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(Stock Exchange Code 2428)

September 2, 2020

**To Shareholders with Voting Rights:**

Kazuhiro Miyazawa  
President and Representative Director

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

**NOTICE OF  
THE 38TH 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 38th 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.

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 in writing or via the Internet 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 Wednesday, September 23, 2020, Japan time.

- 1. Date and Time:** Thursday, September 24, 2020 at 2:00 p.m. Japan time  
\* The Management Briefing Session, which has been held in previous years before the General Meeting of Shareholders, will not be held this year.
- 2. Place:** Conference, 4th Floor, TOKYO TORANOMON GLOBAL SQUARE located at 1-3-1 Toranomon, Minato-ku, Tokyo, Japan  
We will have significantly fewer chairs than normal 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.  
In addition, as the venue has been changed from last year's meeting, upon arrival please refer to the "Map of the Venue of the General Meeting of Shareholders" at the end of these materials to ensure that you come to the correct venue.
- 3. Meeting Agenda:**  
**Matter to be reported:** The Business Report and Financial Statements for the Company's 38th Fiscal Year (July 1, 2019 - June 30, 2020)  
**Proposal to be resolved:**  
**Proposal** Election of Two (2) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- 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 1:30 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 Statements**

Accordingly, 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, 2020, passed a resolution to pay a dividend of surplus with a payout ratio of 50% (¥13.15 per share), with starting date of payment of September 25, 2020.

## [Guidance for Exercising Voting Rights]

### 1. 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 23, 2020, 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 vote for the proposal 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 Wednesday, September 23, 2020, 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)

## Business Report

(From July 1, 2019 to June 30, 2020)

### 1. Items Regarding Current Status of the Company

#### (1) Status of business during the fiscal year ended June 30, 2020

##### 1) Progress and results of business

Despite the Japanese economy in the fiscal year under review beginning on a mild path of recovery amid firm corporate earnings and improvements in the employment environment, the outlook for the Japanese economy continues to be uncertain. This is due to social disruptions on an unprecedented scale, including not only the economic slowdown in China due to the prolonged trade friction between the U.S. and China, natural disasters such as the striking of large typhoons causing enormous damage to various regions, and the domestic consumption tax hike, but also of particular concern, the sudden global economic standstill brought about by the spread of the novel coronavirus disease (COVID-19), during the latter half of the third quarter to the fourth quarter of the fiscal year ended June 30, 2020, and even after the state of emergency was lifted in major cities in Japan, uncertainty remains.

The aforementioned impact has been greatly affecting the Company's business. In particular, the effect on business related to transportation services, such as airlines, buses and railways, has become substantial since the fourth quarter of the fiscal year ended June 30, 2020 with large-scale cancellations. Meanwhile, in the remittance service operated by the Company, we have responded promptly with a feeling of professional commitment, working to facilitate refunds due to cancellations of airplane, bus and train tickets and of various events, and facilitate the remittances from Meiji Gakuin University and other universities, such as emergency aid payments from university authorities to alleviate the financial burden on students.

In May 2020, we added KDDI communication charges to the payments that customers can make at anytime and anywhere on *Shiharai-Hisho*, a smartphone payment service. Also, in the non-face-to-face payment market, the Company's business domain, we continue to expand amid the economic trends seeking new lifestyles in this age of the COVID-19 pandemic.

The Company announced the "New Medium Term Five-Year Management Plan (July 2016 - June 2021)" together with the financial results for the three months ended September 30, 2015 to actively and boldly take on new business opportunities, and has been promoting the priority measures of "Response to the age of electronic money," "Promotion of Bus IT Promotion Solution Project" and "Service support for consumers from the business operator side."

For the fiscal year ended June 30, 2020, the fourth year of the new medium term management plan, net sales decreased to ¥9,379 million (down 6.5% year on year) as a result of a decrease in the amount received from existing business operators and other factors, including the environmental factors mentioned above, despite an increase due to the introduction of new business partners and an increase in the transaction amount from remittance services.

With respect to profits, as a result of large-scale development settling down in addition to measures to reduce expenses such as accumulating know-how regarding development and operations in-house and promoting in-house manufacturing, the Company reported operating profit of ¥817 million (up 62.4% year on year) and ordinary profit of ¥826 million (up 55.8% year on year). Profit was ¥494 million (up 31.9% year on year) despite the recording of extraordinary losses of ¥112 million, relating to impairment of idle assets for which the initial investment is no longer expected to be recouped.

However, due to a combination of events that could not have been anticipated when the Company formulated the New Medium Term Five-Year Management Plan, as well as a rapid deterioration in economic and financial conditions, including a decline in business activities resulting from the COVID-19 pandemic mentioned above, the current business environment surrounding the Company was not expected when the plan was announced and the outlook is uncertain. Accordingly, as indicated in "Notice Concerning Revisions in the Financial Results Forecast and the Medium Term Management Plan" announced on May 29, 2020, the Company has withdrawn the profit targets in the New Medium Term Five-Year Management Plan (July 2016 - June 2021).

##### 2) Status of capital investment

The total amount of capital investment conducted by the Company during the fiscal year ended June

30, 2020 was ¥247 million and the Company invested in mainly the software for information processing service, server equipment and its auxiliary equipment.

### 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, scheduled for completion in May 2021, the Company took out bank loans of ¥740 million during the fiscal year.

## (2) Issues to be addressed

The non-face-to-face payment market, the Company's business domain, is expected to continue achieving a certain level of growth in the future, and we expect the move toward a paperless, cashless society to become even more active. Even after the State of Emergency Declaration was lifted, there has been a strong call for a new type of lifestyle as a basic policy to prevent the spread of COVID-19, and we expect real changes in individual lifestyles. We will provide services to respond to these changes.

We are now experiencing extremely dramatic changes in the business environment. 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 WELLNET's "Smartphone payment service," *Shiharai-Hisho*

On August 3, 2017, we began the commercial service of *Shiharai-Hisho*, a smartphone payment service compatible with the increasingly cashless society expected in the future, with our first client, The Kansai Electric Power Co., Inc. Subsequently, Kyushu Electric Power Co., Inc., Hokkaido Electric Power Co., Inc. (exclusive adoption of the Company's service), Tohoku Electric Power Co., Inc., Shikoku Electric Power Co., Inc. (exclusive adoption of the Company's service), Hokuriku Electric Power Company (exclusive adoption of the Company's service), Chubu Electric Power Co., Inc. (exclusive adoption of the Company's service), and The Chugoku Electric Power Co., Inc. also began offering this service, and, in April 2020 at Chubu Electric Power Co., Inc., the first ever implementation of SMS (short message service) based electronic invoicing of electricity bills was achieved, and the shift to paperless payments continues to accelerate. We have become affiliated with 36 banks, including Sumitomo Mitsui Banking Corporation and JAPAN POST BANK Co., Ltd. We expect to be affiliated with more banks going forward. We are expanding this service to businesses that have already introduced our Multi Payment Services, as well as lifestyle and infrastructure business operators such as power, bus, railway, and airline companies.

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

The number of routes that are compatible with the smartphone application *Bus Mori!* introduced in August 2016 has smoothly increased to 320, partly due to the effect of an increase in variation of services, such as expanding the types of tickets usable with smartphones, namely single-trip tickets, coupon tickets, commuter tickets, free passes and so forth, as well as car-mounted tablet PCs. The Maas trials of *DohNa!!*, which began in the third quarter of the current fiscal year with eleven transportation operators in Hokkaido's south-west region led by the Hokkaido Government and Hakodate City, was a success, and the service will continue after the trials.

The project will also introduce services to majorly streamline clearing operations among bus companies as we work to roll out total cloud services. Given COVID-19, we predict increasing needs for variable pricing for this service.

### C. Current status of WELLNET's "key product," Multi Payment Services

According to the FY2018 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey) released by the Ministry of Economy, Trade and Industry on May 16, 2019, the scale of the e-commerce market (B to C) for Japanese consumers increased 9.0% year on year in 2018 to ¥18 trillion, and Multi Payment Services are expected to have the potential to grow in the area of non-face-to-face payments. Furthermore, we will specifically promote the transition to *Shiharai-Hisho* in the digitalization of payments.

### D. R&D for the future

In an effort to capture the huge waves of IoT and FinTech, we are forming affiliations where necessary with universities, etc. with diverse knowledge and technologies and choosing the right course for R&D. Furthermore, we will also evaluate the need to invest in venture companies to create added value in addition to payments.

#### **E. Activities contributing to local communities**

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. We will continue with these activities.

The new Sapporo Office scheduled for completion in May 2021 aims to earn the “WELL Certification” Platinum Rank by building an office focused on the health and work 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, workstyle reforms, and the achievement of SDGs.

#### **F. Performance forecast and shareholder returns**

Because the impact from changes in economic activity due to COVID-19 makes it difficult to make any forecasts at present, the Company will announce a performance forecast promptly as soon as it is reasonably possible to make estimates. Meanwhile, out of consideration for our shareholders, we plan for the dividend payout ratio for the fiscal year ending June 30, 2021 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      Election of Two (2) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

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

Accordingly, the Company proposes the election of two (2) Directors.

Further, this proposal has been reviewed by the Audit and Supervisory Committee of the Company, and the opinion has been received that each candidate 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 Joined TOYO KEIKI CO., LTD. March 1996 Joined ICHITAKA TAKAHASHI CO., LTD. (currently ICHITAKA Gas One Co., Ltd.) September 1996 Director, General Manager of Sales Division of the Company September 2009 President and Representative Director of the Company (to present)	Number of shares of the Company held 487,455  Attendance at the Board of Directors' meetings: 16/16  Attendance at the voluntary Remuneration Advisory Committee 4/4		
[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 he is leading the Company overall with his strong leadership.					
2	Masaaki Uchiyama (August 3, 1956)  Reappointed	April 1980 Joined ALL NIPPON AIRWAYS CO., LTD. June 1996 Manager of Accounting Section of Air Nippon Co., Ltd. (currently ALL NIPPON AIRWAYS CO., LTD.) April 2005 General Manager of Finance & Accounting Division of ANA Sales Co., Ltd. April 2008 Member of the Board, General Manager of Finance & Accounting Department of ANA Sales Co., Ltd. August 2012 Vice President, Representative Director and CFO of AirAsia Japan Co., Ltd. (currently Peach Aviation Limited) October 2013 Executive Vice President (in charge of general administration & HR, and finance & accounting) of ALL NIPPON AIRWAYS TRADING CO., LTD. April 2015 Corporate Auditors Office of ANA HOLDINGS INC. September 2019 Director, General Manager of Administrative Division of the Company (to present)	Number of shares of the Company held 4,225  Attendance at the Board of Directors' meetings: 13/13  Attendance at the voluntary Remuneration Advisory Committee 4/4		
[Reason for nomination as a candidate for Director] Mr. Masaaki Uchiyama mainly has broad experience at All Nippon Airways Co. and its related subsidiaries in general affairs and HR such as overall administrative work and promoting reforms in various personnel systems, and in accounting and finance such as budget preparation, management accounting, sales recovery management. The Company has appointed Mr. Uchiyama as a candidate for Director as since being appointed as a Director in September 2019, he has demonstrated leadership, and as General Manager of Administrative Division, has been involved mainly in overall administrative work such as accounting, IR, and human resources. Furthermore, he is expected to be capable of contributing to the further reinforcement of human resources, systems, and accounting in a wide range of areas, such as through the replacement of an accounting system, and the optimization and automation of in-house business processes.					

(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, 2020.
3. In addition to the number of the Board of Directors' meetings above, there were eight 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.