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(Stock Exchange Code 4312)
February 21, 2020

To Shareholders with Voting Rights:

Reiko Yasue
President & CEO
Cybernet Systems Co., Ltd.
3 Kanda-neribeicho, Chiyoda-ku, Tokyo

**NOTICE OF
THE 35TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 35th Annual General Meeting of Shareholders of Cybernet Systems Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Wednesday, March 11, 2020 Japan time.

- 1. Date and Time:** Thursday, March 12, 2020 at 2:00 p.m. Japan time (reception desk opens at 1:00 p.m.)
- 2. Place:** Hall on 7F, TKP Ichigaya Conference Center located at
8 Ichigaya-hachimancho, Shinjuku-ku, Tokyo
Please note that the venue is different from the previous Meeting.
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company’s 35th Fiscal Year (January 1, 2019 – December 31, 2019) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 35th Fiscal Year (January 1, 2019 – December 31, 2019)

Proposals to be resolved:

- Proposal 1:** Election of eight (8) Members of the Board
- Proposal 2:** Election of two (2) Audit & Supervisory Board Members
- Proposal 3:** Determination of compensation for granting restricted stock to the Company’s Members of the Board (excluding external Members of the Board)

- * Of the documents to be included in this Notice, “6. The system to ensure that the performance of duties by Directors is in conformity with laws and regulations and the Articles of Incorporation, and the system to ensure that the Company’s business operations are appropriate, and the state of its operations” in the Business Report, “Consolidated Statement of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements, “Statement of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are posted in “Matters disclosed on the internet regarding the Notice of the 35th Annual General Meeting of Shareholders” on the Company’s website ([https:// www.cybernet.jp/](https://www.cybernet.jp/)) pursuant to the applicable laws and regulations as well as Article 16 of the Company’s Articles of Incorporation, and thus not included in the Attachment of this Notice. For this reason, the Attachment of this Notice is part of the relevant financial statements audited by the Audit & Supervisory Board Members and Accounting Auditor for the purpose of preparing an audit report. For this reason, the Attachment of this Notice is part of the relevant financial statements audited by the Audit & Supervisory Board Members and Accounting Auditor for the purpose of preparing an audit report.

- * Revisions in the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, and/or Consolidated Financial Statements, shall be posted on the Company's website ([https:// www.cybernet.jp/](https://www.cybernet.jp/)).

Proposal 1: Election of eight (8) Members of the Board

The terms of office of all six (6) Members of the Board will expire at the conclusion of this Annual General Meeting of Shareholders. In order to further strengthen the management system, we propose that the number of Directors be increased by two (2) and that eight (8) Members of the Board in total be elected.

The candidates are as follows.


As for the selection of Member of the Board candidates, they are decided by the Board of Directors of the Company with emphasis on balance of expertise, experience and ability, and diversity regardless of sex, age, nationality, etc., of the Board of Directors as a whole, based on the size of the Company, and upon adequate discussions by the Nomination/Compensation Committee, which are composed of external officers and the Representative Director.


No.		Name	Current positions	Attendance at Board of Directors meetings
1	Reappointment	Reiko Yasue	Representative Director, President and Executive Officer	18/18
2	Reappointment	Tomoya Kotani	Member of the Board, Senior Managing Executive Officer	17/18
3	New appointment	Satoru Kimoto	Full-time Audit & Supervisory Board Member	15/15
4	New appointment	Masato Yanagisawa	Executive Officer	— / —
5	New appointment	Masahiro Matsumoto	Executive Officer	— / —
6	Reappointment	Jeng Minghong	Member of the Board	15/15
7	Reappointment External Independent	Hajimu Kishi	Member of the Board	17/18
8	Reappointment External Independent	Makoto Ohnishi	Member of the Board	15/15


- (Notes)
1. Mr. Jeng Minghong is presented in his name in the family register, which was previously presented as Arnie Cheng.
 2. As for Mr. Satoru Kimoto, Mr. Jeng Minghong and Mr. Makoto Ohnishi, the total number of the Board of Directors meetings differs because they were newly appointed as Audit & Supervisory Board Member or Member of the Board at the Annual General Meeting of Shareholders in the previous year (held on March 8, 2019).


The companies on the right listed in the past experience, etc. of each candidate are the Company's subsidiaries:


Noesis Solutions NV, CYBERNET MBSE Co., Ltd.,
CYBERNET SYSTEMS (SHANGHAI) CO., LTD.,
and CYBERNET SYSTEMS TAIWAN CO., LTD.


No.	Name (Date of birth)	Past experience, positions, and responsibilities	Number of shares of the Company held
1	 <p><u>Reappointment</u></p> <p>Reiko Yasue (January 26, 1968) (52 years old)</p> <p>Years served as Member of the Board: 2 years and 0 months</p> <p>Attendance at the Board of Directors meetings: 18/18(100%)</p>	<p>April 1991 Joined Nagoya Research Institute, Panasonic Information Systems Co., Ltd. (currently Panasonic Advanced Technology Development Co., Ltd.)</p> <p>April 1999 Joined Unwired Planet</p> <p>December 1999 Joined Motorola, Inc.</p> <p>June 2004 Joined SevenNetworks, Inc</p> <p>September 2005 Joined Qualcomm Inc.</p> <p>July 2009 Joined FUJISOFT Inc. Manager, System Development Business Division, MS Business Mobile Planning Department</p> <p>April 2012 Executive Operating Officer, General Manager, Global Business Division</p> <p>April 2015 Managing Executive Officer, General Manager, Global Business Division</p> <p>January 2018 Joined the Company Executive Vice President</p> <p>March 2018 Executive Vice President, Member of the Board</p> <p>March 2019 Representative Director, President and Executive Officer, Chief Executive Officer (CEO)</p> <p>January 2020 Representative Director, President and Executive Officer (Current Position)</p> <p>[Significant concurrent positions] President, Member of the Board and CEO, Noesis Solutions NV</p>	9,100
<p>Reasons for the appointment</p> <p>Ms. Reiko Yasue has been selected as a candidate for Member of the Board, as she is expected to not only offer effective supervision of the Company's management in general based on her expertise and broad personal connections gained from her international business experience over many years and her contribution to the continuous improvement of corporate value and the Group's growth, but also play an important role in the reinforcement of the coordination with FUJISOFT Group.</p>			


No.	Name (Date of birth)	Past experience, positions, and responsibilities	Number of shares of the Company held
2	 <p><u>Reappointment</u></p> <p>Tomoya Kotani (July 2, 1973) (46 years old)</p> <p>Years served as Member of the Board: 6 years and 0 months</p> <p>Attendance at the Board of Directors meetings: 17/18(94%)</p>	<p>April 1996 Joined FUJISOFT, Inc.</p> <p>October 2008 Manager, System Development Business Division, ET 2nd Business Department</p> <p>October 2009 Manager, System Development Business Group, Communication Control Unit</p> <p>April 2011 Deputy Group Manager, System Development Business Group</p> <p>April 2012 Executive Operating Officer, Deputy Division Manager, Solution Business Division</p> <p>March 2014 Seconded to the Company Member of the Board, the Company</p> <p>March 2014 Executive Operating Officer, FUJISOFT, Inc.</p> <p>April 2014 Seconded to the Company Member of the Board, Managing Executive Officer, the Company</p> <p>April 2015 Member of the Board, Managing Executive Officer</p> <p>January 2017 Member of the Board, Senior Managing Executive Officer (Current Position)</p> <p>[Significant concurrent positions] Member of the Board, CYBERNET MBSE Co., Ltd.</p>	18,600
<p>Reasons for the appointment</p> <p>Mr. Tomoya Kotani has been selected as a candidate for Member of the Board, as he is expected to offer supervision based on his contribution to the growth of the Company's business through the invigoration of the Company's business activities not only in IT but also through his effort toward active collaboration with the field of CAE and supervision of strategic sales activities, as well as to play an important role in the coordination with FUJISOFT Group.</p>			

No.	Name (Date of birth)	Past experience, positions, and responsibilities	Number of shares of the Company held
3	 <p><u>New appointment</u></p> <p>Satoru Kimoto (October 2, 1962) (57 years old)</p> <p>Years served as Member of the Board: —</p> <p>Attendance at the Board of Directors meetings: 15/15(100%)</p>	<p>April 1987 Joined Fuji Software Co., Ltd. (currently FUJISOFT, Inc.)</p> <p>October 1995 Head, Corporate Planning Office</p> <p>April 2000 Manager, Corporate Planning Department</p> <p>April 2002 Manager, Corporate Planning Department, Administrative Division</p> <p>April 2006 Deputy General Manager, Administrative Division and Manager, Corporate Planning Department</p> <p>June 2007 Audit & Supervisory Board Member, the Company</p> <p>December 2007 Deputy General Manager, Administrative Division, FUJISOFT, Inc.</p> <p>April 2008 Seconded to FUJISOFT DIS Co., Ltd. (currently VINX CORP.), Director</p> <p>October 2009 Transferred to FUJISOFT DIS Co., Ltd., Director</p> <p>April 2012 Managing Director</p> <p>April 2013 Director, Executive Officer</p> <p>June 2013 Director, Managing Executive Officer</p> <p>April 2017 Director, Managing Executive Officer in charge of Administration</p> <p>March 2019 Full-time Audit & Supervisory Board Member, the Company (Current Position)</p> <p>[Significant concurrent positions] —</p>	—
<p>Reasons for the appointment</p> <p>Mr. Satoru Kimoto has been selected as a candidate for Member of the Board, as he is expected to contribute to establishing an optimum corporate governance system for the Company, in addition to supervision from the administrative perspective based on his long-term experience in an administrative division mainly in the area of corporate planning.</p>			

No.	Name (Date of birth)	Past experience, positions, and responsibilities	Number of shares of the Company held
4	 <p>New appointment</p> <p>Masato Yanagisawa January 10, 1974 (46 years old)</p> <p>Years served as Member of the Board: —</p> <p>Attendance at the Board of Directors meetings: —</p>	<p>April 1996 Joined the Company, Sales Department, Applied Software Division</p> <p>April 2008 Manager, PCB Solution Department, Applied Systems Second Division</p> <p>October 2010 Manager, EDA Solution Department, EDA Division</p> <p>April 2012 Manager, EDA Sales Department, EDA Division</p> <p>April 2013 Manager, Sales Department, EDA Division</p> <p>January 2015 Deputy General Manager, EDA Division</p> <p>January 2017 Deputy General Manager, Mechanical CAE Department, CAE First Division</p> <p>January 2019 General Manager, Mechanical CAE Department, CAE Division</p> <p>January 2020 Executive Officer, Deputy General Manager, Sales Division (Current Position)</p> <p>[Significant concurrent positions] Director, CYBERNET SYSTEMS (SHANGHAI) CO., LTD.</p>	—
<p>Reasons for the appointment</p> <p>Mr. Masato Yanagisawa has been selected as a candidate for Member of the Board, as he is expected to offer supervision based on his familiarity in the CAE Solution Service through leading over many years the sales of the Company's mainstay products including electronic circuit board design solutions and multi-physics analysis tools.</p>			

No.	Name (Date of birth)	Past experience, positions, and responsibilities	Number of shares of the Company held
5	 <p>New appointment</p> <p>Masahiro Matsumoto October 7, 1974 (45 years old)</p> <p>Years served as Member of the Board: —</p> <p>Attendance at the Board of Directors meetings: —</p>	<p>April 1999 Joined the Company, ANSYS Technology Department</p> <p>April 2012 Manager, East Japan Technology Department, Mechanical CAE Department</p> <p>April 2013 Manager, Technology Department, Mechanical CAE Department</p> <p>January 2016 Manager, Technology Department, Mechanical CAE Department, CAE First Division</p> <p>January 2019 Acting Deputy General Manager, Mechanical CAE Department, CAE Division</p> <p>January 2020 Executive Officer, Deputy General Manager, Technology Division (Current Position)</p> <p>[Significant concurrent positions] Director, CYBERNET SYSTEMS (SHANGHAI) CO., LTD.</p>	—
<p>Reasons for the appointment</p> <p>Mr. Masahiro Matsumoto has been selected as a candidate for Member of the Board, as he is expected to offer supervision based on his contribution to the growth of the Company's mainstay mechanical CAE business through his many years of involvement in technical support and solution proposals for multi-physics analysis tools.</p>			

No.	Name (Date of birth)	Past experience, positions, and responsibilities	Number of shares of the Company held
6	 <p>Reappointment</p> <p>Jeng Minghong February 10, 1966 (54 years old)</p> <p>Years served as Member of the Board: 1 year and 0 months</p> <p>Attendance at the Board of Directors meetings: 15/15(100%)</p>	<p>October 1990 Joined Industrial Technology Research Institute</p> <p>January 2001 Director, Terasoft Inc.</p> <p>July 2008 Director and General Manager, CYBERNET SYSTEMS TAIWAN CO., LTD.</p> <p>August 2009 General Manager</p> <p>March 2011 Director and General Manager</p> <p>January 2015 Director, CYBERNET SYSTEMS (SHANGHAI) CO., LTD.</p> <p>March 2015 Director, CEO and General Manager, CYBERNET SYSTEMS TAIWAN CO., LTD.</p> <p>January 2016 Director, CEO and General Manager, CYBERNET SYSTEMS (SHANGHAI) CO., LTD.</p> <p>September 2017 President, CEO and General Manager (Current Position)</p> <p>October 2017 President, CEO and General Manager, CYBERNET SYSTEMS TAIWAN CO., LTD. (Current Position)</p> <p>March 2019 Member of the Board, the Company (Current Position)</p> <p>[Significant concurrent positions]</p> <p>President, CEO and General Manager, CYBERNET SYSTEMS (SHANGHAI) CO., LTD.</p> <p>President, CEO and General Manager, CYBERNET SYSTEMS TAIWAN CO., LTD.</p>	—
<p>Reasons for the appointment</p> <p>Mr. Jeng Minghong has been selected as a candidate for Member of the Board, as he is expected to offer supervision and coordination with our Group companies based on not only his contribution to the growth of CAE Solution Service business in China and Taiwan over many years but also his business experience in the ASEAN region.</p>			

No.	Name (Date of birth)	Past experience, positions, and responsibilities	Number of shares of the Company held
7	 <p> <u>Reappointment</u> <u>External</u> <u>Independent</u> </p> <p>Hajimu Kishi (July 9, 1941) (78 years old)</p> <p>Years served as Member of the Board: 3 years and 0 months</p> <p>Attendance at the Board of Directors meetings: 17/18(94%)</p>	<p> April 1965 Joined Oki Electric Industry Co., Ltd. April 1972 Manager, Numerical Control Group September 1979 Joined FANUC CORPORATION September 1984 Deputy Manager, Product Development Laboratory June 1985 Director June 1989 Managing Director, Manager, East Sales Division April 2005 Senior Managing Director, Manager, FA Domestic Sales Administration Division June 2007 Resigned from Senior Managing Director, became Advisor June 2010 Managing Director November 2011 Resigned from Managing Director, became Advisor (Current Position) April 2012 Auditor, the University of Electro-Communications March 2016 External Auditor & Supervisory Board Member, the Company April 2016 Special Adviser to the President, the University of Electro-Communications (Current Position) March 2017 External Member of the Board, the Company (Current Position) </p> <p> [Significant concurrent positions] Advisor, FANUC CORPORATION Special Adviser to the President, the University of Electro-Communications </p>	—
<p>Reasons for the appointment</p> <p>Mr. Hajimu Kishi has been selected as a candidate for external Member of the Board, as he is expected to contribute to the development of the Company's CAE solution services business by capitalizing on his wealth of knowledge and experience in the area of numerical control technology, as well as his broad personal connections in the FA industry. In addition, he is also expected to provide supervision over the Company's management in general, as well as invaluable opinions regarding manufacturing operations, based on his long-standing management experience as a director of a business corporation and superior insight into the industry. For these reasons, he is believed to be capable of carrying out his duties appropriately as an external Member of the Board.</p>			

No.	Name (Date of birth)	Past experience, positions, and responsibilities	Number of shares of the Company held
8	 <p>Reappointment External Independent</p> <p>Makoto Ohnishi (January 18, 1958) (62 years old)</p> <p>Years served as Member of the Board: 1 year and 0 months</p> <p>Attendance at the Board of Directors meetings: 15/15(100%)</p>	<p>April 1981 Joined Nichii Co., Ltd. (Currently AEON RETAIL Co.,Ltd.)</p> <p>February 1991 Seconded to Mycal Systems Inc. (Currently VINX CORP.)</p> <p>September 1992 Transferred to VINX CORP.</p> <p>November 1995 Manager, Open System Department</p> <p>August 1998 General Manager, Business System Department</p> <p>December 1999 Manager, ITS Promotion Department</p> <p>March 2000 Manager, Store System Department</p> <p>April 2002 Director, Vinculum Japan Corporation (Currently VINX CORP.)</p> <p>January 2009 President and General Manager, Vinx China Co.,Ltd.</p> <p>June 2009 Managing Director, Vinculum Japan Corporation (Currently VINX CORP.)</p> <p>January 2012 President and Managing Director, Vinx China Co.,Ltd.</p> <p>April 2013 Director, Managing Executive Officer, VINX CORP.</p> <p>June 2016 Director, Senior Managing Executive Officer</p> <p>April 2017 Director, Senior Managing Executive Officer in charge of Outsourcing Business, Sales for New Specified Domestic Customers and Overseas Alliance</p> <p>April 2018 Director, Senior Managing Executive Officer in charge of Outsourcing Business</p> <p>June 2018 Advisor (Current Position)</p> <p>March 2019 External Member of the Board, the Company (Current Position)</p> <p>[Significant concurrent positions] Advisor, VINX CORP.</p>	—
<p>Reasons for the appointment</p> <p>Mr. Makoto Ohnishi has been selected as a candidate for external Member of the Board, as he is expected to provide supervision over the Company's management in general and practical and objective opinions regarding business development in overseas markets based on his corporate management experience and knowledge having served as a director for business corporations in and outside of Japan. For these reasons, he is believed to be capable of carrying out his duties appropriately as an external Member of the Board.</p>			

(Notes)

- There are no special interests between each candidate for Member of the Board and the Company.
- Mr. Satoru Kimoto is currently in office of Audit & Supervisory Board Member, but will resign from the said post at the conclusion of this Annual General Meeting of Shareholders.
- Mr. Hajimu Kishi and Mr. Makoto Ohnishi are candidates for external Members of the Board. The Company has registered Mr. Hajimu Kishi and Mr. Makoto Ohnishi as Independent Officers as prescribed by the Tokyo Stock Exchange, and they are to continue their duties as Independent Officers upon the approval of their election.
- The positions and responsibilities of respective candidates who are currently serving as Members of the Board of the Company, are as stated in "4. (1) Names, etc., of Members of the Board and Audit & Supervisory Board Members" in the Business Report (See page 31 to page 33 of the Japanese original document).
- The positions and responsibilities of respective candidates at present as well as in the past five (5) years as a business executive at the parent, subsidiaries of the parent company or subsidiaries of the Company are as stated in "Past experience, positions, and responsibilities." FUJISOFT, Inc. and its subsidiaries are the specified related business operators, as defined under Article 2, Paragraph 3, Item 19 of the Ordinance for Enforcement of the Companies Act.
- Mr. Hajimu Kishi and Mr. Makoto Ohnishi will have served as external Members of the Board of the Company for three (3) years and one (1) year, respectively, at the conclusion of this Annual General Meeting of Shareholders.
- The Company has entered into liability limitation agreements with Mr. Hajimu Kishi and Mr. Makoto Ohnishi for the purpose of restricting their liability for damages as prescribed under Article 423, Paragraph 1 of the Companies Act, to the minimum amount of liability prescribed in Article 425, Paragraph 1 of the Companies Act. These liability limitation agreements are to be continued and executed upon the approval of this proposal and the reelection of Mr. Hajimu Kishi and Mr. Makoto Ohnishi.
- The number of shares of the Company held by each candidate for Member of the Board reflects the situation as of December 31, 2019.
- Mr. Jeng Minghong is presented in his name in the family register, which was previously presented as Arnie Cheng.

(Reference) Independence Criteria and Qualitative Requirements for Independent External Members of the Board

In the selection of candidates for independent external Members of the Board, the Company determines that any candidate who falls under any of the following categories to lack independence. As such, the Company pays attention to retain persons who do not fall under

any of the following categories, have no concern of conflict of interest with general shareholders, and are able to secure substantial independence.

- (1) Any person who has executed business of the Company or its subsidiaries or who has been a second degree or closer relative of such a person in the past ten (10) years
- (2) Any person who has fallen under any of the following categories or who has been a second degree or closer relative of such a person in the past year
 - 1) Any person who executes business of a company that has a material business relationship with the Company, or that of the parent company or material subsidiary of such a company
 - 2) An attorney or consultant of the Company or of its subsidiaries, who receives large amounts of compensation or other forms of economic benefit, other than compensation for Members of the Board of the Company
If the person is a corporation or other organization, this means a person who executes business of such corporation or organization
 - 3) Any person who executes business of the parent company of the Company
 - 4) Any person who executes business of a company that belongs to the Group of the Company's parent company
- (3) Any other person who have concerns of constant substantial conflicts of interest with general shareholders of the Company, due to circumstances other than those in (1) and (2) above

Proposal 2: Election of two (2) Audit & Supervisory Board Members


Audit & Supervisory Board Member Satoru Kimoto will resign from his office at the conclusion of this Annual General Meeting of Shareholders, and the term of office of Audit & Supervisory Board Member Takashi Yamashita will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, we propose that two (2) Audit & Supervisory Board Members be elected.


Since Mr. Tatsuya Naito will be elected as a substitute for Mr. Satoru Kimoto, the term of office of Mr. Tatsuya Naito will expire at the expiration of the term of the resigning Audit & Supervisory Board Member as prescribed in the Articles of Incorporation of the Company.

The Audit & Supervisory Board has given its approval to this proposal.

The candidates are as follows.

As for the selection of Audit & Supervisory Board Member candidates, they are decided by the Board of Directors of the Company with emphasis on balance of expertise, experience and ability of the Audit & Supervisory Board as a whole, based on the assumption that more than one (1) person with appropriate knowledge on finance and accounting will be elected, and upon adequate discussions by the Nomination/Compensation Committee, which are composed of external officers and the Representative Director.

No.	Name (Date of birth)	Past experience and positions	Number of shares of the Company held
1	 <p>New appointment</p> <p>Tatsuya Naito (December 22, 1959) (60 years old)</p> <p>Years served as Audit & Supervisory Board Member: —</p> <p>Attendance at the Board of Directors meetings: —</p> <p>Attendance at the Audit & Supervisory Board meetings: —</p>	<p>April 1982 Joined Daiei Co., Ltd.</p> <p>September 2006 Joined FUJISOFT, Inc., Section Manager, Management and Finance Department, Administrative Division</p> <p>January 2007 Manager, Management and Finance Department, Administrative Division</p> <p>October 2008 Manager, Planning Department and Manager, Management and Finance Office</p> <p>October 2009 Manager, Management and Finance Office, Planning Department</p> <p>June 2010 Audit & Supervisory Board Member, the Company</p> <p>April 2011 Manager, Corporate Management Department, FUJISOFT, Inc.</p> <p>April 2012 Executive Operating Officer (Current Position)</p> <p>June 2013 Member of the Board, the Company</p> <p>March 2014 Resigned from Member of the Board</p> <p>[Significant concurrent positions]</p> <p>Audit & Supervisory Board Member, FUJISOFT TISSUE ENGINEERING Co., Ltd.</p> <p>Auditor, FUJISOFT CHINA Corp.</p>	—
<p>Reasons for the appointment</p> <p>Mr. Tatsuya Naito has been selected as a candidate for Audit & Supervisory Board Member, as he is expected to give invaluable opinions for the enhancement of the Company's internal control system not only based on his expertise in finance and accounting and broad business experience, but also by contributing to the Company's audit system by capitalizing on his experience of serving as an audit & supervisory board member for business corporations in and outside of Japan.</p>			

No.	Name (Date of birth)	Past experience and positions	Number of shares of the Company held
2	 <p>New appointment External Independent</p> <p>Fumio Hama (February 12, 1949) (71 years old)</p> <p>Years served as Audit & Supervisory Board Member: —</p> <p>Attendance at the Board of Directors meetings: —</p> <p>Attendance at the Audit & Supervisory Board meetings: —</p>	<p>April 1971 Joined FUJI SOFTWARE LABORATORY, Ltd. (currently FUJISOFT, Inc.)</p> <p>June 1999 Senior Managing Director</p> <p>July 2001 Representative Director and Vice President, Daiei Information Systems Co., Ltd. (currently VINX CORP.)</p> <p>April 2002 Representative Director and Vice President, Vinculum Japan Corporation (currently VINX CORP.)</p> <p>December 2002 Senior Managing Director and Manager, Distribution System Department, FUJISOFT ABC Inc. (currently FUJISOFT, Inc.)</p> <p>April 2003 Senior Managing Director and General Manager, Distribution System Division</p> <p>October 2005 Director and Vice President, FUJISOFT DIS Co., Ltd. (currently VINX CORP.)</p> <p>April 2008 Representative Director and President</p> <p>June 2011 Representative Director and Chairman</p> <p>April 2012 Advisor</p> <p>April 2013 Advisor, VINX CORP.</p> <p>June 2014 Full-time Audit & Supervisory Board Member, CYBER COM Co., Ltd.</p> <p>March 2019 Resigned from Audit & Supervisory Board Member</p> <p>[Significant concurrent positions] —</p>	—
<p>Reasons for the appointment</p> <p>Mr. Fumio Hama has been selected as a candidate for external Auditor & Supervisory Board Member, as he is expected to provide supervision over the Company's management in general, as well as effective advice based on not only his broad management experience and insight as a director for business corporations, but also his experience of serving as an audit & supervisory board member. For these reasons, he is believed to be capable of carrying out his duties appropriately as an external Auditor & Supervisory Board Member.</p>			

(Notes)

- There are no special interests between each candidate for Audit & Supervisory Board Member and the Company.
- The number of shares of the Company held by each candidate for Audit & Supervisory Board Member reflects the situation as of December 31, 2019.
- Mr. Fumio Hama is a candidate for external Audit & Supervisory Board Member. The Company will register him with the Tokyo Stock Exchange as an Independent Officer as prescribed by the said Exchange if he is elected as originally proposed.
- If Mr. Fumio Hama is appointed as an external Audit & Supervisory Board Member, the Company will, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, enter into a liability limitation agreement with him for the purpose of restricting his liability for damages as prescribed under Article 423, Paragraph 1 of the said Act, to the minimum amount of liability prescribed in Article 425, Paragraph 1 of the said Act.
- The positions and responsibilities of respective candidates at present as well as in the past five (5) years as a business executive at the parent, subsidiaries of the parent company or subsidiaries of the Company are as stated in "Past experience and positions." FUJISOFT, Inc. and its subsidiaries are the specified related business operators, as defined under Article 2, Paragraph 3, Item 19 of the Ordinance for Enforcement of the Companies Act.

Proposal 3: Determination of compensation for granting restricted stock to the Company's Members of the Board (excluding external Members of the Board)

The amount of compensation, etc. for Members of the Board of the Company was approved to be up to 300 million yen per year (excluding the amount of employee salary paid to Members of the Board who serve concurrently as employees) at the 21st Annual General Meeting of Shareholders held on June 23, 2006.

As part of the ongoing revision of the compensation system for executives, the Company proposes to offer new compensation for granting restricted stock to Members of the Board (excluding external Members of the Board; hereinafter referred to as "Eligible Members of the Board") in order to provide them an incentive to sustainably increase the Company's corporate value and to further promote shared value between shareholders and them, separately from the above-mentioned amount of compensation.

In addition, upon introducing this new compensation system, a former compensation system for acquiring treasury stock shall be abolished which the Company was operating within the above-mentioned amount of compensation. There shall be no change in Eligible Members of the Board from the previous compensation system.

The compensation to be offered to Eligible Members of the Board for granting restricted stock in accordance with this Proposal shall be in the form of monetary claims (hereinafter referred to as "Monetary Compensation Receivables"). The total amount thereof shall be up to 50 million yen per year, an amount deemed reasonable in consideration of the aforementioned aims.

The specific timing to grant the Monetary Compensation Receivables and allocation thereof to each Eligible Member of the Board shall be determined by the Board of Directors.

The amount of compensation above will not include employee salary paid to Members of the Board who serve concurrently as employees.

The current number of Members of the Board is six (6) (including two (2) external Members of the Board), but if Proposal 1 "Election of eight (8) Members of the Board" is approved and resolved as originally proposed, the number of Members of the Board will become eight (8) (including two (2) external Members of the Board).

Eligible Members of the Board shall, based on a resolution of the Board of Directors of the Company, make in-kind contribution of all the Monetary Compensation Receivables to be granted according to this Proposal, and common stock of the Company shall either be issued or disposed of by the Company with the upper limit set at 50,000 shares per year. (However, the total number may be adjusted within a reasonable range in the case that a share split (including an allotment of the Company's common stock without contribution) or a share consolidation of the Company's common stock is conducted, or any other reason that requires an adjustment to the total number of common stock to be issued or disposed of by the Company as restricted stock, on or after the day on which this Proposal is approved and resolved.)

The amount to be paid per share shall be determined at the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately prior to the date on which resolution is made at Board of Directors meetings (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day), within a scope which is not a particularly advantageous price for the Eligible Members of the Board receiving the allotment of the common stock. For the purpose of such issuance or disposal of common stock of the Company, a contract on the allotment of restricted stock (hereinafter referred to as "Allotment Contract") that includes the following provisions shall be concluded between the Company and Eligible Members of the Board.

(1) Transfer restriction period

Eligible Members of the Board shall not transfer, create a security interest on, or otherwise dispose of the Company's common stock that is allotted according to Allotment Contract (hereinafter referred to as "Allotted Shares") during a period from the day when Eligible Members of the Board are allotted such shares according to the Allotment Contract until the time immediately after their retirement from the position predetermined by the Board of Directors of the Company (such restriction shall be hereinafter referred to as "Transfer Restriction," and the period during which the transfer is restricted shall be hereinafter referred to as "Transfer Restriction Period").

(2) Lifting of transfer restriction

Notwithstanding the provision of (1) above, the Company shall lift the Transfer Restriction on all of the Allotted Shares at the expiration of Transfer Restriction Period on the condition that Eligible Members of the Board have continuously served in position stipulated in (1) above for a period predetermined by the Board of Directors of the Company (hereinafter referred to as "Service Provision Period"). However, if such

Eligible Members of the Board retire from the position stipulated in (1) above prior to the expiry of Service Provision Period for the reason of death or any other justifiable reason, the number of Allotted Shares for which Transfer Restriction is to be lifted and the timing of the lifting of Transfer Restriction shall be reasonably adjusted as necessary. Pursuant to the stipulation above, at the time immediately after the lifting of Transfer Restriction, the Company shall acquire Allotted Shares for which Transfer Restriction has not been lifted, rightfully without contribution.

(3) Treatment on retirement due to reasons other than justifiable reasons

Notwithstanding the provision of (2) above, in the event that Eligible Members of the Board resign from the position stipulated in (1) above due to reasons other than justifiable reasons during Transfer Restriction Period, the Company shall acquire all of the Allotted Shares rightfully without consideration.

(4) Treatment on organizational restructuring, etc.

Notwithstanding the provision of (1) above, in the case where an agreement of merger with the Company as the non-surviving entity, agreement of share exchange or plan for share transfer through which the Company becomes a wholly-owned subsidiary, or a matter concerning other organizational restructuring, etc. is approved at the Shareholders' Meeting (or at the Company's Board of Directors in the case where approval of the Shareholders' Meeting is not required for the said organizational restructuring, etc.) during Transfer Restriction Period, Transfer Restriction shall be lifted by the resolution of the Company's Board of Directors prior to the effective date of the said organizational restructuring, etc., with regard to the number of the Allotted Shares reasonably set forth in light of the period from the start date of Transfer Restriction Period to the approval date of the said organizational restructuring, etc. In the case described above, at the time immediately after the lifting of Transfer Restriction, the Company shall acquire Allotted Shares for which Transfer Restriction has not been lifted, rightfully without contribution.

(5) Other matters

Any other matters concerning Allotment Contract shall be determined by the Company's Board of Directors.