



November 16, 2020

To whom it may concern:

Net One Systems Co., Ltd.  
(Stock Code: 7518, TSE1)

### **Notice regarding expansion of duties of external investigative committee and addition of members to external investigative committee**

As indicated in its November 2, 2020 news release entitled “Notice regarding the establishment of an external investigative committee,” Net One Systems Co., Ltd. (“Net One Systems” or “the Company”) became aware of suspicions regarding the diversion of funds by an employee, and established an external investigative committee to swiftly resolve the situation.

Net One Systems hereby announces that it resolved at its Board of Directors meeting held today to expand the duties of the external investigative committee and appoint additional members to the external investigative committee, as follows.

We sincerely apologize to our shareholders, investors, business partners, and other stakeholders for the inconvenience and concern caused by this matter.

#### **1 . Expansion of duties of external investigative committee and reasons**

As indicated in its November 2, 2020 news release entitled “Notice regarding the establishment of an external investigative committee,” Net One Systems became aware of suspicions regarding the diversion of funds by an employee. It subsequently set up an external investigative committee and has continued to investigate the incident since. In the process of investigating the facts of the case, the Company newly learned that one of the objectives of the diversion of funds may have been to improperly substitute costs by involving a supplier and a party placing the order (“suspicions of improper substitution of costs”). Consequently, the Company has determined an in-depth investigation is required into similar types of suspicions of improper substitution of costs, and it has added this to the duties of the external investigative committee.

#### **2 . Addition of members to external investigative committee and reasons**

Along with the expansion of the duties of the external investigative committee described in 1. above, Net One Systems has determined it is necessary to add members with professional accounting expertise to the external investigative committee. Based on consultation with the external investigative committee, the Company has decided to appoint the following persons as independent committee members.

| Position         | Name           | Affiliation and qualifications                      |
|------------------|----------------|---|
| Committee member | Yoshiyuki Wada | Certified public accountant, Wada Accounting Office |
| Committee member | Hiroshi Kondo  | Certified public accountant, Clifix FAS Co., Ltd.   |
| Committee member | Katsuya Yamada | Certified public accountant, G&S SOLUTIONS K.K.     |

We sincerely apologize again to all our stakeholders for the inconvenience and concern caused by this matter.