

Notice of the 40th Annual General Meeting of Shareholders

JustSystems Corporation

To our shareholders

I am delighted to present this convocation notice of the 40th Annual General Meeting of Shareholders of JustSystems Corporation which will be held on June 24, 2021.

At JustSystems, each employee believes that maintaining a “continual awareness of change” without going by the book or clinging to fixed ideas leads to sustained growth.

Thinking through, making changes and creating – by embodying these actions, we will achieve even higher corporate value.

The value JustSystems provides to society comes of course from good products and services. That will never change.

As we verify the scale and positioning of those products and services, our attention extends not just across Japan but out to the world, as part of our hope to create a better future for people around the world.

Within a fluctuating IT industry, we will stay agile in recognizing the latest trends and proactively adopt new technologies while providing society with new value moving forward.



Kyotaro Sekinada President & CEO



日本語ワープロソフト



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 4686

June 8, 2021

To our shareholders:

Kyotaro Sekinada
President & CEO
JustSystems Corporation
Hiraishiwakamatsu 108-4 Kawauchi-
cho, Tokushima

Notice of the 40th Annual General Meeting of Shareholders

You are hereby notified that the 40th Annual General Meeting of Shareholders of JustSystems Corporation (the “Company”) will be held as indicated below.

From the standpoint of preventing the spread of the novel coronavirus disease (COVID-19), we kindly ask you to refrain from attending the meeting in person and consider exercising your voting rights in advance in writing (by mail) or via the internet as much as possible, regardless of your health condition. Upon exercising your voting in advance, please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights by 6:00 p.m. on Wednesday, June 23, 2021 (JST).

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|--|--|----------------|--------------------------|----------------|--|----------------|--|----------------|---|----------------|--|----------------|---|
| 1. Date and Time | Thursday, June 24, 2021, at 10:00 a.m. (JST) | | | | | | | | | | | | |
| 2. Venue | JustSystems Tokushima Head Office Hiraishiwakamatsu 108-4 Kawauchi-cho, Tokushima | | | | | | | | | | | | |
| 3. Purpose of the Meeting | Matters to be reported: <ol style="list-style-type: none">The Business Report and Consolidated Financial Statements for the 40th fiscal year (from April 1, 2020 to March 31, 2021), as well as the results of audit of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory BoardNon-consolidated Financial Statements for the 40th fiscal year (from April 1, 2020 to March 31, 2021) Matters to be resolved: <table><tr><td>Proposal No. 1</td><td>Appropriation of Surplus</td></tr><tr><td>Proposal No. 2</td><td>Amendment to the Articles of Incorporation</td></tr><tr><td>Proposal No. 3</td><td>Election of Five Directors Who Are Not Audit and Supervisory Committee Members</td></tr><tr><td>Proposal No. 4</td><td>Election of Three Directors Who Are Audit and Supervisory Committee Members</td></tr><tr><td>Proposal No. 5</td><td>Election of One Substitute Director Who Is an Audit and Supervisory Committee Member</td></tr><tr><td>Proposal No. 6</td><td>Setting of the Amount of Remuneration for Directors Who Are Not Audit and Supervisory Committee Members and Directors Who Are Audit and Supervisory Committee Members</td></tr></table> | Proposal No. 1 | Appropriation of Surplus | Proposal No. 2 | Amendment to the Articles of Incorporation | Proposal No. 3 | Election of Five Directors Who Are Not Audit and Supervisory Committee Members | Proposal No. 4 | Election of Three Directors Who Are Audit and Supervisory Committee Members | Proposal No. 5 | Election of One Substitute Director Who Is an Audit and Supervisory Committee Member | Proposal No. 6 | Setting of the Amount of Remuneration for Directors Who Are Not Audit and Supervisory Committee Members and Directors Who Are Audit and Supervisory Committee Members |
| Proposal No. 1 | Appropriation of Surplus | | | | | | | | | | | | |
| Proposal No. 2 | Amendment to the Articles of Incorporation | | | | | | | | | | | | |
| Proposal No. 3 | Election of Five Directors Who Are Not Audit and Supervisory Committee Members | | | | | | | | | | | | |
| Proposal No. 4 | Election of Three Directors Who Are Audit and Supervisory Committee Members | | | | | | | | | | | | |
| Proposal No. 5 | Election of One Substitute Director Who Is an Audit and Supervisory Committee Member | | | | | | | | | | | | |
| Proposal No. 6 | Setting of the Amount of Remuneration for Directors Who Are Not Audit and Supervisory Committee Members and Directors Who Are Audit and Supervisory Committee Members | | | | | | | | | | | | |
| 4. Information on Exercising Your Voting Rights, etc. | Please refer to [Information on Exercising Your Voting Rights, etc.]. (available in Japanese only) | | | | | | | | | | | | |

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| 5. Disclosure via the Internet | Of the documents to be provided with this Notice, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are, in accordance with laws and regulations and Article 15 of the Articles of Incorporation of the Company, posted on the Company's website and therefore not included in the documents attached to this Notice. The documents attached to this Notice are a part of the documents audited by Audit & Supervisory Board Members and the Financial Auditor when preparing the audit reports. |
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When you attend the meeting, please submit the enclosed voting form at the reception desk.

If any revisions were made to the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders, the revised matter will be posted on the Company's website.

Company's website (<https://www.justsystems.com/jp/ir/>)

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company maintains a basic policy of striving to pay stable dividends on a continual basis, while securing internal reserves for strengthening the management structure and future business expansion.

Year-end dividends

The Company has given consideration to matters including the business performance of the fiscal year and future business environment, and it proposes to pay year-end dividends for the fiscal year as follows:

(1) Type of dividend property

Cash

(2) Allotment of dividend property and their aggregate amount

¥8 per common share of the Company

Total dividends: ¥513,792,136

As the Company has already paid an interim dividend of ¥5 per share, the annual dividend will be ¥13 per share.

(3) Effective date of dividends of surplus

June 25, 2021

Proposal No. 2: Amendment to the Articles of Incorporation

1. Reason for the amendment

In addition to enhancing the auditing function of the Board of Directors by giving Directors who are Audit and Supervisory Committee Members voting rights at the Board of Directors, the Company seeks to take steps to strengthen corporate governance and enhance corporate value by speeding up decision-making, to which end it intends to transition to a company with an Audit and Supervisory Committee. Accordingly, the Company proposes to make amendments necessary for the transition to a company with an Audit and Supervisory Committee, including establishment of new provisions for Audit and Supervisory Committee Members and the Audit and Supervisory Committee, establishment of new provisions for delegation of decision-making authority on execution of important operations to Directors, and deletion of provisions for Audit & Supervisory Board Members and the Audit & Supervisory Board.

2. Description of the amendment

The description of the amendment is as follows.

The amendment to the Articles of Incorporation associated with this proposal shall take effect at the conclusion of this meeting.

(The underlined parts represent changes.)

| Current Articles of Incorporation | Proposed amendment |
|--|---|
| <p style="text-align: center;">Chapter I General Provisions</p> <p>Articles 1 - 3 (Text omitted)</p> <p>Article 4. (Organs)</p> <p>The Company shall have, in addition to the general meeting of shareholders and Directors, the following organs:</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit & Supervisory Board Members</u></p> <p>(3) <u>Audit & Supervisory Board</u></p> <p>(4) Financial Auditor</p> <p>Article 5. (Text omitted)</p> | <p style="text-align: center;">Chapter I General Provisions</p> <p>Articles 1 - 3 (Unchanged)</p> <p>Article 4. (Organs)</p> <p>The Company shall have, in addition to the general meeting of shareholders and Directors, the following organs:</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit and Supervisory Committee</u></p> <p>(3) <u>Financial Auditor</u></p> <p>Article 5. (Unchanged)</p> |
| <p style="text-align: center;">Chapter II Shares</p> <p>Articles 6 - 11 (Text omitted)</p> | <p style="text-align: center;">Chapter II Shares</p> <p>Articles 6 - 11 (Unchanged)</p> |
| <p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p>Articles 12 - 13 (Text omitted)</p> <p>Article 14. (Convener and Chairmanship of General Meeting of Shareholders)</p> <p>1. (Text omitted)</p> <p>2. In cases where the Director and President is prevented from so acting, another Director who is designated in accordance with an order of priority determined in advance by the Board of Directors shall convene a general meeting of shareholders and chair the meeting.</p> <p>Articles 15 - 17 (Text omitted)</p> | <p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p>Articles 12 - 13 (Unchanged)</p> <p>Article 14. (Convener and Chairmanship of General Meeting of Shareholders)</p> <p>1. (Unchanged)</p> <p>2. In cases where the Director and President is prevented from so acting, another Director who is designated in accordance with an order of priority determined in advance by the Board of Directors shall convene a general meeting of shareholders and chair the meeting.</p> <p>Articles 15 - 17 (Unchanged)</p> |
| <p style="text-align: center;">Chapter IV Directors and Board of Directors</p> <p>Article 18. (Number of Directors)</p> <p>The Company shall have not more than seven Directors.</p> | <p style="text-align: center;">Chapter IV Directors and Board of Directors</p> <p>Article 18. (Number of Directors)</p> <p><u>1. The Company shall have not more than seven Directors, (excluding Audit and Supervisory Committee Members).</u></p> |

| Current Articles of Incorporation | Proposed amendment |
|---|---|
| (Newly established) | <u>2. The Company shall have not more than four Directors who are Audit and Supervisory Committee Members.</u> |
| Article 19. (Method of Election) | Article 19. (Method of Election) |
| 1. Directors of the Company shall be elected at a general meeting of shareholders. | 1. Directors of the Company shall be elected at a general meeting of shareholders <u>with Directors who are Audit and Supervisory Committee Members distinguished from other Directors.</u> |
| 2. (Text omitted) | 2. (Unchanged) |
| 3. (Text omitted) | 3. (Unchanged) |
| Article 20. (Term of Office) | Article 20. (Term of Office) |
| The term of office of a Director shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within one year after the election of the Director. | 1. The term of office of a Director <u>(excluding an Audit and Supervisory Committee Member)</u> shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within one year after the election of the Director. |
| (Newly established) | 2. <u>The term of office of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within two years after the election of the Director.</u> |
| (Newly established) | 3. <u>The term of office of a Director who is an Audit and Supervisory Committee Member who is elected as the substitute for such Director who retired from office before the expiration of the term of office shall continue until the time the term of office of the Director who retired from office is to expire.</u> |
| (Text omitted) | Article 21. (Unchanged) |
| Article 22. (Notice of Meeting of the Board of Directors) | Article 22. (Notice of Meeting of the Board of Directors) |
| 1. When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director <u>and each Audit & Supervisory Board Member</u> at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs. | 1. When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs. |
| 2. With the consent of all Directors <u>and Audit & Supervisory Board Members</u> , a meeting of the Board of Directors may be held without following the convening procedures. | 2. With the consent of all Directors, a meeting of the Board of Directors may be held without following the convening procedures. |
| (Newly established) | <u>Article 23. (Delegation of Decision-making on Execution of Important Operations)</u> |
| (Text omitted) | <u>Pursuant to the provisions of Article 399-13, paragraph (6) of the Companies Act, the Company may delegate all or part of decision-making of execution of important operations (excluding matters set forth in items of paragraph (5) of the said article) to Directors by resolution of the Board of Directors.</u> |
| Article 23. (Representative Directors and Directors With Special Titles) | Article 24. (Representative Directors and Directors With Special Titles) |
| 1. The Board of Directors shall appoint Representative Director(s) by its resolution. | 1. The Board of Directors shall appoint Representative Director(s) <u>from among Directors (excluding Audit and Supervisory Committee Members)</u> by its resolution. |
| 2. The Board of Directors shall appoint one Director and President by its resolution. <u>In addition, the Board of Directors may appoint one Director and Chairman, one or a small number of Senior Managing Directors, and one or a small number of Managing Directors as necessary.</u> | 2. The Board of Directors shall appoint one Director and President <u>from among Directors (excluding Audit and Supervisory Committee Members)</u> by its resolution. |

| Current Articles of Incorporation | Proposed amendment |
|--|--|
| <p><u>Article 24. (Advisors)</u> <u>The Company may have one or a small number of Advisors by resolution of the Board of Directors.</u></p> | (Deleted) |
| <p>Articles 25 - 27 (Text omitted)</p> | Articles 25 - 27 (Unchanged) |
| <p style="text-align: center;">Chapter V <u>Audit & Supervisory Board Members and Audit & Supervisory Board</u></p> | <p style="text-align: center;">Chapter V <u>Audit and Supervisory Committee</u></p> |
| <p><u>Article 28. (Number of Audit & Supervisory Board Members)</u> <u>The Company shall have not more than four Audit & Supervisory Board Members.</u></p> | (Deleted) |
| <p><u>Article 29. (Method of Election)</u> 1. <u>Audit & Supervisory Board Members shall be elected at a general meeting of shareholders.</u> 2. <u>Resolutions on the election of an Audit & Supervisory Board Member shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</u></p> | (Deleted) |
| <p><u>Article 30. (Term of Office)</u> 1. <u>The term of office of an Audit & Supervisory Board Member shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within four years after the election of the Audit & Supervisory Board Member.</u> 2. <u>The term of office of an Audit & Supervisory Board Member who is elected as the substitute for an Audit & Supervisory Board Member who retired from office before the expiration of the term of office shall continue until the time the term of office of the Audit & Supervisory Board Member who retired from office is to expire.</u></p> | (Deleted) |
| <p><u>Article 31. (Full-Time Audit & Supervisory Board Members)</u> The <u>Audit & Supervisory Board</u> shall appoint full-time <u>Audit & Supervisory Board Member(s)</u> by its resolution.</p> | <p><u>Article 28. (Full-Time Audit and Supervisory Committee Members)</u> The <u>Audit and Supervisory Committee</u> shall appoint full-time <u>Audit and Supervisory Committee Member(s)</u> by its resolution.</p> |
| <p><u>Article 32. (Notice of Meeting of the Audit & Supervisory Board)</u> 1. When convening a meeting of the <u>Audit & Supervisory Board</u>, a notice shall be dispatched to each <u>Audit & Supervisory Board Member</u> at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs. 2. With the consent of all <u>Audit & Supervisory Board Members</u>, a meeting of the <u>Audit & Supervisory Board</u> may be held without following the convening procedures.</p> | <p><u>Article 29. (Notice of Meeting of the Audit and Supervisory Committee)</u> 1. When convening a meeting of the <u>Audit and Supervisory Committee</u>, a notice shall be dispatched to each <u>Audit and Supervisory Committee Member</u> at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs. 2. With the consent of all <u>Audit and Supervisory Committee Members</u>, a meeting of the <u>Audit and Supervisory Committee</u> may be held without following the convening procedures.</p> |
| <p><u>Article 33. (Regulations of the Audit & Supervisory Board)</u> Matters concerning the <u>Audit & Supervisory Board</u> shall be governed by the Regulations of the <u>Audit & Supervisory Board</u> established by the <u>Audit & Supervisory Board</u>, in addition to applicable laws and regulations and these Articles of Incorporation.</p> | <p><u>Article 30. (Regulations of the Audit and Supervisory Committee)</u> Matters concerning the <u>Audit and Supervisory Committee</u> shall be governed by the Regulations of the <u>Audit and Supervisory Committee</u> established by the <u>Audit and Supervisory Committee</u>, in addition to applicable laws and regulations and these Articles of Incorporation.</p> |

| Current Articles of Incorporation | Proposed amendment |
|--|---|
| <p><u>Article 34. (Exemption of Audit & Supervisory Board Members From Liability)</u></p> <p>1. <u>Pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Audit & Supervisory Board Member (including a person who was formerly an Audit & Supervisory Board Member) from his/her liability for damages arising from neglecting his/her duties to the extent permitted by laws and regulations.</u></p> <p>2. <u>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into an agreement with an Audit & Supervisory Board Member limiting his/her liability for damages arising from neglecting his/her duties; provided, however, that the maximum liability for damages under such agreement shall be either an amount specified in advance that is not less than five million yen, or an amount as prescribed by laws and regulations, whichever is higher.</u></p> | <p>(Deleted)</p> |
| <p>Chapter VI Accounts</p> <p>Articles <u>35 - 38</u> (Text omitted)</p> | <p>Chapter VI Accounts</p> <p>Articles <u>31 - 34</u> (Unchanged)</p> |
| <p>(Newly established)</p> | <p><u>Supplementary Provisions</u> <u>(Transitional Measures Regarding Exemption of Audit & Supervisory Board Members from Liability)</u></p> <p><u>Pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Audit & Supervisory Board Member (including a person who was formerly an Audit & Supervisory Board Member; the same applies hereinafter) from his/her liability for damages arising from neglecting his/her duties prior to the amendment to the Articles of Incorporation resolved at the 40th Annual General Meeting of Shareholders taking effect, to the extent permitted by laws and regulations. Furthermore, with regard to limited liability agreements entered into with Audit & Supervisory Board Members prior to the conclusion of the Annual General Meeting of Shareholders, the provisions then in force shall remain applicable.</u></p> |

Proposal No. 3: Election of Five Directors Who Are Not Audit and Supervisory Committee Members

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved and adopted, the Company will make a transition to a company with an Audit and Supervisory Committee, and the terms of office of all five Directors will expire at the conclusion of this meeting. In this regard, the Company proposes the election of five Directors who are not Audit and Supervisory Committee Members. This proposal shall take effect on the condition that the amendment to the Articles of Incorporation in Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

The candidates for Director who are not Audit and Supervisory Committee Members are as follows:

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|---------------|--|--|--------------------------------------|
| 1 | Kyotaro Sekinada (December 29, 1977) | Apr. 2000 Joined Keyence Corporation June 2009 Director of the Company Oct. 2010 Director and Executive Director of Business Planning Department July 2012 Director and Division Director of Corporate Planning Division Mar. 2016 President & CEO (current position) | 5,000 |
| 2 | Masayuki Tajiki (October 15, 1969) | Oct. 2006 Joined the Company Apr. 2012 Division Director of Consumer Business Division Oct. 2018 Division Director of Solution Strategy Division June 2020 Director and Division Director of Solution Strategy Division (current position) | 1,000 |
| 3 | Masayuki Miki (April 3, 1975) | Apr. 1998 Joined Keyence Corporation June 2009 Director of the Company (current position) Mar. 2016 Director and Chief Development Officer June 2018 Director of Keyence Corporation (current position) | 5,000 |
| 4 | Manabu Kurihara (April 19, 1956) | Oct. 1987 Joined Chuo Audit Corporation Mar. 1991 Registered as a certified public accountant July 2001 Partner of ChuoAoyama Audit Corporation Aug. 2007 Partner of Ernst & Young ShinNihon Sept. 2017 Chief Representative of Kurihara Certified Public Accountant Office (current position) June 2019 Outside Director of the Company (current position) | - |
| 5 | Katsuhiko Kuwayama (October 19, 1963) | Apr. 1994 Registered as an attorney at law Apr. 1994 Joined Hamada & Matsumoto Aug. 2000 Admitted as Attorney-at-Law in the State of New York Aug. 2003 Partner of TMI Associates Tokyo Office Oct. 2012 President of Kuwayama Law Offices (current position) June 2020 Outside Director of the Company (current position) | - |

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Mr. Kurihara and Mr. Kuwayama are candidates for outside Director.
 3. The Company has submitted notification to the Tokyo Stock Exchange that Mr. Kurihara and Mr. Kuwayama have been appointed as independent officers. If Mr. Kurihara and Mr. Kuwayama are reelected, the Company plans for their appointment as independent officers to continue. The Company has established the Rules on the Criteria for the Election of Outside Officers for the election of its outside Directors. In electing such Directors,

the Company takes into consideration the criteria for independence provided for by the Tokyo Stock Exchange in its listing regulations, reviews their career history and relationship with the Company, and elects them on the premise that they will be able to fulfill their duties as outside officers from a standpoint independent of the Company's management. Mr. Kurihara and Mr. Kuwayama both satisfy these criteria.

4. The Company has nominated Mr. Kurihara as a candidate for outside Director because he has extensive experience and specialized knowledge in finance, accounting and taxation as a certified public accountant, as well as experience as director of other company and a supervisory officer of investment corporation, bringing forth the expectations that he will play a role in enhancing the function of the Board of Directors of the Company. Mr. Kurihara has never been directly involved in the management of a company. However, the Company judges he will appropriately fulfill his duties as an outside Director based on the above reasons. Mr. Kurihara is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure as outside Director will have been two years.
5. The Company has nominated Mr. Kuwayama as a candidate for outside Director because he has extensive experience and specialized knowledge as a lawyer, as well as a high level of spirit of compliance, bringing forth the expectations that he will play a role in enhancing the function of the Board of Directors of the Company through his advice mainly from the viewpoint of compliance. Mr. Kuwayama has never been directly involved in the management of a company. However, the Company judges he will appropriately fulfill his duties as an outside Director based on the above reasons. Mr. Kuwayama is currently an outside Director of the Company, and at the conclusion of this meeting, his tenure as outside Director will have been one year.
6. The Company has entered into a limited liability agreement with Mr. Kurihara and Mr. Kuwayama, which limits their liability for damages to ¥5 million or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher. If their reelection is approved, the Company plans to renew this agreement with each of them.
7. 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. In the event that a claim for damages is made against the insured that arises from acts carried out by the insured as a person at a certain position of the Company, the insurance policy covers the insured's losses and such costs as related litigation expenses. However, there are certain situations excluded from coverage, such as no compensation for damages arising from the performance of an illegal act with full knowledge of its illegality. The full amount of the insurance premiums is borne by the Company, and in effect those insured do not pay any of the premiums. All candidates will be included as the insured under this policy.

Proposal No. 4: Election of Three Directors Who Are Audit and Supervisory Committee Members

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved and adopted, the Company will make a transition to a company with an Audit and Supervisory Committee. In this regard, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members. This proposal shall take effect on the condition that the amendment to the Articles of Incorporation in Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|---------------|--------------------------------------|--|--------------------------------------|
| 1 | Yasushi Higo (August 4, 1957) | <p>Apr. 1980 Joined The Industrial Bank of Japan, Limited</p> <p>Oct. 2007 Executive Officer of Shinko Securities Co., Ltd.</p> <p>Apr. 2011 Managing Executive Officer of Mizuho Securities Co., Ltd.</p> <p>June 2012 Full-time Audit & Supervisory Board Member</p> <p>June 2017 Member of the Board of Directors and Audit & Supervisory Committee Member (Chairman of Audit & Supervisory Committee)</p> <p>June 2019 President & CEO of Mizuho Securities Business Services Co.,Ltd.</p> | - |
| 2 | Tsutomu Kumagai (May 7, 1950) | <p>Apr. 1974 Joined Isetan Co., Ltd.</p> <p>Apr. 2007 Operating Officer and General Manager of Accounting Department</p> <p>Apr. 2009 Full-time Corporate Auditor</p> <p>Apr. 2011 Full-time Corporate Auditor of Isetan Mitsukoshi Ltd.</p> <p>June 2012 Outside Audit & Supervisory Board Member of the Company (current position)</p> | - |
| 3 | Toru Igarashi (November 26, 1981) | <p>Jan. 2011 Joined Keyence Corporation</p> <p>Sept. 2018 Head of Accounting Group (current position)</p> <p>June 2019 Outside Audit & Supervisory Board Member of the Company (current position)</p> | - |

- Notes:
- There is no special interest between any of the candidates and the Company.
 - Mr. Higo, Mr. Kumagai and Mr. Igarashi are candidates for outside Director who is an Audit and Supervisory Committee Member.
 - The Company has nominated Mr. Higo as a candidate for outside Director who is an Audit and Supervisory Committee Member because he has extensive experience in business execution in corporate management in the financial industry and experience and insight as a Director who is an Audit and Supervisory Committee Member, and is expected to strengthen the decision-making function and the auditing and supervision functions of the Board of Directors.
 - The Company has nominated Mr. Kumagai as a candidate for outside Director who is an Audit and Supervisory Committee Member because he has extensive experience in business execution in the accounting department and experience and insight as a full-time Audit & Supervisory Board Member, and is expected to strengthen the decision-making function and the auditing and supervision functions of the Board of Directors.
 - The Company has nominated Mr. Igarashi as a candidate for outside Director who is an Audit and Supervisory Committee Member because he has extensive experience in business execution and insight in the accounting department, and is expected to strengthen the decision-making function and the auditing and supervision functions of the Board of Directors.
 - The Company has submitted notification to the Tokyo Stock Exchange that Mr. Kumagai has been designated as an independent officer as provided for by the aforementioned exchange. If the election of Mr. Kumagai is approved, the Company plans for his appointment as an independent officer to continue. Mr. Higo also satisfies

the requirements for independent officers as stipulated by the Tokyo Stock Exchange, and if his election is approved, the Company plans to submit notification that he has been appointed as an independent officer.

7. The Company has entered into a limited liability agreement with Mr. Kumagai and Mr. Igarashi, which limits their liability for damages to ¥5 million or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher. If their election is approved, the Company plans to renew this agreement with each of them.

If the election of Mr. Higo is approved, the Company plans to enter into a limited liability agreement of the same content.

8. 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. In the event that a claim for damages is made against the insured that arises from acts carried out by the insured as a person at a certain position of the Company, the insurance policy covers the insured's losses and such costs as related litigation expenses. However, there are certain situations excluded from coverage, such as no compensation for damages arising from the performance of an illegal act with full knowledge of its illegality. The full amount of the insurance premiums is borne by the Company, and in effect those insured do not pay any of the premiums. All candidates will be included as the insured under this policy.

Proposal No. 5: Election of One Substitute Director Who Is an Audit and Supervisory Committee Member

If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved and adopted, the Company will make a transition to a company with an Audit and Supervisory Committee. In this regard, the Company proposes the election of one substitute Director who is an Audit and Supervisory Committee Member to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members falls below the number required by laws and regulations. This proposal shall take effect on the condition that the amendment to the Articles of Incorporation in Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

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

| Name (Date of birth) | Career summary, position and responsibility in the Company and significant concurrent positions outside the Company | Number of the Company's shares owned |
|--|---|--------------------------------------|
| Norio Wakabayashi (October 9, 1954) | <p>Apr. 1977 Joined Tokyo Regional Taxation Bureau</p> <p>July 2014 District Director of Ebara Tax Office</p> <p>Aug. 2015 Registered as a certified public tax accountant</p> <p>Aug. 2015 Chief Representative of Norio Wakabayashi Certified Public Tax Accountant's Office (current position)</p> | - |

- Notes:
1. There is no special interest between the candidate and the Company.
 2. Mr. Wakabayashi is a candidate for substitute outside Director who is an Audit and Supervisory Committee Member. If Mr. Wakabayashi assumes the office of Director who is an Audit and Supervisory Committee Member, the Company plans to submit notification that he has been appointed as an independent officer as stipulated by the Tokyo Stock Exchange.
 3. Mr. Wakabayashi has never been directly involved in the management of a company. However, he has specialized knowledge and experience as a certified public tax accountant, and the Company judges he will appropriately fulfill his duties as an outside Director who is an Audit and Supervisory Committee Member, and therefore proposes his election.
 4. If Mr. Wakabayashi assumes the office of Director who is an Audit and Supervisory Committee Member, the Company plans to enter into a limited liability agreement with him to limit his liability for damages to ¥5 million or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher.
 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. In the event that a claim for damages is made against the insured that arises from acts carried out by the insured as a person at a certain position of the Company, the insurance policy covers the insured's losses and such costs as related litigation expenses. However, there are certain situations excluded from coverage, such as no compensation for damages arising from the performance of an illegal act with full knowledge of its illegality. The full amount of the insurance premiums is borne by the Company, and in effect those insured do not pay any of the premiums. If Mr. Wakabayashi assumes the office of Director who is an Audit and Supervisory Committee Member, he will be included as one of the insured under this policy.

Proposal No. 6: Setting of the Amount of Remuneration for Directors Who Are Not Audit and Supervisory Committee Members and Directors Who Are Audit and Supervisory Committee Members

At the Extraordinary General Meeting of Shareholders held on June 27, 1994, it was resolved that the amount of remuneration for Directors of the Company shall be ¥25 million or less per month (not including salaries for employees). However, the Company will transition to a company with an Audit and Supervisory Committee, subject to the approval and adoption of Proposal No. 2 “Amendment to the Articles of Incorporation.”

Therefore, we would like to abolish the current provision on the amount of remuneration for Directors and set the amount of remuneration for Directors who are not Audit and Supervisory Committee Members at ¥300 million or less per year (of which ¥24 million or less per year for outside Directors), taking into consideration the economic situation and other various circumstances. The said remuneration shall not include the employee salary paid to Directors who concurrently serve as employees.

If Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 3 “Election of Five Directors Who Are Not Audit and Supervisory Committee Members” are approved and adopted, the number of Directors who are not Audit and Supervisory Committee Members will be five (including two outside Directors).

In addition, we would like to set the amount of remuneration for Directors who are Audit and Supervisory Committee Members at ¥36 million or less per year, taking into consideration the economic situation and other various circumstances.

If Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 4 “Election of Three Directors Who Are Audit and Supervisory Committee Members” are approved and adopted, the number of Directors who are Audit and Supervisory Committee Members will be three.

This proposal shall take effect on the condition that the amendment to the Articles of Incorporation in Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

The Company policy for determining the details of individual remuneration, etc. for Directors is set out on page 20. The Company believes that this will remain a reasonable policy for determining such issues if this Proposal is approved, and thus it has no intention of changing the policy.

(Attached Documents)

Business Report (from April 1, 2020 to March 31, 2021)

1. Status of the corporate group

(1) Progress and results of operations

In the fiscal year under review, the Japanese economy continued to experience difficult circumstances despite the beginnings of recovery in personal consumption, production and exports being observed with the gradual reopening of economic activity, which had stalled due to the COVID-19 pandemic.

Under these circumstances, the Company group (the “Group”) is committed to providing high-performance, high-value-added new products and services and has worked to enhance the capabilities for making propositions for increasing Net sales in markets for individuals and legal entities, as well as to plan and develop new products and services that will become new sources of revenue, based on stable earnings from existing businesses.

As a result of the above, our Group’s performance for the current fiscal year resulted in ¥41,174 million of Net sales (up 12.8% compared with the previous fiscal year), ¥15,069 million of Operating profit (up 15.2% compared with the previous fiscal year), ¥15,202 million of Ordinary profit (up 16.0% compared with the previous fiscal year), and ¥10,957 million of Profit attributable to owners of parent (up 18.0% compared with the previous fiscal year). Operating profit, Ordinary profit and Profit all recorded the highest levels since the Company became a listed company.

| | 39th fiscal year (Fiscal year ended March 31, 2020) | 40th fiscal year (Fiscal year ended March 31, 2021) | Year-on-year changes |
|---|---|---|--|
| | (millions of yen) | (millions of yen) | Rate of Increase/decrease |
| Net sales | 36,503 | 41,174 | Increase by 12.8% <input checked="" type="checkbox"/> |
| Operating profit | 13,084 | 15,069 | Increase by 15.2% <input checked="" type="checkbox"/> |
| Ordinary profit | 13,106 | 15,202 | Increase by 16.0% <input checked="" type="checkbox"/> |
| Profit attributable to owners of parent | 9,287 | 10,957 | Increase by 18.0% <input checked="" type="checkbox"/> |

(2) Capital expenditures

Not applicable.

(3) Financing activities

Not applicable.

(4) Future prospects and issues to be addressed

Regarding the Japanese economy going forward, as there is a risk that domestic and overseas economies might further decline due to the significant stagnation of economic activity caused by the global spread of the COVID-19, the future outlook is expected to remain uncertain.

In this business environment, the Company will work to improve and promote a system that can continuously and stably secure earnings by leveraging its strength in providing a wide range of products and services to individuals and legal entities. We believe it important to comprehensively enhance our corporate value that our shareholders, customers, markets and employees expect of us, by contributing to the development of customers and society through our products and services.

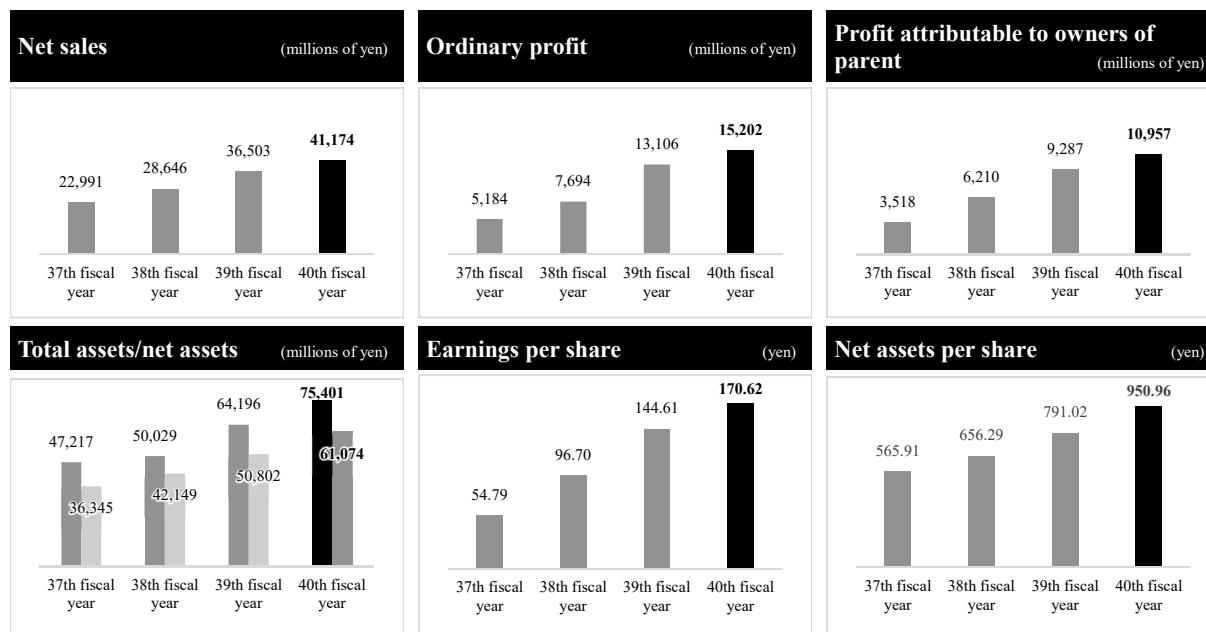
The Company especially emphasizes, among management indicators, the continuous expansion of Operating profit per employee. For our existing products, we will increase customer satisfaction by continuing to enhance their functions, while we will expand our customer base through the planning

and development of our new products and services, with the aim of continually expanding business and enhancing our corporate value.

We will also strive to revitalize the organization and strengthen and expand the human resource management system to build a corporate structure that is constantly changing and growing.

In the IT industry which the Group is in, the business environment tends to fluctuate significantly in the short term, making us think that it is difficult to reasonably calculate reliable figures for a full-year earnings forecast. We nevertheless promote the planning and development of new products and services and actively make investments for our future growth, with a focus on speed, aiming for continuous growth in both sales and profits.

(5) Changes in assets and profit and loss of the corporate group



| Categories | 37th fiscal year (Fiscal year ended March 31, 2018) | 38th fiscal year (Fiscal year ended March 31, 2019) | 39th fiscal year (Fiscal year ended March 31, 2020) | 40th fiscal year (Current term) (Fiscal year ended March 31, 2021) |
|---|---|---|---|---|
| Net sales (millions of yen) | 22,991 | 28,646 | 36,503 | 41,174 |
| Ordinary profit (millions of yen) | 5,184 | 7,694 | 13,106 | 15,202 |
| Profit attributable to owners of parent (millions of yen) | 3,518 | 6,210 | 9,287 | 10,957 |
| Total assets (millions of yen) | 47,217 | 50,029 | 64,196 | 75,401 |
| Net assets (millions of yen) | 36,345 | 42,149 | 50,802 | 61,074 |
| Earnings per share (yen) | 54.79 | 96.70 | 144.61 | 170.62 |
| Net assets per share (yen) | 565.91 | 656.29 | 791.02 | 950.96 |

- Notes:
1. Earnings per share is calculated based on the average number of shares outstanding.
 2. The figures for 37th fiscal year represent those after correction because errors in previously issued financial statements were corrected.

(6) Parent company and major subsidiaries

1) Parent company

Not applicable.

2) Subsidiaries

| Company name | Share capital | Capital contribution ratio (%) | Major businesses |
|-------------------------|---------------|--------------------------------|--|
| JustSystems Canada Inc. | C\$10,000,000 | 100.0 | Development and sales of XMetaL products |

Note: Share capital is current as of the consolidated closing date.

3) Others

Keyence Corporation is an “other affiliated company” defined as a company of which the Company is an associate under the Companies Act and holds 28,234 thousand shares of the Company (capital contribution ratio of 43.96 %). The Company has entered into a capital and business alliance agreement with the aforementioned company.

(7) Major businesses (as of March 31, 2021)

Planning, development and provision of software and related services

(8) Major business offices (as of March 31, 2021)

1) Major business offices of the Company

| | |
|-----------------------|---|
| Tokyo Head Office | Sumitomo Fudosan Shinjuku Oak Tower, Nishi-Shinjuku 6-8-1 Shinjuku-ku, Tokyo |
| Tokushima Head Office | Hiraishiwakamatsu 108-4 Kawauchi-cho, Tokushima, Tokushima Prefecture |
| Sales offices | Shinjuku-ku (Tokyo), Nagoya, Osaka and Fukuoka |

2) Subsidiary

JustSystems Canada Inc. (Vancouver, Canada)

(9) Employees (as of March 31, 2021)

Number of employees of the corporate group is 343 (110), and the number of employees of the Company is 338 (109).

Note: The number of employees represents that of regular employees. The number of temporary employees (including contract employees, temporary staff from staffing agencies, and part-time employees) is shown in parentheses, which represents the average number of such temporary employees for the year.

(10) Major lenders (as of March 31, 2021)

Not applicable.

(11) Other important matters regarding the status of the corporate group

Not applicable.

2. Shares of the Company (as of March 31, 2021)

(1) Total number of authorized shares: 66,163,200

(2) Total number of issued shares: 64,224,800

(including 783 treasury shares)

(3) Number of shareholders: 6,026

(4) Major shareholders

| Name of shareholders | Number of shares held (thousands of shares) | Shareholding ratio (%) |
|--|--|------------------------|
| Keyence Corporation | 28,234 | 43.96 |
| Yasumitsu Shigeta | 4,686 | 7.30 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 3,684 | 5.74 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 1,854 | 2.89 |
| Custody Bank of Japan, Ltd. (Trust Account) | 1,776 | 2.77 |
| Custody Bank of Japan, Ltd. (Trust account 9) | 1,287 | 2.00 |
| JP MORGAN CHASE BANK 385632 | 1,261 | 1.96 |
| MSCO CUSTOMER SECURITIES | 1,177 | 1.83 |
| SMBC Nikko Securities Inc. | 986 | 1.54 |
| Tomoaki Fukura | 870 | 1.35 |

Note: 783 treasury shares are not included in the calculation of the shareholding ratio.

(5) Other important matters regarding the shares

Not applicable.

3. Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2021)

| Position | Name | Responsibility in the Company and significant concurrent positions outside the Company |
|--|--------------------|--|
| President & CEO | Kyotaro Sekinada | |
| Director | Masayuki Tajiki | Division Director of Solution Strategy Division |
| Director | Masayuki Miki | Director of Keyence Corporation |
| Director | Manabu Kurihara | Chief Representative of Kurihara Certified Public Accountant Office |
| Director | Katsuhiko Kuwayama | President, Kuwayama Law Offices |
| Full-time Audit & Supervisory Board Member | Toru Watanabe | |
| Audit & Supervisory Board Member | Tsutomu Kumagai | |
| Audit & Supervisory Board Member | Toru Igarashi | Head of Accounting Group of Keyence Corporation |

- Notes:
1. Directors Manabu Kurihara and Katsuhiko Kuwayama are outside Directors.
 2. Full-time Audit & Supervisory Board Member Toru Watanabe, and Audit & Supervisory Board Members Tsutomu Kumagai and Toru Igarashi are outside Audit & Supervisory Board Members, and have significant knowledge of finance and accounting.
 3. The Company has submitted notification to the Tokyo Stock Exchange that Mr. Kurihara, Mr. Kuwayama, Mr. Watanabe and Mr. Kumagai have been designated as independent officers as provided for by the aforementioned exchange.

(2) Summary of details of limited liability agreement

Pursuant to the Articles of Incorporation of the Company and the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with each of the outside officers to limit their liability for damages under Article 423, paragraph (1) of the same Act.

Pursuant to this agreement, the defined maximum amount of liability for damages of each of the outside officers is ¥5 million or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher.

(3) Remuneration for Directors and Audit & Supervisory Board Members for the current fiscal year

| Categories | Number of payees | | Amount paid (thousands of yen) | |
|---|------------------|-----|--------------------------------|----------|
| Directors (of which, outside Directors) | 7 | (3) | 105,993 | (10,080) |
| Audit & Supervisory Board Members (of which, outside Audit & Supervisory Board Members) | 3 | (3) | 11,280 | (11,280) |
| Total (of which, outside officers) | 10 | (6) | 117,273 | (21,360) |

- Notes:
1. The amount paid for Directors does not include the portion of employee's salary for Directors who concurrently serve as employees.
 2. Officer remuneration is comprised of fixed remuneration only, and does not include performance-linked remuneration or non-monetary remuneration.
 3. At the Extraordinary General Meeting of Shareholders held on June 27, 1994, it was resolved that the maximum amount of remuneration for Directors shall be ¥25,000 thousand or less (not including the portion of employee's salary for Directors who concurrently serve as employees) per month and the maximum amount of remuneration for Audit & Supervisory Board Members shall be ¥3,000 thousand or less per month. At the time of that resolution, the Company had ten Directors and one Audit & Supervisory Board Member.

(4) Policy for determining the details of individual remuneration, etc. for Directors

1) Basic policy

The following is the Company's basic policy on remuneration for officers.

- The policy shall clarify responsibility for business performance, and contribute to sustainable growth and to the enhancement of corporate value over the medium to long term
- The policy shall provide a remuneration level and a remuneration system that enables outstanding individuals to be attracted and retained
- The process of determining remuneration shall be characterized by a high degree of transparency and objectivity

2) Method for calculating amount of remuneration for officers (Directors)

In order to clarify responsibility for business performance, the amount of remuneration is calculated by taking the annual salary of the employees in managerial positions for the previous fiscal year as a reference amount, and multiplying it by a coefficient.

With regard to the level of remuneration for officers, this is based on the content of the Company's business, the management situation and other factors. Consideration is given to the balance between this remuneration and the remuneration amount at other listed companies (including companies in the same industry, and companies of a similar size in different industries) as well as the employee salaries at the Company, before setting a coefficient. The coefficient varies depending on the position in the Company, but has an upper limit of 5.0.

Only fixed remuneration is provided, but the reference amount varies in accordance with business performance for the previous business year, and the proportion of fixed remuneration accounted for by the performance-linked portion is 60%-70%.

Among the management indicators used by the Company, special attention is paid to continuous growth in "operating profit per employee," and this is used as an indicator to determine the performance-linked portion. Ensuring that variations in "operating profit per employee" are reflected in remuneration results in a stronger link between remuneration and performance, and clarifies responsibility for corporate growth.

Currently, we believe that sufficient measures have been taken to promote the sharing of shareholders' awareness of sustainable profits, and of enhancements in corporate value. Going forward, we see the introduction of medium- to long-term incentives, including stock-based remuneration, as a matter to be considered, after taking into account the balance between the Company's remuneration and the level of officer remuneration at other listed companies.

(Note) Excludes outside Directors.

3) Remuneration for outside Directors and Audit & Supervisory Board Members

Remuneration for outside Directors, who are independent of business execution, consists solely of fixed remuneration. In addition, in order to ensure that audits are conducted effectively and from an independent viewpoint, performance-linked remuneration is not used for Audit & Supervisory Board Member remuneration. Instead, only fixed remuneration is paid, with this being determined by consultation with the Audit & Supervisory Board Members.

4) Process for determining remuneration

Remuneration, etc. for Directors of the Company is drafted by the Corporate Planning Division based on the method for calculating the amount of remuneration for officers, and with an upper value limit set by a resolution of the General Meeting of Shareholders, and then determined at Management Committee. Kyotaro Sekinada, President & CEO, who has been entrusted by the Board of Directors to determine the amount of remuneration for Directors, serves as the Chair of the Management Committee. Such authority was delegated to him because he is deemed to be highly familiar with the business environment and management situation of the Company, and the roles and achievements, etc. of the Company's officers, and that he is capable of determining the amounts of remuneration for the Company's officers comprehensively and objectively. However, in order to ensure transparency in the process of determining remuneration, the policy used, the level of remuneration, and the coefficient are explained to the independent outside Directors, and their involvement and advice are sought as appropriate.

(5) Overview of the contents of directors and officers liability insurance policy

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, that covers Directors, Audit & Supervisory Board Members, employees in managerial positions, and others at the Company and its subsidiaries. The full amount of the insurance premiums is borne by the Company for all those insureds. Under this contract, in the event that a claim for damages is made against the insureds that originates in acts carried out by the insureds based on their position within the Company, the insureds shall be compensated for losses incurred in relation to legal damages and legal costs, etc. by means of this contract. However, there are certain situations excluded from coverage, such as no compensation for damages arising from the performance of an illegal act with full knowledge of its illegality.

(6) Matters concerning outside officers

1) Principal activities during the fiscal year under review and overview of duties carried out as part of the roles expected of outside Directors

- Outside Directors

Director Manabu Kurihara presented specific opinions and recommendations on the Company's overall management and corporate governance, based on his extensive experience and specialized knowledge in finance, accounting and taxation as a certified public accountant, as well as his experience as director of other company and a supervisory officer of investment corporation. He attended all 12 meetings of the Board of Directors held in the fiscal year.

Director Katsuhiko Kuwayama presented specific opinions and recommendations on the Company's overall management and corporate governance, based on his advanced specialized knowledge as a lawyer and practical experience in corporate legal affairs. He attended all ten meetings of the Board of Directors which were held after he assumed office on June 25, 2020.

- Outside Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Member Toru Watanabe provided supervision and presented specific opinions and recommendations on overall management from an independent standpoint as an outside Audit & Supervisory Board Member, based on his extensive experience and insight in the fields that are closely related to the Company's business. He attended all 12 meetings of the Board of Directors and 13 meetings of the Audit & Supervisory Board held in the fiscal year.

Audit & Supervisory Board Member Tsutomu Kumagai provided supervision and presented specific opinions and recommendations on overall management from an independent standpoint as an outside Audit & Supervisory Board Member, based on his extensive experience in business execution in corporate accounting department as well as experience and insight as a full-time Audit & Supervisory Board Member. He attended all 12 meetings of the Board of Directors and 13 meetings of the Audit & Supervisory Board held in the fiscal year.

Audit & Supervisory Board Member Toru Igarashi presented specific opinions and recommendations based on his extensive experience in business execution in corporate

accounting department and insight. He attended all 12 meetings of the Board of Directors and 13 meetings of the Audit & Supervisory Board held in the fiscal year.

2) Significant concurrent positions at other corporations and relationships of the Company with such corporations

Director Manabu Kurihara is Chief Representative of Kurihara Certified Public Accountant Office. There is no special interest between the firm and the Company.

Director Katsuhiko Kuwayama is President of Kuwayama Law Offices. There is no special interest between the firm and the Company.

Audit & Supervisory Board Member Toru Igarashi is a person executing business in Keyence Corporation. Keyence Corporation is an “other affiliated company” defined as a company of which the Company is an associate under the Companies Act, and has entered into a capital and business alliance agreement with the Company. The aforementioned company respects the autonomy and independence of the Company and will not interfere with the Company’s decision-making or bind the Company.

4. Financial Auditor

(1) Name of Financial Auditor: Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration for Financial Auditor for the current fiscal year

| | Amount paid (thousands of yen) |
|--|-----------------------------------|
| Amount of remuneration for Financial Auditor for the current fiscal year | 43,700 |
| Total amount of money and other property benefit to be paid from the Company and its subsidiaries to the Financial Auditor | 43,700 |

Notes: 1. In the auditing contract between the Company and the Financial Auditor, the amount of remuneration for auditing under the Companies Act and the amount of remuneration for auditing under the Financial Instruments and Exchange Act have not been separated distinctly, nor can they be separated in essence. Accordingly, the amount of remuneration for Financial Auditor for the current fiscal year indicates the total of these amounts.

2. After having performed necessary verification as to the appropriateness of matters such as the content of the Financial Auditor's audit plan, the status of performance of duties in the financial audits by the Financial Auditor, and the basis for the calculation of the estimated remuneration for the Financial Auditor, the Audit & Supervisory Board has decided to consent to the amount of remuneration to be paid to the Financial Auditor.

(3) Description of non-auditing services

Not applicable.

(4) Policy for decisions on dismissal or non-reappointment of Financial Auditor

The Audit & Supervisory Board of the Company maintains a policy to dismiss the Financial Auditor if it judges that the Financial Auditor falls under any item of Article 340, paragraph (1) of the Companies Act.

5. System to ensure properness of operations and operating status of the system

System to ensure properness of operations

The following items outline the decisions by the Company about the systems to ensure that Directors perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation, and other systems to ensure properness of operations of the Company.

(1) System to ensure that Directors and employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation

Directors and employees shall ensure thorough compliance with relevant laws and regulations and the Articles of Incorporation, by way of compliance-related rules and continuing education programs based on the Code of Conduct. In addition, the status of compliance shall be supervised through the implementation of audits by Audit & Supervisory Board Members and staff in charge of internal audit. Furthermore, as one of mechanisms to detect any non-compliance with the above, the whistle-blowing system shall be operated pursuant to the whistle-blowing-related rules.

(2) System for retaining and managing information pertaining to the performance of duties by Directors

The status of performance of duties by Directors shall be defined as the matter to be reported to the Board of Directors, and the minutes containing the matter reported shall be retained for ten years. In addition, minutes of the Management Committee and internal approval records shall be retained and managed in writing or by electromagnetic means.

(3) Rules and other systems to manage risk of loss

The Company shall establish related rules according to each aspect such as financial reporting and information security, and a person responsible for each operation shall continuously conduct risk analysis, assessment and formulation of countermeasures, with Representative Director serving as the manager for risk management overall. It shall also maintain a comprehensive management system through audits on all management risks implemented by staff in charge of internal audit and Audit & Supervisory Board Members.

(4) System to ensure that Directors perform their duties efficiently

The Board of Directors shall meet once a month in principle to make decisions about important matters and to supervise Directors' performance of duties. In addition, as an opportunity to ensure the efficiency of the performance of duties while further enhancing the supervisory function of the Board of Directors, the Management Committee shall be held from time to time to make decisions quickly and flexibly on important matters, etc. delegated by the Board of Directors. Furthermore, the Company shall develop a system that enables delegation of authority to the person responsible for the organization pursuant to the responsibility and authority rules and swift decision-making on various matters. Medium-term management plans and business plans for each department shall be set, and the system shall be established to periodically analyze and evaluate their progress.

(5) System to ensure properness of operations of the corporate group, comprising the Company and its subsidiaries

The Company shall set up a department which manages the affiliated companies such as subsidiaries, and cause the department to establish the management policy, etc. in accordance with the Rules for the Management of Affiliated Companies and other rules. In addition, the Company shall, if necessary, dispatch its Directors or employees to affiliated companies to ensure properness of operations in the corporate group.

(6) Matters concerning employees who assist duties of Audit & Supervisory Board Members when such Audit & Supervisory Board Members request to assign such employees, and independence from Directors of such employees

Upon request by an Audit & Supervisory Board Member, the Company shall select an appropriate employee through consultation with such Audit & Supervisory Board Member and cause the employee to assist duties of the Audit & Supervisory Board Member. Directors shall not interfere with the audit

assistant work by the employee who assists the audit or give an unfair evaluation in the performance appraisal of the employee.

(7) System for reporting by Directors and employees to Audit & Supervisory Board Members and other systems involving reporting to Audit & Supervisory Board Members

Directors and employees shall develop a system in which they immediately report an incident that violates laws and regulations or the Articles of Incorporation or may cause significant damage to the Company, and a matter that is necessary for proper auditing by Audit & Supervisory Board Members to Audit & Supervisory Board Members. Directors and employees shall also report on any matter regarding their duties promptly when requested by the Audit & Supervisory Board Members.

(8) Other systems to ensure that Audit & Supervisory Board Members perform audits effectively

The Company shall develop a system in which Directors and Audit & Supervisory Board Members share information, and Audit & Supervisory Board Members attend important meetings such as the meeting of the Board of Directors and the Management Committee and state their opinions as appropriate. The Company shall develop a system which would enable Audit & Supervisory Board Members, staff in charge of internal audit and the Financial Auditor to work together to conduct efficient and effective audits.

Summary of the operating status of the system to ensure properness of operations

- (1) The Board of Directors is composed of five Directors (two of whom are outside Directors), holds regular meetings once a month in principle and extraordinary meetings, and makes important decisions about management-related matters in addition to important matters provided for by laws and regulations. Important matters related to business execution are deliberated and decided by the Management Committee, which is composed of Directors and a full-time Audit & Supervisory Board Member.
- (2) Audit & Supervisory Board is composed of three outside Audit & Supervisory Board Members, holds meetings once a month in principle, and strives to ensure that audits on operations and financial audits are conducted effectively. In addition to attending meetings of the Board of Directors and the Management Committee, Audit & Supervisory Board Members properly monitor management through audit procedures such as reviewing important documents and making inquiries to officers and employees based on audit plans.

(3) Specific efforts made during the current fiscal year

1) Ensuring compliance

As part of the efforts in enforcing compliance in light of the Code of Conduct of the Company Group, a compliance training held for all employees and compliance news were distributed during the current fiscal year. In addition, the Company has been working to continuously improve measures by conducting awareness survey for the purpose of verifying effects of these efforts.

2) Strengthening information security

As for information leakage risk, etc., the Company increased effectiveness of information security by developing internal rules such as the device use rules and the Web service use rules and strengthening the auditing system. In addition, because the Company has developed in recent years a security system in advance based on the assumption of remote work, employees' shift to working from home could be made smoothly as part of the measures against COVID-19. The Company continues to enhance these efforts.

3) Promoting the delegation of authority

The Company worked to speed up decision-making by reviewing the responsibility and authority rules and encouraging the delegation of authority to the person responsible for the organization. The Company promotes the efficiency in the performance of duties of Directors through these efforts.

Consolidated Financial Statements

Consolidated Balance Sheet

(millions of yen)

| Account item | 40th fiscal year (As of March 31, 2021) |
|---------------------------------------|--|
| Assets | |
| Current assets | 65,477 |
| Cash and deposits | 56,007 |
| Notes and accounts receivable - trade | 3,056 |
| Merchandise and finished goods | 825 |
| Raw materials and supplies | 1,278 |
| Prepaid expenses | 3,613 |
| Other | 739 |
| Allowance for doubtful accounts | (43) |
| Non-current assets | 9,923 |
| Property, plant and equipment | 6,190 |
| Buildings and structures | 9,445 |
| Tools, furniture and fixtures | 1,595 |
| Land | 3,569 |
| Accumulated depreciation | (8,420) |
| Intangible assets | 2,790 |
| Software | 2,394 |
| Software in progress | 394 |
| Other | 0 |
| Investments and other assets | 943 |
| Investment securities | 30 |
| Deferred tax assets | 643 |
| Other | 459 |
| Allowance for doubtful accounts | (190) |
| Total assets | 75,401 |

(millions of yen)

| Account item | 40th fiscal year (As of March 31, 2021) |
|---|--|
| Liabilities | |
| Current liabilities | 14,206 |
| Accounts payable - trade | 1,232 |
| Accounts payable - other | 1,856 |
| Income taxes payable | 2,630 |
| Accrued consumption taxes | 775 |
| Unearned revenue | 6,719 |
| Provision for bonuses | 575 |
| Other | 415 |
| Non-current liabilities | 119 |
| Retirement benefit liability | 96 |
| Other | 23 |
| Total liabilities | 14,326 |
| Net assets | |
| Shareholders' equity | 61,175 |
| Share capital | 10,146 |
| Capital surplus | 12,293 |
| Retained earnings | 38,736 |
| Treasury shares | (1) |
| Accumulated other comprehensive income | (100) |
| Valuation difference on available-for-sale securities | 8 |
| Foreign currency translation adjustment | (102) |
| Remeasurements of defined benefit plans | (6) |
| Total net assets | 61,074 |
| Total liabilities and net assets | 75,401 |

Consolidated Statement of Income

(millions of yen)

| Account item | 40th fiscal year (From April 1, 2020 to March 31, 2021) | |
|---|---|---------------|
| Net sales | | 41,174 |
| Cost of sales | | 11,268 |
| Gross profit | | 29,906 |
| Selling, general and administrative expenses | | 14,837 |
| Operating profit | | 15,069 |
| Non-operating income | | 156 |
| Interest income | 8 | |
| Foreign exchange gains | 75 | |
| Rental income | 45 | |
| Other | 26 | |
| Non-operating expenses | | 23 |
| Rental expenses | 3 | |
| Loss on retirement of non-current assets | 0 | |
| Other | 19 | |
| Ordinary profit | | 15,202 |
| Extraordinary income | | 1 |
| Gain on sale of investment securities | 1 | |
| Extraordinary losses | | 72 |
| Impairment loss | 71 | |
| Loss on valuation of investment securities | 1 | |
| Profit before income taxes | | 15,130 |
| Income taxes - current | | 4,129 |
| Income taxes - deferred | | 43 |
| Profit | | 10,957 |
| Profit attributable to owners of parent | | 10,957 |

Consolidated Statement of Changes in Equity

40th fiscal year (From April 1, 2020 to March 31, 2021)

(millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 10,146 | 12,293 | 28,420 | (1) | 50,859 |
| Changes in items during period | | | | | |
| Dividends of surplus | | | (642) | | (642) |
| Profit attributable to owners of parent | | | 10,957 | | 10,957 |
| Purchase of treasury shares | | | | (0) | (0) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes in items during period | – | – | 10,315 | (0) | 10,315 |
| Balance at end of period | 10,146 | 12,293 | 38,736 | (1) | 61,175 |

| | Accumulated other comprehensive income | | | | Total net assets |
|--|---|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 3 | (71) | 10 | (57) | 50,802 |
| Changes in items during period | | | | | |
| Dividends of surplus | | | | | (642) |
| Profit attributable to owners of parent | | | | | 10,957 |
| Purchase of treasury shares | | | | | (0) |
| Net changes in items other than shareholders' equity | 4 | (30) | (17) | (42) | (42) |
| Total changes in items during period | 4 | (30) | (17) | (42) | 10,272 |
| Balance at end of period | 8 | (102) | (6) | (100) | 61,074 |

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(millions of yen)

| Account item | 40th fiscal year (As of March 31, 2021) |
|---|--|
| Assets | |
| Current assets | 65,372 |
| Cash and deposits | 55,936 |
| Notes receivable - trade | 9 |
| Accounts receivable - trade | 3,014 |
| Merchandise and finished goods | 825 |
| Raw materials and supplies | 1,278 |
| Prepaid expenses | 3,611 |
| Accounts receivable | 637 |
| Advance payments - other | 95 |
| Other | 5 |
| Allowance for doubtful accounts | (42) |
| Non-current assets | 10,120 |
| Property, plant and equipment | 6,185 |
| Buildings | 2,397 |
| Structures | 82 |
| Tools, furniture and fixtures | 136 |
| Land | 3,569 |
| Intangible assets | 2,734 |
| Software | 2,339 |
| Software in progress | 394 |
| Investments and other assets | 1,200 |
| Investment securities | 30 |
| Shares of subsidiaries and associates | 0 |
| Long-term loans receivable from subsidiaries and associates | 262 |
| Long-term prepaid expenses | 75 |
| Guarantee deposits | 188 |
| Deferred tax assets | 643 |
| Other | 190 |
| Allowance for doubtful accounts | (190) |
| Total assets | 75,492 |

(millions of yen)

| Account item | 40th fiscal year (As of March 31, 2021) |
|---|--|
| Liabilities | |
| Current liabilities | 14,118 |
| Accounts payable - trade | 1,230 |
| Accounts payable - other | 1,856 |
| Accrued expenses | 263 |
| Income taxes payable | 2,630 |
| Accrued consumption taxes | 775 |
| Unearned revenue | 6,650 |
| Provision for bonuses | 575 |
| Other | 134 |
| Non-current liabilities | 367 |
| Provision for retirement benefits | 90 |
| Provision for loss on business of subsidiaries and associates | 260 |
| Other | 17 |
| Total liabilities | 14,485 |
| Net assets | |
| Shareholders' equity | 60,998 |
| Share capital | 10,146 |
| Capital surplus | 12,293 |
| Legal capital surplus | 5,355 |
| Other capital surplus | 6,938 |
| Retained earnings | 38,559 |
| Legal retained earnings | 19 |
| Other retained earnings | 38,540 |
| Retained earnings brought forward | 38,540 |
| Treasury shares | (1) |
| Valuation and translation adjustments | 8 |
| Valuation difference on available-for-sale securities | 8 |
| Total net assets | 61,006 |
| Total liabilities and net assets | 75,492 |

Non-consolidated Statement of Income

(millions of yen)

| Account item | 40th fiscal year (From April 1, 2020 to March 31, 2021) | |
|---|---|---------------|
| Net sales | | 40,983 |
| Cost of sales | | 11,223 |
| Gross profit | | 29,760 |
| Selling, general and administrative expenses | | 14,761 |
| Operating profit | | 14,998 |
| Non-operating income | | 175 |
| Interest and dividend income | 16 | |
| Foreign exchange gains | 86 | |
| Rental income | 45 | |
| Other | 25 | |
| Non-operating expenses | | 23 |
| Rental expenses | 3 | |
| Loss on retirement of non-current assets | 0 | |
| Other | 19 | |
| Ordinary profit | | 15,150 |
| Extraordinary income | | 41 |
| Reversal of provision for loss on business of subsidiaries and associates | 40 | |
| Gain on sale of investment securities | 1 | |
| Extraordinary losses | | 72 |
| Impairment loss | 71 | |
| Loss on valuation of investment securities | 1 | |
| Profit before income taxes | | 15,118 |
| Income taxes - current | | 4,129 |
| Income taxes - deferred | | 43 |
| Profit | | 10,945 |

Non-consolidated Statement of Changes in Equity

40th fiscal year (From April 1, 2020 to March 31, 2021)

(millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------------|-----------------------|-------------------------|-----------------------------------|
| | Share capital | Capital surplus | | Retained earnings | |
| | | Legal capital surplus | Other capital surplus | Legal retained earnings | Other retained earnings |
| | | | | | Retained earnings brought forward |
| Balance at beginning of period | 10,146 | 5,355 | 6,938 | 19 | 28,236 |
| Changes in items during period | | | | | |
| Dividends of surplus | | | | | (642) |
| Profit | | | | | 10,945 |
| Purchase of treasury shares | | | | | |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes in items during period | - | - | - | - | 10,303 |
| Balance at end of period | 10,146 | 5,355 | 6,938 | 19 | 38,540 |

| | Shareholders' equity | | Valuation and translation adjustments | Total net assets |
|--|----------------------|----------------------------|---|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | |
| Balance at beginning of period | (1) | 50,695 | 3 | 50,698 |
| Changes in items during period | | | | |
| Dividends of surplus | | (642) | | (642) |
| Profit | | 10,945 | | 10,945 |
| Purchase of treasury shares | (0) | (0) | | (0) |
| Net changes in items other than shareholders' equity | | | 4 | 4 |
| Total changes in items during period | (0) | 10,303 | 4 | 10,308 |
| Balance at end of period | (1) | 60,998 | 8 | 61,006 |