-face settlement market, the Company's business domain, is expected to become increasingly electronic in the future. In payments, we have developed and released *Shiharai-Hisho*, which connects payment objects and payments via smartphone. At the same time, we are promoting the expansion of content platforms for payments and more, through in-house development and in collaboration with cloud services of other companies.

We are now experiencing extremely dramatic changes in the business environment during the COVID-19 pandemic. As we have no choice but to decide that now is not the appropriate time to put forth a new management plan, we will decide as appropriate on the release of the plan while closely following future developments.

#### A. Current status of “Smartphone payment service,” *Shiharai-Hisho*

The *Shiharai-Hisho* service connecting bank accounts and payment objects via smartphone has already been introduced in the electric power companies of Kansai, Kyushu, Hokkaido, Tohoku, Shikoku, Hokuriku, Chubu, and Chugoku. Chubu Electric Power Co., Inc. was the first company in the electric power industry to commence SMS (short message service) based electronic invoicing of electricity bills in April 2020, and we believe that electronic invoicing will continue to accelerate.

In addition, the number of local taxation and public utility charges payments that can be made using the *Shiharai-Hisho* service is increasing, especially in areas where there are many affiliated banks. With the smartphone app *Bus Mori!* that we have promoted, the number of routes on which customers can pay for tickets and passes using the *Shiharai-Hisho* service is also increasing. In February 2021, we released *ekaiin.com*, a membership management system that enables electronic billing and payment of various expenses using the *Shiharai-Hisho* service and credit cards in the area of membership management, which has not been digitized in the past. We are also working on the development of new and enhanced functions for *Shiharai-Hisho*, which will enable safe and secure non-stop payment, a step up from the current one-stop payment system.

In June this year, we announced a business alliance with Sony Payment Services Inc., a Sony Group company, in the settlement agency business, and we have started to expand sales of *Shiharai-Hisho* utilizing the know-how of both companies.

On the other hand, we have completed alliances with 36 banks, including Sumitomo Mitsui Banking Corporation and Japan Post Bank Co., Ltd. However, after a series of large-scale incidents of unauthorized use of fund transfer agent accounts connected with several banks, the Company has frozen the use of some of these banks and is working to resume operations with them after implementing security measures related to identity verification. As of the end of July 2021, the number of available banks has recovered to 12, and we will continue our efforts to increase this number.

#### B. Current status of Bus IT Promotion Project

Launched in August 2016, *Bus Mori!* has been expanded to handle more than 330 routes, including smartphone tickets, smartphone coupon tickets, smartphone commuter passes, and smartphone free passes. Despite the decline in demand due to the COVID-19 pandemic, we have been able to capture a certain level of demand for smartphone commuter tickets and coupon tickets, which are often used for daily routes. In this environment, the Company is promoting the development and provision of *ALTAIR*, a MaaS cloud service for the public transportation industry. *ALTAIR* is an all-in-one ticket sales system that aims to automate a series of operations, from bus seat inventory management, reservation and purchase acceptance, ticket issuance and lifecycle management, to sales information aggregation and inter-operator settlement processing. *DohNa!!*, a MaaS service that allows enables inter-boarding of Hakodate’s trams, buses and railroads launched in January 2020. Since then, the use of the service has been expanded to include excursion tickets, and the service will be introduced in the Sendai City MaaS project in October 2021. *Bus Mori!* and *ALTAIR*, non-contact services that enable passengers to avoid person-to-person contact at sales windows, are showing promise as countermeasures against the spread of COVID-19 infection. We will continue to develop these services going forward as a “total cloud service” to promote DX in the transportation industry.

#### C. Current status of WELLNET’s “key product,” Multi Payment Services

Multi Payment Services are expected to have the potential to grow in the area of non-face-to-face payments. Various operators have been adopting the Company’s payment services for over 30 years, and the company will continue to meet the needs of businesses as we shift to settlement with smartphones at the core.

#### D. Activities contributing to local communities and SDGs

As part of our social contribution, we are providing support to many students through our WELLNET Scholarship, established to help financially struggling students at colleges of technology in Hokkaido. Many letters of gratitude were received from these students, which motivated our employees. Although many students across Japan were affected by COVID-19 in the fiscal year 2020, there were no students who dropped out due to financial difficulties at the four colleges of technology in Hokkaido as a result of our support. We will continue with these activities.

In addition, Sapporo City aims to become a sustainable city with a good living environment based on the revised Building Energy Conservation Law, and has established the Comprehensive Assessment System for Building Environmental Efficiency in Sapporo (CASBEE Sapporo) with the aim of spreading and promoting environmentally efficient buildings. Our new Sapporo head office, which was completed in June 2021, has already received the A rank under CASBEE Sapporo.

Furthermore, with the completion of the new Sapporo head office, we are aiming to obtain the platinum rank of WELL certification through office design and operation that consider the health and working

environment of our employees. The WELL Certification is an initiative that began in 2014 in the U.S. to evaluate and certify spaces including buildings and offices from the standpoint of human health. It is a cutting edge initiative in Japan, with only a few certifications awarded. This initiative represents an investment in the Company's most important asset, our employees, and we also believe that it will lead to increased corporate value in the form of increased productivity, and workstyle reforms.

#### E. Performance forecast and shareholder returns

As to earnings forecasts, the Company expects net sales of ¥9,600 million (up 8.6% year on year), operating profit of ¥730 million (up 28.6% year on year), ordinary profit of ¥730 million (up 9.5% year on year), and profit of ¥500 million (up 26.9% year on year).

We predict that the impact of COVID-19 will remain for a certain period of time, but shall gradually recover. We do not predict extraordinary losses pertaining to the handling of the previous Sapporo Office or the valuation of investment securities. If any of these impacts materialize, contrary to the Company's forecast, we will disclose them promptly.

Meanwhile, out of consideration for our shareholders, we plan for the dividend payout ratio to continue to be 50% or more.

Based on our long-term vision, we will continue to work together to improve the Company's corporate value, and we ask for the continued support and encouragement of our shareholders.

# Reference Documents for the General Meeting of Shareholders

## Proposal 1: Partial Amendments to the Articles of Incorporation

As initiatives for proactive IT personnel acquisition, increased operational efficiency, and SDGs, the Company progressed with the construction of a new Sapporo Office. The new office is environmentally conscious, with energy conservation, resource conservation and greenery, and at the new office, cutting edge initiatives are carried out, such as aiming to obtain the highest rank of Platinum for the U.S.-originated WELL Certification, which is given to companies that pass inspections concerning health promotion for employees, a superior work environment, etc. From July 1, 2021, the Company began operations at the “Sapporo head office,” which was completed under the concept of “under one roof,” and decided to relocate the head office. Consequently, this proposal is to change the location of the head office stipulated in Article 3 of the current Articles of Incorporation from Minato-ku, Tokyo to Sapporo City, Hokkaido.

Effective date for the amendment of location of head office  
December 1, 2021

Description of amendments  
Description of amendments is as follows:

(Amended parts are underlined.)

| Current Articles of Incorporation   | Proposed amendments   |
|---|---|
| (Location of the Head Office)<br>Article 3. The head office of the Company shall be located at <u>Minato-ku, Tokyo</u> , Japan. | (Location of the Head Office)<br>Article 3. The head office of the Company shall be located at <u>Sapporo City, Hokkaido</u> , Japan. |

**Proposal 2:** Election of Three (3) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of two (2) Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) (Messrs. Kazuhiro Miyazawa and Masaaki Uchiyama) will expire at the conclusion of this meeting.

Accordingly, the Company proposes the election of three (3) Directors.

Further, this proposal has been reviewed by the Audit and Supervisory Committee of the Company, and the opinion has been received that all candidates for Director would be appropriate as a Director of the Company. The candidates for Directors are as follows:

| No. | Name<br>(Date of birth)   | Past experience, positions, responsibilities<br>and significant concurrent positions |   |  |
|-----|---|--|---|--|
| 1   | Kazuhiro Miyazawa<br>(February 24, 1960)<br><br>Reappointed   | March 1983   | Joined TOYO KEIKI CO., LTD.   | Number of shares of the<br>Company held<br>499,253<br><br>Attendance at the Board<br>of Directors' meetings:<br>15/15<br><br>Attendance at the<br>voluntary Remuneration<br>Advisory Committee:<br>3/3 |
|     |   | March 1996   | Joined ICHITAKA TAKAHASHI CO., LTD.<br>(currently ICHITAKA Gas One Co., Ltd.)                         |  |
|     |   | September 1996   | Director, General Manager of Sales Division of the<br>Company   |  |
|     |   | September 2009   | President and Representative Director of the Company<br>(to present)                                  |  |
|     | [Reason for nomination as a candidate for Director]<br>Mr. Kazuhiro Miyazawa served as Director, General Manager of Sales Division of the Company from September 1996 and designed, promoted and expanded the Company's service scheme. In addition, after his appointment as President and Representative Director in September 2009, he has been making appropriate management decisions. The Company has appointed Mr. Miyazawa as a candidate for Director as it is expected that he will continue to lead the Company overall with his strong leadership.  |  |   |  |
| 2   | Tatsuya Kato<br>(February 1, 1965)<br><br>Newly appointed   | April 1988   | Joined The Sumitomo Bank, Limited (currently<br>Sumitomo Mitsui Banking Corporation)                  | Number of shares of the<br>Company held<br>-   |
|     |   | April 2009   | Seconded to Sumitomo Mitsui Banking Corporation<br>(China) Limited (Shanghai)                         |  |
|     |   | April 2013   | General Manager of Transaction Banking Department<br>of Sumitomo Mitsui Banking Corporation Limited   |  |
|     |   | April 2017   | General Manager of Global Transaction Banking<br>Department of Sumitomo Mitsui Banking<br>Corporation |  |
|     |   | April 2020   | General Manager of Transaction Banking Department<br>of Sumitomo Mitsui Banking Corporation           |  |
|     |   | April 2021   | Executive Officer and Head of President's Office of<br>the Company (to present)                       |  |
|     |   | July 2021  | General Manager of Settlement Innovation Promotion<br>Department of the Company (to present)          |  |
|     | [Reason for nomination as a candidate for Director]<br>Mr. Tatsuya Kato has experience in a wide range of areas, such as the planning and development of settlement services for large companies, establishment of a company for the planning, development and operation of software and escrow operations, and the introduction of cash management service development into over 100 companies. Furthermore, he contributed to various financial services both in Japan and abroad, such as supporting the advancement of Japanese companies in Shanghai, planning, developing and promoting global pooling systems, and establishing a global fund management policy. The Company has appointed Mr. Kato as a candidate for Director as he has achievements in the Company with regard to capital alliance supervision, the joint development of Cash Transfer Service to the Bank Account, etc., and can be expected to contribute to business decisions and sales strategies. |  |   |  |



| No. | Name<br>(Date of birth)   | Past experience, positions, responsibilities<br>and significant concurrent positions   |  |
|-----|---|--|--|
| 3   | Shinji Munaoka<br>(September 14, 1961)<br><br>Newly appointed   | April 1985      Joined ITOCHU Techno-Science Corporation<br>January 1991    Joined Visa International<br>June 1997        Joined NTT Leasing Co., Ltd<br>October 2000    Joined Global Processing Support Co., Ltd.<br>October 2002    Joined First Data Japan Co., Ltd.<br>March 2005      Joined POCKET CARD CO., LTD. as Head of<br>Alliance Office, Sales Development Department<br>March 2012      General Manager of Sales Operations Department of<br>POCKET CARD CO., LTD.<br>April 2014        General Manager of Information System Department<br>of POCKET CARD CO., LTD. | Number of shares of the<br>Company held<br>- |
|     | <p>[Reason for nomination as a candidate for Director]<br/>           Mr. Shinji Munaoka has a wealth of expertise in infrastructure and networking, has carried out system development, management and operation for various companies, and has a lot of experience as a project leader, such as constructing an overall system for project operation. In the field of cybersecurity, he participated in Cabinet Office cyber-related study panels as a member, and contributed to activities as the leading person for cybersecurity in the credit card industry and the establishment of new business models that impact social infrastructure. The Company has appointed Mr. Munaoka as a candidate for Director as he can be expected to contribute to system development in the Company's fintech business.</p> |  |  |

(Notes)

1. There are no special interests between candidates for Directors and the Company.
2. "Number of shares of the Company held" refers to the number of shares held as of June 30, 2021.
3. In addition to the number of the Board of Directors' meetings above, there were 11 omissions of resolutions of the Board of Directors deemed passed in accordance with the provisions of Article 370 of the Companies Act and Article 27 of the Company's Articles of Incorporation.
4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. This insurance policy covers damages and litigation costs, incurred by the insureds in relation to claims for damages brought against them by shareholders or third parties based on an act (including illegal acts) engaged by them while acting in the capacity as an officer of the Company. All Directors are the insureds under this insurance policy. If the reappointment of a candidate for Director Mr. Kazuhiro Miyazawa is approved, he will continue to be included as an insured under this insurance policy. Furthermore, if the election of candidates for Director Messrs. Tatsuya Kato and Shinji Munaoka is approved, they will both be included as insureds under this insurance policy.

**Proposal 3:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

The terms of office of all three (3) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this meeting.

Accordingly, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members (part-time).

The consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

| No.  | Name<br>(Date of birth)                                 | Past experience, positions, responsibilities<br>and significant concurrent positions  |  |
|--|---|---|--|
| 1  | Takashi Hanazawa<br>(May 9, 1951)<br><br>Reappointed    | April 1976<br><br>June 2007<br><br>September 2007<br><br>June 2010<br><br>June 2015<br><br>September 2017   | Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)<br>Director, General Manager of Research Planning Department of Nippon Telegraph and Telephone Corporation<br>Executive Vice President and Representative Director of NTT Advanced Technology Corporation<br>President & CEO of NTT Advanced Technology Corporation<br>Director and Senior Advisor of NTT Advanced Technology Corporation<br>Outside Director and Audit and Supervisory Committee Member of the Company (to present)<br><br>(Significant concurrent positions outside the Company)<br>Outside Director of HONDA TSUSHIN KOGYO CO., LTD.  |
|  |   | Number of shares of the Company held<br>4,995<br><br>Attendance at the Board of Directors' meetings:<br>15/15<br><br>Attendance at the Audit and Supervisory Committee meetings:<br>15/15 |  |
| <p>[Reason for nomination as a candidate for Outside Director]<br/>                     Mr. Takashi Hanazawa has for many years been involved in research and development primarily in the network technology field at Nippon Telegraph and Telephone Corporation. Having served in managerial positions including General Manager of Research Planning Department of Nippon Telegraph and Telephone Corporation and President &amp; CEO of NTT Advanced Technology Corporation, he is also equipped with the insight and the abundant experience of a corporate manager. Additionally, since his appointment as Outside Director of the Company in 2017, he has provided much pertinent guidance and advice as a manager with knowledge regarding systems at the Board of Directors' meetings, and has been strengthening the system development and business operations of the Company. In addition to the above, he is expected to be capable of making fair and highly transparent management decisions. Therefore, the Company has appointed Mr. Hanazawa as a candidate for Outside Director (Audit and Supervisory Committee Member).</p> |   |   |  |
| 2  | Ryuzo Yokouchi<br>(July 7, 1944)<br><br>Newly appointed | April 1967<br>April 1977<br><br>December 1994<br><br>March 1996<br><br>October 2000<br><br>October 2004<br><br>June 2006<br>April 2012<br>April 2018<br>June 2020                         | Joined the Bank of Japan<br>Assigned to Representative Office in Frankfurt of Bank of Japan<br>Director-General of Information System Services Department of Bank of Japan<br>Director-General of Personnel Department of Bank of Japan<br>Registered as an Attorney at Law<br>Joined Tanabe & Partners<br>Deputy President, Executive Officer of North Pacific Bank, Ltd.<br>Director and President of North Pacific Bank, Ltd.<br>Director and Chairman of North Pacific Bank, Ltd.<br>Advisor of North Pacific Bank, Ltd.<br>Retired as Advisor of North Pacific Bank, Ltd.<br><br>(Significant concurrent positions outside the Company)<br>Outside Audit & Supervisory Board Member of HOKUYAKU TAKEYAMA Holdings, Inc. |
|  |   | Number of shares of the Company held<br>-   |  |
| <p>[Reason for nomination as a candidate for Outside Director]<br/>                     After holding a number of important positions at the Bank of Japan for over 30 years, Mr. Ryuzo Yokouchi was certified as an attorney at law, engaged in the management of North Pacific Bank from 2004, held concurrent positions, such as Chairperson of Hokkaido Prefectural Public Safety Commission and Chairperson of Hokkaido Association of Corporate Executives, and contributed significantly to Hokkaido as the financier of Hokkaido. The Company has appointed Mr. Yokouchi as a candidate for Outside Director (Audit and Supervisory Committee Member) as it is expecting a wealth of his knowledge and advice in various fields, such as corporate governance which is important for the Company, which develops financial services.</p>   |   |   |  |

| No.   | Name<br>(Date of birth)                                      | Past experience, positions, responsibilities<br>and significant concurrent positions       |   |
|---|--|--|---|
| 3   | Yoshinori Urata<br>(January 13, 1961)<br><br>Newly appointed | April 1983<br>June 2005<br><br>June 2008<br><br>July 2011<br>October 2012<br>February 2016 | <p>Joined The Hokkaido Bank, Ltd.<br/>Deputy General Manager of Sales Department of Head Office of The Hokkaido Bank, Ltd.<br/>General Manager of Kitami Branch of The Hokkaido Bank, Ltd.<br/>General Manager of Corporate Planning Department of The Hokkaido Bank, Ltd.<br/>Managing Executive Officer of Dogin Regional Research Institute Co., Ltd.<br/>Senior Managing Executive Officer of Dogin Regional Research Institute Co., Ltd.</p> <p>(Significant concurrent positions outside the Company)<br/>Established Urata Consulting Office (to present)<br/>President of Hokkaido Venture Capital, Inc. (to present)</p> |
| <p>[Reason for nomination as a candidate for Outside Director]<br/>Mr. Yoshinori Urata engaged in investment and loan operations for companies, consulting services, policy proposals for the growth of regional economies and corporate planning, strategy development and administrative duties at The Hokkaido Bank, Ltd. and Dogin Regional Research Institute Co., Ltd., and possesses knowledge concerning finance, regional economies and corporate management. Furthermore, in addition to his knowledge as a manager, he also engaged in venture business investment, business regrowth investment and hands-on support for business growth, and possesses knowledge related to the establishment of management systems and the strengthening of their foundations. As a result, the Company has appointed Mr. Urata as a candidate for Outside Director (Audit and Supervisory Committee Member) as it is expecting his accurate advice concerning the Company's management and the appropriate supervision of the execution of duties.</p> |  |  |   |

(Notes)

1. There are no special interests between candidates for Directors and the Company.
2. Messrs. Takashi Hanazawa, Ryuzo Yokouchi and Yoshinori Urata are candidates for Outside Directors (Audit and Supervisory Committee Members).
3. Tenure as Outside Director of the Company  
Mr. Takashi Hanazawa is currently an Outside Director of the Company. At the conclusion of this meeting, his tenure since assuming office as Outside Director will have been four (4) years.
4. Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act and the provisions of the Company's Articles of Incorporation, the Company has entered into agreements with non-executive Directors to limit their liability for damages under Article 423, paragraph 1 of the same act. The Company intends to renew the limited liability agreement with a candidate for Outside Director Mr. Takashi Hanazawa subject to the approval of his reappointment.  
Furthermore, the Company intends to enter into limited liability agreements with candidates for Outside Director Messrs. Ryuzo Yokouchi and Yoshinori Urata subject to the approval of their election.
5. The Company has registered Mr. Takashi Hanazawa as an independent officer in accordance with the regulations of the Tokyo Stock Exchange. The Company intends to continue registering him as an independent officer subject to the approval of his reappointment. Furthermore, Messrs. Ryuzo Yokouchi and Yoshinori Urata satisfy the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company intends to submit notification to the aforementioned exchange concerning their designations as independent officers subject to the approval of their election.
6. The Company has entered into a limited liability agreement with a candidate for Director Mr. Takashi Hanazawa to limit his liability to the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act. If this proposal is approved, the Company intends to continue this agreement with Mr. Hanazawa, and enter into this agreement with both Messrs. Ryuzo Yokouchi and Yoshinori Urata.

Reference: Directors' skills (if each candidate is elected at this General Meeting of Shareholders)

The Company arranges each Director's skills appropriately and without insufficiencies. The table of such is as follows:

Legend: ●Responsibilities/Attributes◎ Main skills○ Auxiliary skills

| Categories |                 |         |             | Position in the Company                                   | Name              | Expertise and characteristics of candidates for Director |                      |                    |                   |                      |                    |         |               |
|------------|-----------------|---------|-------------|---|-------------------|--|----------------------|--------------------|-------------------|----------------------|--------------------|---------|---------------|
|            |                 |         |             |   |                   | Business execution                                       | Supervisory function | Corporate strategy | Business strategy | Management resources | System development | Finance | Legal affairs |
| 1          | Reappointed     |         |             | Representative Director                                   | Kazuhiro Miyazawa | ●  |                      | ◎                  | ○                 | ○                    |                    |         |               |
| 2          | Newly appointed |         |             | Director  | Tatsuya Kato      | ●  |                      |                    | ◎                 |                      |                    | ○       |               |
| 3          | Newly appointed |         |             | Director  | Shinji Munaoka    | ●  |                      |                    | ○                 |                      | ◎                  |         |               |
| 4          | Reappointed     | Outside | Independent | Director who is an Audit and Supervisory Committee Member | Takashi Hanazawa  |  | ●                    | ○                  | ◎                 |                      | ○                  |         |               |
| 5          | Newly appointed | Outside | Independent | Director who is an Audit and Supervisory Committee Member | Ryuzo Yokouchi    |  | ●                    | ○                  |                   | ○                    |                    |         | ◎             |
| 6          | Newly appointed | Outside | Independent | Director who is an Audit and Supervisory Committee Member | Yoshinori Urata   |  | ●                    |                    | ◎                 | ○                    |                    | ○       |               |

**Proposal 4:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

The validity of the election of Mr. Tsuyoshi Yamamoto, who was elected as Substitute Director who is an Audit and Supervisory Committee Member at the 37th Annual General Meeting of Shareholders held on September 25, 2019, shall expire at the commencement of this General Meeting of Shareholders.

Accordingly, in order to prepare for the case where the number of Directors who are Audit and Supervisory Committee Members falls below the number specified by laws and regulations, the Company proposes to elect one (1) Substitute Director who is an Audit and Supervisory Committee Member in advance, as a substitute for all Directors who are Audit and Supervisory Committee Members.

The consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidate for Substitute Director who is an Audit and Supervisory Committee Member is as follows:

| Name<br>(Date of birth)  | Past experience, positions<br>and significant concurrent positions |  |   |
|--|--|--|---|
| Tsuyoshi Yamamoto<br>(December 16, 1953)<br><br>Reappointed  | April 1978   | Joined Fujitsu Limited   | Number of shares of the<br>Company held<br>10,000 |
|  | April 1982   | Instructor of School of Engineering, Hokkaido University   |   |
|  | June 1986  | Doctor of Engineering from Hokkaido University   |   |
|  | December 1986  | Assistant Professor of Hokkaido University   |   |
|  | July 1989  | Assistant Professor of High Performance Computing Center, Hokkaido University  |   |
|  | April 1996   | Professor of High Performance Computing Center, Hokkaido University  |   |
|  | April 1999   | Professor of Faculty of Engineering, Hokkaido University   |   |
|  | April 2004   | Professor of Graduate School of Information Science and Technology, Hokkaido University  |   |
|  | April 2017   | Specially Appointed Professor and Emeritus Professor of Graduate School of Information Science and Technology, Hokkaido University |   |
|  | April 2019   | Specially Appointed Professor of Institute for the Promotion of Business-Regional Collaboration, Hokkaido University (to present)  |   |
| [Reason for nomination as a candidate for Substitute Outside Director]   |  |  |   |
| Although Mr. Tsuyoshi Yamamoto has never been directly involved in corporate management, the Company has appointed him as a candidate for Substitute Outside Director (Audit and Supervisory Committee Member) as he has abundant experience and broad insight related to information technology, which is the core of the Company's business, and because the Company expects him to reflect this in audits of the Company. |  |  |   |

(Notes)

1. There are no special interests between Mr. Tsuyoshi Yamamoto and the Company.
2. Mr. Yamamoto is a candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member.
3. Subject to his election and assumption of office as Substitute Director who is an Audit and Supervisory Committee Member, based on provisions of its Articles of Incorporation, the Company intends to enter into a limited liability agreement with Mr. Yamamoto to limit the liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the same Act.
4. Mr. Yamamoto satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company intends to submit notification to the aforementioned exchange concerning his designation as an independent officer subject to his election and assumption of office as Substitute Director who is an Audit and Supervisory Committee Member.