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(Stock Exchange Code: 2428)

August 31, 2023

To Shareholders with Voting Rights:

Kazuhiro Miyazawa
President and Representative Director

WELLNET CORPORATION
10-11-4 Odorihigashi, Chuo-ku,
Sapporo, Hokkaido, Japan

NOTICE OF THE 41ST 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 41st Annual General Meeting of Shareholders of WELLNET CORPORATION (the “Company”) will be held as described below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of the Reference Documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company’s website. Please access the website by using the Internet address shown below to review the information.

The Company’s website: <https://www.wellnet.co.jp/ir/soukai.html> (in Japanese)

(From the above website, select “Reference Documents for the General Meeting of Shareholders” from “Menu”.)

In addition to posting matters subject to measures for electronic provision on the website above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE).

Tokyo Stock Exchange website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Access the TSE website by using the Internet address shown above, enter “WELLNET” in “Issue name (company name)” or the Company’s securities code “2428” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you are not attending the meeting in person, you may exercise your voting rights via the Internet or in writing (by mail). Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. on Wednesday, September 20, 2023, Japan time.

[Exercising voting rights via the Internet]

On the website for exercising voting rights designed by the Company (<https://evote.tr.mufg.jp/>), please use the voting rights exercise code and password indicated on the enclosed Voting Rights Exercise Form, and enter your votes for the proposals according to the instructions on the screen by the deadline.

When exercising your voting rights via the Internet, please refer to the “Guidance for Exercising Voting Rights via the Internet.”

[Exercising voting rights in writing (by mail)]

Please indicate your vote for or against each proposal on the Voting Rights Exercise Form and return it so that it is received by the aforementioned deadline.

- 1. Date and Time:** Thursday, September 21, 2023 at 2:00 p.m. Japan time
* Reception opens at 12:30 p.m.
* The Management Briefing Session will be held at 1:00 p.m. at the same venue prior to the General Meeting of Shareholders. We would appreciate if you could also attend this session.
- 2. Place:** WELLNET HALL, Sapporo Headquarters Bldg. 1F, WELLNET CORPORATION
10-11-4 Odorihigashi, Chuo-ku, Sapporo, Hokkaido, Japan
- 3. Meeting Agenda:**
Matter to be reported: The Business Report and Financial Statements for the Company's 41st Fiscal Year (July 1, 2022 - June 30, 2023)

Proposals to be resolved:

Proposal 1: Election of Three (3) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

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

4. Other Matters Regarding the Convocation of the Meeting (Guidance for Exercising Voting Rights)

- (1) If no indication of approval or disapproval of a proposal is made on the voting form when exercising
 - (2) If you exercise your voting rights more than once via the Internet, your last vote will be treated as valid.
 - (3) If you exercise your voting rights in duplicate via the Internet and in writing (by mail), your vote via the Internet will be treated as valid regardless of the time of arrival.
 - (4) If you exercise your voting rights by proxy, one other shareholder with voting rights may attend the meeting as your proxy. However, please note that you will be required to submit a document certifying your assignment of proxy rights.
- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company's aforementioned website and the TSE website.
 - Shareholders who have requested the delivery of written documents will also receive written documents stating the matters subject to measures for electronic provision. However, these written documents will exclude the following matters in accordance with laws and regulations and Article 18, paragraph (2) of the Company's Articles of Incorporation.
 - 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 in question 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.
 - 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.
 - The Company, at the Board of Directors' meeting held on August 14, 2023, passed a resolution to pay a dividend of surplus with a payout ratio of 50% (¥16.84 per share), with starting date of payment of September 22, 2023.

[Guidance for Exercising Voting Rights]

■ Exercising Voting Rights in Writing

Please indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 6:00 p.m. on Wednesday, September 20, 2023, Japan time.

■ Exercising Voting Rights via the Internet

Please confirm the following points before opting to exercise your voting rights via the Internet.

If you are attending the meeting in person, you do not need to follow any procedures for exercising your voting rights by mail (Voting Rights Exercise Form) or via the Internet.

1. About the Website for Exercising Voting Rights

- (1) Voting rights can be exercised via the Internet only by accessing the site designated by the Company (<https://evote.tr.mufg.jp/>) using a computer or smartphone. (Services are unavailable between 2:00 a.m. and 5:00 a.m. every day.)
- (2) You may not be able to exercise your voting rights 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 TLS encryption is not used, or if a proxy server is used.
- (3) Exercise of voting rights via the Internet will be accepted until 6:00 p.m. on Wednesday, September 20, 2023, Japan time. Please exercise your voting rights at your earliest convenience. If there are any questions, please contact the Help Desk.

2. Exercising Voting Rights via the Internet

(1) Using a Computer

- 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 vote for the proposal according to the instructions on the screen.
- 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.
- A new login ID and temporary password are issued to you each time a general meeting of shareholders is held.

(2) Using a Smartphone

- 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.)
- 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 “2. (1) Using a Computer” above.

*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

3. Handling of Voting Rights Exercised in Duplicate

- (1) If you exercise your voting rights in duplicate by mail 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.

4. Costs Incurred for Voting Website Access

The costs incurred for the access to the website for exercising voting rights (such as Internet connection charges) shall be borne by the shareholder.

5. Technical Inquiries

If you have any system-related questions regarding online voting, 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)

Business Report

(From July 1, 2022 to June 30, 2023)

1. Items Regarding Current Status of the Company

(1) Status of business during the fiscal year ended June 30, 2023

1) Progress and results of business

During the fiscal year under review, the Japanese economy continued to encounter uncertainties ahead caused by the continuing geopolitical risks surrounding the situation in Ukraine and the sharp rise in prices such as resource prices and energy bills. Meanwhile, when it comes to the impact of the COVID-19 pandemic on economic activity, reclassification of COVID-19 to a Class V Infectious Disease effective from May 8, 2023 has prompted normalization of social activity, which in turn has culminated in signs of improvement with respect to the business environment surrounding the Company.

Under these circumstances, in the Company's main business domain markets, the transportation-related businesses such as airlines, buses, and railroads have been on a path of recovery. At the same time, DX (Digital Transformation) is being actively promoted in a variety of industries and business categories, and the non-face-to-face services are increasing, and IT is playing an increasingly important role in society.

The Company has also been promoting activities such as "Response to the age of electronic payment" and "DX in the transportation industry and the MaaS Business" as priority measures, with "paperless" and "cashless" as the keywords, and conducting measures considering a lifestyle-based fin-tech platform in this context, and has focused on its "Payment Plus Alpha Platform," including expansion of the use of a DX tool for membership management, *ekaiin.com*, and provision of the new service for issuing and storing electronic invoices, *SHIMA-YELL*. Moreover, having acquired a portion of the shares of HARP Co., Ltd., which provides innovative cloud-based services to local government bodies, in March 2023, the Company has been promoting payment services nationwide to local government bodies and other such entities.

In transportation-related businesses, the Surutto KANSAI Association, comprising of 61 train and bus operators primarily in the Kansai area as well as Okayama and Shizuoka, aims for digitalization other than for IC cards by promoting contactless and cashless services using cross-regional QR code travel passes as the system partner for services related to the digital travel pass using QR codes, for which services are planned to commence in spring 2024, as announced "Start of Development of a Digital Travel Pass Using QR Codes" on November 18, 2022. The Company will strengthen its relationship with members of the Association by participating in this project as well as accumulating relevant knowledge and developing thin client services for transport business operators.

In July 2023, the Company newly established its West Japan branch office in Osaka (Umeda) for the purpose of enhancing support for business operators and customers in the western region of Japan, including members of the Surutto KANSAI Association as well as those in Kansai, Chugoku, Shikoku, Kyushu, and Okinawa.

The Company has been promoting development of next-generation platforms, including "all-in-one cloud-based services for transport operators" and "electronic money," since 2016, and has embarked on a phase that will entail fully engaging in sales activities for these solutions going forward. To such ends, in addition to the establishment of the West Japan branch office, the Company has set up a three-location business network with operations in Sapporo, Tokyo, and Osaka, by relocating and expanding its Tokyo head office in April 2023. This will enable the Company to fully engage in sales activities in close alignment with local communities.

As announced on August 14, 2023, at a meeting of the Board of Directors held on the same day, the Company decided to select the Standard Market of the Tokyo Stock Exchange for listing of the Company's shares and increase corporate value by concentrating the Company's resources in these businesses.

As a result of these business activities, for the fiscal year ended June 30, 2023, the Company reported net sales of ¥9,424 million (up 5.3% year on year), operating profit of ¥939 million (up 27.7% year on year), ordinary profit of ¥935 million (up 24.0% year on year), and profit of ¥635 million (up 19.4% 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, 2023 was ¥216 million and the Company invested in mainly the acquisition of interior fixtures and fittings for the relocation of the Tokyo head office, as well as software for information processing service, server equipment, and its auxiliary equipment.

3) Status of fund procurement

There is no relevant information.

(2) Issues to be addressed

The online payment market, the Company's business domain, is expected to continue achieving a certain level of growth in the future, but we believe that the expansion of electronic payment will lead to the commoditization of payments themselves, and we are making efforts to expand and improve cloud services that support digital transformation for businesses as a concrete form of payment plus alpha.

A. "Smartphone payment service," *Shiharai-Hisho* during shift to paperless and cashless

Shiharai-Hisho (payment secretary), which carries out payments via bank-account-linked smartphones, has already been introduced at eight electric power companies, and the number of payments for local taxation and public utility charges that can be made using *Shiharai-Hisho* is also increasing, especially in areas where there are many partner banks, in addition to developing seamless linkage with the Company's cloud services as described in B below, which are *Bus Mori!*, *ALTAIR triple star*, and *ekaiin.com*, as well as developing embedded electronic money.

For *ekaiin.com*, a membership management service that enables electronic billing and payment of various expenses using the *Shiharai-Hisho* and credit cards, its adoption is now spread across a wide range of fields in addition to its conventional use, including the collection of travel and tour fares for JR BUS KANTO CO., LTD., solicitation of support for future support crowdfunding for restaurants in Sapporo in fiscal 2022 (phase 2), solicitation for the commemorative event of the 65th anniversary of the establishment of the Japan Composer's Association "Japan Popular Song Championship," and enrollment and payment collection for DMM Eikaiwa. In the future, we will expand our service areas and focus on horizontal development of proven fields.

On the other hand, we have made *Shiharai-Hisho*-related alliances with 36 banks, including Sumitomo Mitsui Banking Corporation and Japan Post Bank Co., Ltd., and after completion of security measures due to a series of unauthorized use of fund transfer agent accounts connected with several banks, the Company is working to resume operations with them. As of June 30, 2023, the number of available banks has recovered to 25. Among these banks is MUFG Bank, Ltd., a mega bank that we newly connected with in May 2023. We anticipate the expansion of usage going forward and make continuous efforts to increase the number of available banks.

B. Actively promoting IT (DX) projects for buses

Launched in August 2016, the smartphone electronic ticketing application *Bus Mori!* has expanded the types of electronic ticket to include single-trip tickets, coupon tickets, commuter passes, unlimited ride passes, and discount passes, and now handles more than 610 routes of bus and rail. During the COVID-19 pandemic, the Company is expanding smartphone commuter passes and smartphone coupon tickets, which can be purchased non-face-to-face. *ALTAIR triple star*, a cloud service for transport business operators that we have been developing since 2017, is an all-in-one total cloud service that can automate a series of operations, from inventory and timetable management for rides and events, ticket reservation, purchase, issuance, and authentication, to sales information aggregation and settlement processing. Especially in the case of MaaS, which is provided jointly by multiple operators, our extensive knowledge and experience in the labor-intensive settlement operations is a major advantage.

In the MaaS domain, the track record of implementation expanded as described below. As described above, the Company plans to introduce the Surutto KANSAI Association's digital travel pass service using QR codes in spring 2024, and is actively promoting proposal activities in many areas.

January 2020: *DohNa!!* in Hakodate City

October 2021: *Sendai MaaS*

January 2022: *OkhoNavi* in the Hokkaido Okhotsk area

February 2022: *JAL MaaS*

May 2022: *Going Around Hokkaido: Public Transportation Usage Promotion Campaign* in Hokkaido

June 2022: *Kumamoto metropolitan area park-and-ride social experiment commuter pass and coupon tickets*

September 2022: One-day subway tickets of the Transportation Bureau City of Sendai (QR electronic tickets) in *Sendai MaaS*

May 2023: Digital travel passes for students of Tohoku Gakuin University

A key feature of the services we deploy is that they comprise a sustainable scheme that continues to be used even after the so-called demonstration period is over, since they realize conversion to variable costs from

system costs, which are the mainstay of cloud services.

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 aims to continue to provide payment gateway services that contribute to increase in convenience for both operators and consumers. The Company will continue to promote the development of payments and more services, and we believe that we have a significant advantage in this area because of our payment infrastructure.

In September 2022, the new smartphone barcode payment service *stanp* developed by the Company was adopted by Family Mart stores all around Japan, allowing customers using the Company’s Multi Payment Services to make payments in real time without having to go through the multi-functional copy machines, by just directly scanning a barcode shown on their smartphone at the store cash registers. The Company will continue to actively promote sales activities to have the service adopted at convenience stores other than Family Mart as well.

D. Activities contributing to local communities and SDGs

We recognize that our business of “IT utilization and digital transformation” itself supports the shift to an environmentally friendly business model, and that business expansion itself contributes to global environmental conservation.

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. As of the end of fiscal 2022, a total of 768 students have been awarded WELLNET scholarships, totaling approximately 86 million yen. Many of the award recipients have responded with letters of gratitude, which serve to further motivate our employees. Although many students were affected by COVID-19 in the fiscal year 2022, continuing from last year, we received reports that four colleges of technology in Hokkaido achieved a zero dropout rate as a result of our support. In November 2022, our cooperation in the education and research areas of these activities was recognized and we received a certificate of appreciation from the Japan Federation of KOSEN Association. We will continue with these activities.

In addition, to participate in the “Scrum Sapporo” concept promoted by Hokkaido All Olympians, which aims to contribute to the promotion of local sports and to bid for the 2030 Sapporo Olympics and Paralympics in cooperation with Hokkaido, Sapporo City, and others, the Company concluded a sponsorship agreement with Masaya Yamada in April 2022 and began supporting him, a speed skater who holds the Japanese record in the men’s 1000 meters and is expected to compete in the Olympics. Subsequently, he joined the Company in April 2023 and continues his efforts as an employee. We intend to actively utilize *ekaiin.com* to expand support for athletes and also support sports through the Company’s services.

Our new Sapporo head office, which was completed in 2021 and is already in operation, received the platinum rank of WELL Certification in September 2022 for implementing office design that considers the health and working environment of our employees. The WELL Certification is an advanced initiative that began in 2014 in the U.S. to evaluate and certify spaces including buildings and offices from the standpoint of human health. This initiative represents an investment in our employees as human capital, and we also believe that it will lead to increased corporate value in the form of increased productivity, workstyle reforms and contribution toward achieving SDGs. As of today, the majority of entities that received the platinum rank in Japan are construction-related companies, and the Company is the first one to receive the rank in the fintech industry in Japan, and the first company in Hokkaido to do so as well.

E. Performance forecast and shareholder returns

With regard to the financial results forecast for the fiscal year ending June 30, 2024, the Company has made the following forecasts enlisting expectations that net sales and each profit item will increase compared with results of the fiscal year ended June 30, 2023, primarily given that performance of transportation-related DX products has been favorable due to the recovery trend from the downturn caused by the COVID-19 pandemic.

(Millions of yen)		
Net sales	Ordinary profit	Profit
10,160	1,150	790

The year-end dividend for the fiscal year ending June 30, 2023 will be ¥16.84 per share based on the basic policy for sharing profits with shareholders (dividend payout ratio of 50% or more). For the fiscal year ending June 30, 2024, we forecast a year-end dividend of ¥21.

* The financial results forecast and dividends forecast above are based on certain assumptions judged to

be reasonable based on information available to the Company. Actual business performance and dividends may differ from the forecasts due to various factors that may arise in the future. This forecast is based on the expectation that the movement of people, especially in Japan, will recover to a certain degree, and will be greatly affected by the degree of recovery.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Three (3) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all three (3) Directors (excluding 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.

The selection of candidates for Directors is based on the report of the Nomination and Compensation Committee, the majority of whose members are independent Outside Directors. In addition, this proposal has been reviewed by the Audit and Supervisory Committee of the Company, and the opinion has been received that all candidates for Directors would be appropriate as a Director of the Company.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		
1	Kazuhiro Miyazawa (February 24, 1960) Reappointed	March 1983 March 1996 September 1996 September 2009	Joined TOYO KEIKI CO., LTD. Joined ICHITAKA TAKAHASHI CO., LTD. (currently ICHITAKA Gas One Co., Ltd.) Director, General Manager of Sales Division of the Company President and Representative Director of the Company (to present)	Number of shares of the Company held 521,063 Attendance at the Board of Directors' meetings: 15/15 Attendance at the voluntary Remuneration Advisory Committee and the voluntary Nomination and Remuneration Committee: Attended all meetings of each Committee
[Reason for nomination as a candidate for Director] 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 (February 1, 1965) Reappointed	April 1988 April 2009 April 2013 April 2017 April 2020 April 2021 July 2021 September 2021	Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation) Seconded to Sumitomo Mitsui Banking Corporation (China) Limited (Shanghai) General Manager of Transaction Banking Department of Sumitomo Mitsui Banking Corporation General Manager of Global Transaction Banking Department of Sumitomo Mitsui Banking Corporation General Manager of Transaction Banking Department of Sumitomo Mitsui Banking Corporation Executive Officer and Head of President's Office of the Company General Manager of the Settlement Innovation Promotion Department of the Company Director, Executive Officer, and General Manager of the Settlement Innovation Promotion Department of the Company (to present)	Number of shares of the Company held 10,040 Attendance at the Board of Directors' meetings: 15/15
[Reason for nomination as a candidate for Director] Based on his career at Sumitomo Mitsui Banking Corporation, 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 into over 100 companies. Since his appointment as Director, Executive Officer, and General Manager of the Settlement Innovation Promotion Department in September 2021, he has made effective execution of business operations regarding sales activities. The Company has appointed Mr. Kato as a candidate for Director as it is expected that he will continue to promote the Company's sales activities.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		
3	Keisuke Yoshimoto (May 12, 1963) Newly appointed	April 1986	Joined MITSUI & CO., LTD.	Number of shares of the Company held -
		December 1993	Deputy Manager of Machinery Information & Fuel Office, Hokkaido Office of MITSUI & CO., LTD.	
		April 1999	Manager of Telecom Business Department, Information Industry Division of MITSUI & CO., LTD.	
		April 2001	General Manager of Sales Management Department, Mobile Business Division of Mitsui & Associates Telepark Corporation (currently T-Gaia Corporation)	
		October 2009	Executive Officer, General Manager of Sales Division 1 of T-Gaia Corporation	
		June 2011	Senior Executive Officer and General Manager of Sales Division 1 of T-Gaia Corporation	
		April 2017	Managing Executive Officer and General Manager of Mobile Division 1 of T-Gaia Corporation	
		April 2023	Head of President's Office and General Manager of Business Promotion Department of the Company	
July 2023	Executive Officer, General Manager of West Japan Branch Office and Head of President's Office of the Company (to present)			
<p>[Reason for nomination as a candidate for Director] During his career at Hokkaido Office of MITSUI & CO., LTD., Mr. Keisuke Yoshimoto assisted us in the development of our convenience store companies and the airline industry, an important business sector, and was instrumental in building the foundation of our business. In addition, he has extensive experience in scheme architecture, business partner cooperation, sales and organizational operations, mainly at the mobile business at T-Gaia Corporation. He assumed the position of Executive Officer, General Manager of West Japan Branch Office and Head of President's Office of the Company in July 2023, and the Company has appointed Mr. Yoshimoto as a candidate for Director as it is expected that he will continue to realize business expansion at the West Japan branch office, build amicable relationships with convenience store companies and grow the electronic money related business.</p>				

(Notes)

1. There are no special interests between candidates for Directors and the Company.
2. 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. A summary of the insurance policy details is provided in “(5) Outline of the Details of Directors and Officers Liability Insurance Policy” of “3. Matters Concerning Company Directors and Officers” in the Business Report. If the appointment of each of the candidates is approved, the individuals will be included as an insured under this insurance policy. Moreover, at its expiration, the insurance policy is slated to be renewed with the same coverage.

Proposal 2: 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).

In addition, 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 (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		
1	Takashi Hanazawa (May 9, 1951) Reappointed	March 1976	Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)	Number of shares of the Company held 8,495
		June 2007	Director, General Manager of Research Planning Department of Nippon Telegraph and Telephone Corporation	Attendance at the Board of Directors' meetings: 15/15
		September 2007	Executive Vice President and Representative Director of NTT Advanced Technology Corporation	Attendance at the voluntary Remuneration Advisory Committee and the voluntary Nomination and Remuneration Committee: Attended all meetings of each Committee
		June 2010	President & CEO of NTT Advanced Technology Corporation	
		June 2015	Director and Senior Advisor of NTT Advanced Technology Corporation	
		September 2017	Outside Director and Audit and Supervisory Committee Member of the Company (to present)	
<p>[Reason for nomination as a candidate for Outside Director and expected roles] 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 & 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. As a result, the Company has appointed Mr. Hanazawa as a candidate for Outside Director (Audit and Supervisory Committee Member) as it has determined that he is capable of making fair and highly transparent management decisions.</p>				
2	Yoshinori Urata (January 13, 1961) Reappointed	April 1983	Joined The Hokkaido Bank, Ltd.	
		June 2005	Deputy General Manager of Sales Department of Head Office of The Hokkaido Bank, Ltd.	Number of shares of the Company held 3,500
		June 2008	General Manager of Kitami Branch of The Hokkaido Bank, Ltd.	Attendance at the Board of Directors' meetings: 15/15
		July 2011	General Manager of Corporate Planning Department of The Hokkaido Bank, Ltd.	Attendance at the voluntary Remuneration Advisory Committee and the voluntary Nomination and Remuneration Committee: Attended all meetings of each Committee
		October 2012	Managing Executive Officer of Dogin Regional Research Institute Co., Ltd.	
		February 2016	Senior Managing Executive Officer of Dogin Regional Research Institute Co., Ltd.	
		June 2019	President and Representative Director of Hokkaido Venture Capital, Inc. (to present)	
		September 2021	Outside Director and Audit and Supervisory Committee Member of the Company (to present)	
<p>(Significant concurrent positions outside the Company) President and Representative Director of Hokkaido Venture Capital, Inc. (to present)</p> <p>[Reason for nomination as a candidate for Outside Director and expected roles] 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., Dogin Regional Research Institute Co., Ltd. and Hokkaido Venture Capital, Inc. 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 has determined that he is capable of providing accurate advice concerning the Company's management and the appropriate supervision of the execution of duties.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		
3	Sachio Higashihara (March 12, 1959) Newly appointed	April 1982	Joined Hokuyo Sogo Bank, Ltd. (currently North Pacific Bank, Ltd.)	Number of shares of the Company held -
		January 2006	Branch Manager of Nishisen Branch of North Pacific Bank, Ltd.	
		October 2008	Branch Manager of Sapporo Minami Branch of North Pacific Bank, Ltd.	
		June 2010	General Manager (sub) of System Division of North Pacific Bank, Ltd.	
		June 2011	General Manager of System Division of North Pacific Bank, Ltd.	
		June 2012	Executive Officer and Branch Manager of Hakodate-Chuo Branch of North Pacific Bank, Ltd.	
		June 2014	Director and General Manager of Business Strategy Division of North Pacific Bank, Ltd.	
		June 2016	Managing Director of North Pacific Bank, Ltd.	
		June 2017	President and Representative Director of Koyo Real Estate Co., Ltd.	
		June 2023	Advisor of Koyo Real Estate Co., Ltd. (to present)	
	(Significant concurrent positions outside the Company) Advisor of Koyo Real Estate Co., Ltd.			
[Reason for nomination as a candidate for Outside Director and expected roles] Mr. Sachio Higashihara was engaged in corporate investment and loan operations, corporate planning, and IT strategy-related operations at North Pacific Bank, Ltd. and has expertise in finance, regional economics, and information systems. He also has managerial expertise, having served as Managing Director of North Pacific Bank, Ltd., and Representative Director and President of Koyo Real Estate Co., Ltd. As a result, the Company has appointed Mr. Higashihara as a candidate for Outside Director (Audit and Supervisory Committee Member) as it has determined that he is capable of providing accurate advice concerning the Company's management and the appropriate supervision of the execution of duties.				

(Notes)

1. There are no special interests between candidates for Directors and the Company.
2. Messrs. Takashi Hanazawa, Yoshinori Urata and Sachio Higashihara 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 six (6) years.
Mr. Yoshinori Urata 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 two (2) 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 maximum amount of liability for damages under such agreements is the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act. The Company intends to renew the limited liability agreements with candidates for Outside Directors Mr. Takashi Hanazawa and Mr. Yoshinori Urata subject to the approval of their reappointment. Furthermore, the Company intends to enter into a similar limited liability agreement with candidate for Outside Director Mr. Sachio Higashihara subject to the approval of his election.
5. 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. A summary of the insurance policy details is provided in "(5) Outline of the Details of Directors and Officers Liability Insurance Policy" of "3. Matters Concerning Company Directors and Officers" in the Business Report. If the appointment of each of the Director candidates is approved, the individuals will be included as an insured under this insurance policy. Moreover, at its expiration, the insurance policy is slated to be renewed with the same coverage.
6. The Company has registered Mr. Takashi Hanazawa and Mr. Yoshinori Urata as independent officers in accordance with the regulations of the Tokyo Stock Exchange. The Company intends to continue registering them as independent officers subject to the approval of their reappointment. Furthermore, Mr. Sachio Higashihara 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 the approval of his election.

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	Re-appointed			Representative Director	Kazuhiro Miyazawa	●		⊙	○	○			
2	Re-appointed			Director	Tatsuya Kato	●			⊙			○	
3	Newly appointed			Director	Keisuke Yoshimoto	●		○	⊙				
4	Re-appointed	Outside	Independent	Director who is an Audit and Supervisory Committee Member	Takashi Hanazawa		●	○	⊙		○		
5	Re-appointed	Outside	Independent	Director who is an Audit and Supervisory Committee Member	Yoshinori Urata		●		⊙	○		○	
6	Newly appointed	Outside	Independent	Director who is an Audit and Supervisory Committee Member	Sachio Higashihara		●		○		○	⊙	○