

Disclaimer: This is the translation of the original notice of convocation in Japanese. In case of any discrepancy between the translation and the original Japanese, the Japanese version shall prevail.

Securities code: 9742
June 3, 2021

To Shareholders:

Koichi Yoshimura
President and Representative Director
INES Corporation
3-10-1, Harumi, Chuo-ku,
Tokyo Japan

Notice of Convocation of the 59th Ordinary General Meeting of Shareholders

We would like to thank all of you for your continued support of our company.

We hereby inform that the 59th Ordinary General Meeting of Shareholders of INES Corporation (the Company) will be held as stated below.

For shareholders, please exercise your voting rights after reading the information on pages 2 and 3 for guidance on exercising your voting rights and reviewing the “Ordinary General Meeting of Shareholders Reference Documents” provided below.

Particulars

- 1. Date and Time:** 10:00 a.m. on June 25 (Friday), 2021
- 2. Place:** 5F Conference Center, BELLESALLE TOKYO NIHONBASHI
Tokyo Nihonbashi Tower 2-7-1, Nihonbashi, Chuo-ku, Tokyo, Japan

3. Agenda:

Matters to be Reported:

- Item 1:** Report on the Business Report, Consolidated Financial Statements and the Audit Results on the Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors for the 59th fiscal year (from April 1, 2020 to March 31, 2021)
- Item 2:** Report on the Non-Consolidated Financial Statements for the 59th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be Resolved:

- Item 1:** Appropriation of Retained Earnings
- Item 2:** Election of Six (6) Corporate Directors
- Item 3:** Election of One (1) Corporate Auditor
- Item 4:** Election of One (1) Substitute Corporate Auditor

4. Disclosure via the Internet

- (1) In accordance with the provisions of certain laws and regulations as well as Article 17 of the Company's Articles of Incorporation, the following items are posted on the Company's website and are therefore not included in the documents accompanying this Notice of Convocation.

[Business Report]

Structure and status of implementation relating to the proper conduct of operations

[Consolidated Financial Statements]

Consolidated Statement of Changes in Shareholders' Equity, Notes to the Consolidated Financial Statements

[Financial Statements]

Non-Consolidated Statement of Changes in Shareholders' Equity, Notes to Non-Consolidated Financial Statements

- (2) In the event that the Ordinary General Meeting of Shareholders Reference Documents, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements need to be revised, the amendments will be publicized by posting on the Company's website.

The Company's Website: <https://www.ines.co.jp/>

5. Methods of Exercising Voting Rights

Voting rights in a general meeting of shareholders are important rights for all shareholders. Please exercise your voting rights after reviewing the "Ordinary General Meeting of Shareholders Reference Documents" provided below.

There are three methods for exercising your voting rights.

Please exercise your voting rights by one of the following methods.

Exercising Voting Rights by Attending the Meeting in Person

Date of General Meeting of Shareholders: 10:00 a.m. on June 25 (Friday), 2021

(Start accepting: 9:30 a.m.)

Please submit the enclosed Voting Rights Exercise Form at the meeting reception desk.

In accordance with Article 20 of the Company's Articles of Incorporation, in the case of attendance by proxy, the proxy is limited to one (1) shareholder of the Company who has voting rights. In this case, the proxy must submit, in addition to the Voting Rights Exercise Form, a mandate form or other documents to prove power of attorney.

Exercising Voting Rights via the Internet

Deadline for Exercising Voting Rights: Entry completion by 5:20 p.m.

on June 24 (Thursday), 2021

Please visit the website for exercising voting rights from your Internet environment (PC, smartphone, or cellular phone) and enter your vote according to the instructions displayed on the screen by using the "login ID" and "temporary password" entered in the enclosed Voting Rights Exercise Form.

Website for exercising voting rights:

<https://evote.tr.mufg.jp/>

- * Inquiries regarding the exercise of voting rights via the Internet:
Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency
Division (Help Desk)
TEL: 0120-173-027 (toll free) Hours: 9:00 a.m. ~ 9:00 p.m.

Exercising Voting Rights by Mail in Writing

Deadline for Exercising Voting Rights: Mail arriving by 5:20 p.m.

on June 24 (Thursday), 2021

Please indicate your approval or disapproval of each item on the agenda in the enclosed Voting Rights Exercise Form and return it by mail.

Any Voting Rights Exercise Form on which approval or disapproval of each item on the agenda has not been indicated shall be treated as an approval of the Company's proposals.

6. Matters concerning Exercising Voting Rights

(1) Handling of Voting Rights Exercised in Duplicate

[1] If you have exercised your voting rights both via the Internet and by mail in writing, only the contents of the vote made via the Internet shall be deemed valid.

[2] If you exercise your voting rights multiple times via the Internet, the last time that you exercise your voting rights shall be deemed valid.

(2) Method of Notification in the Event of the Inconsistent Exercise of Voting Rights

In the event that shareholders exercise voting rights inconsistently, the parties must inform the Company to that effect in writing at least three (3) days prior to the convening of the General Meeting of Shareholders along with the cause or reasons for the inconsistency.

Ordinary General Meeting of Shareholders Reference Documents

Item 1: Appropriation of Retained Earnings

Positioning profit returns to shareholders as one of the most important policies of management, INES Corporation deems continuously implementing stable dividends as its basic policy and pays dividends after having comprehensively considered various factors, including its performance and the business environment.

In light of the above basic policy, the Company would like to further enhance profit returns to shareholders in relation to dividends at the end of the current fiscal year and proposes as follows.

Fiscal year-end dividend matters

(1) Type of dividends

Cash dividends

(2) Financial assets to be distributed as dividends and total dividend amount

¥25.00 per share of common stock

¥595,128,250 total dividend payment

(3) Effective date of appropriation of retained earnings as cash dividends

June 28, 2021

For the fiscal year, since we paid an interim dividend of ¥15.00 per share on December 3, 2020, the total annual dividend for the period under review amounted to ¥40.00 per share.

Item 2: Election of Six (6) Corporate Directors

The term of office of all six (6) Corporate Directors will expire at the end of this Ordinary General Meeting of Shareholders. Accordingly, we propose that six (6) Corporate Directors be elected.

The candidates for director positions are as follows:

Nominee Number	Name	Position and Duty	Attendance Status at 2020 Board of Corporate Directors
1	Koichi Yoshimura	President and Representative Director Reappointment	10 times/10 times (100%)
2	Susumu Tsukahara	Director and Senior Managing Executive Officer Reappointment	10 times/10 times (100%)
3	Etsuo Isobe	Director, Executive Officer and General Manager, Business Planning Headquarters Reappointment	10 times/10 times (100%)
4	Kyota Omori	Outside Director Reappointment Outside Director Independent Officer	10 times/10 times (100%)
5	Tadahiko Fukuhara	Outside Director Reappointment Outside Director Independent Officer	9 times/10 times (90%)
6	Qun Jin	Outside Director Reappointment Outside Director Independent Officer	8 times/8 times (100%)

<p>Nominee Number 1</p> <p style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</p> <p>Koichi Yoshimura (October 25, 1965)</p> <p>Company Shares Owned 22,348</p> <p>Term of Office as Director (As of the end of this General Meeting) 7 years</p> <p>His Attendance Status at Board of Corporate Directors 10 times/10 times (100%)</p>	<p>Brief Personal History, Position and Duty in the Company</p> <p>Apr. 1988 Joined the Company</p> <p>Aug. 2010 General Manager, Life Insurance Institution Systems Division, Finance Systems Group, the Company</p> <p>Apr. 2013 Executive Officer and Group Executive, Finance Systems Group, the Company</p> <p>Jun. 2014 Director and Executive Officer, General Manager, Financial Systems Group, the Company</p> <p>Apr. 2016 Director, Executive Officer and General Manager, IT Solutions Division, the Company</p> <p>Apr. 2018 Director, Executive Officer and General Manager, Public Service Systems Solutions Division, the Company</p> <p>Apr. 2019 Director, Managing Executive Officer and General Manager, Public Service Systems Solutions Division, the Company</p> <p>Apr. 2020 President and Representative Director, the Company (Current position)</p> <p>Important Concurrent Roles N/A</p> <p>Reason for Nominating Mr. Yoshimura as a Director</p> <p>Having been responsible for the Company's general public, financial and industry business fields as a director and executive officer since 2014, Candidate Mr. Yoshimura has become familiar with the Company's business as a whole and has made significant contributions to the promotion of each business. Since 2020, he has taken on the role of leading the entire Company as president and representative director. As it can be expected that he will be able to bring about improvements in business performance and corporate value for future management of the Company and its Group by promoting and taking the initiative in implementation of the Company's Mid-term Business Plan based on his wealth of business experience and insight, the Company is requesting he be reappointed as a director.</p>
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Nominee Number 2	Brief Personal History, Position and Duty in the Company
Reappointment	Apr. 1985 Joined The Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.)
Susumu Tsukahara (April 8, 1961)	Jun. 2005 Assistant Head of General Planning Office, The Mitsubishi Bank, Ltd.
Company Shares Owned 21,776	May 2008 Manager, Financial Accounting Office, Corporate Planning Division, The Mitsubishi Bank, Ltd.
Term of Office as Director (As of the end of this General Meeting) 6 years	Nov. 2014 Executive Officer and General Manager, Financial & Accounting Division, the Company
His Attendance Status at Board of Corporate Directors 10 times/10 times (100%)	Jun. 2015 Director, Managing Executive Officer and General Manager, Financial & Accounting Division, the Company
	Apr. 2021 Director and Senior Managing Executive Officer, the Company (Current position)
	Important Concurrent Roles
	N/A
	Reason for Nominating Mr. Tsukahara as a Director
	Candidate Mr. Tsukahara has engaged in finance-related business and corporate management over the years and also contributed to the management of the Company and its Group as the Company's managing executive officer and director since 2015 while working on the establishment of a sustainable and stable earnings structure with a focus on financial and capitalization strategies. As it can be expected that he will be able to bring about improvements in business performance and corporate value for future management by promoting the implementation of the Company's Mid-term Business Plan based on his wealth of experience and insight, the Company is requesting he be reappointed as a director.

Nominee Number 3

Reappointment

Etsuo Isobe

(January 7, 1957)

Company Shares Owned

10,746

Term of Office as Director

(As of the end of this
General Meeting)
2 years

**His Attendance Status at
Board of Corporate
Directors**

10 times/10 times
(100%)

Brief Personal History, Position and Duty in the Company

- Apr. 1981 Joined Mitsubishi Research Institute, Inc.
- Oct. 2001 General Manager, Research Center for E-Government,
Mitsubishi Research Institute, Inc.
- Oct. 2005 General Manager, Public Service Systems Solutions Division,
Mitsubishi Research Institute, Inc.
- Dec. 2006 Executive Officer and General Manager, Solutions Business
Division, Mitsubishi Research Institute, Inc.
- Feb. 2008 Executive Officer and General Manager, Solutions Department,
Mitsubishi Research Institute, Inc.
- Oct. 2008 Managing Executive Officer and General Manager of Solutions
Department, Mitsubishi Research Institute, Inc.
- Dec. 2014 Representative Director and Senior Managing Director,
Mitsubishi Research Institute DCS Co., Ltd.
- Oct. 2018 Executive Officer and General Manager, Technology Division,
the Company
- Apr. 2019 Executive Officer and General Manager, Financial IT Solutions
Division, the Company
- Jun. 2019 Director, Executive Officer and General Manager, Financial IT
Solutions Division, the Company
- Apr. 2021 Director, Executive Officer and General Manager, Business
Planning Headquarters, the Company (Current position)

Important Concurrent Roles

N/A

Reason for Nominating Mr. Isobe as a Director

Candidate Mr. Isobe has been engaged in the execution of business and corporate management of think tanks and consulting companies over the years and has a wealth of business experience and insight acquired over the course of his career. Based on such experience and insight, as it can be expected that he will be able to bring about improvements in business performance and corporate value for the management of the Company and its Group by promoting the implementation of the Company's Mid-term Business Plan, the Company is requesting he be reappointed as a director.

Nominee Number 4	Brief Personal History, Position and Duty in the Company
Reappointment	Apr. 1972 Joined The Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.)
Outside Director	Jun. 2003 Managing Director, The Bank of Tokyo-Mitsubishi, Ltd. (current MUFG Bank, Ltd.)
Independent Officer	May 2004 Managing Director and Americas General Manager (in New York), The Bank of Tokyo-Mitsubishi, Ltd.
Kyota Omori (March 14, 1948)	Oct. 2007 Executive Operating Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.)
Company Shares Owned 0	Jun. 2008 Vice President and Director, Mitsubishi UFJ Financial Group, Inc.
Term of Office as Outside Director (As of the end of this General Meeting) 3 years	Dec. 2010 President and Representative Director, Mitsubishi Research Institute, Inc.
His Attendance Status at Board of Corporate Directors 10 times/10 times (100%)	Jul. 2011 Chairman and Director, Mitsubishi Research Institute DCS Co., Ltd.
	Jun. 2015 Outside Director, NCS&A Co., Ltd. (Current position)
	Dec. 2016 Chairman and Representative Director, Mitsubishi Research Institute, Inc.
	Dec. 2017 Chairman and Director, Mitsubishi Research Institute, Inc. (Current position)
	Dec. 2017 Director, Mitsubishi Research Institute DCS Co., Ltd.
	Jun. 2018 Outside Director, the Company (Current position)
	Important Concurrent Roles Chairman and Director, Mitsubishi Research Institute, Inc. Outside Director, NCS&A Co., Ltd.
	Reason for Nominating Mr. Omori as an Outside Director and Overview of his Expected Role Candidate Mr. Omori has engaged in corporate management in the banking and IT service industries over the years. In the Company, he has exercised appropriate oversight of the management of the Company and its Group as an outside director since 2018 based on his wealth of experience and insight as a management expert acquired over the course of his career. As it is expected that he will continue to exercise appropriate oversight of the management of the Company and its Group, the Company is requesting he be reappointed as an outside director.
	Matters Relating to Independence The trade volume between Mitsubishi Research Institute, Inc. for which he serves as a director and the Company in fiscal year 2020 accounted for less than 0.5% of the Company's consolidated sales in terms of sales amount and less than 0.2% of the Company's consolidated cost of sales in terms of amount of purchase. The trade volume between Mitsubishi Research Institute DCS Co., Ltd. for which he served as a director until December 2018 and the Company in fiscal year 2020 accounted for less than 0.2% of the Company's consolidated sales in terms of sales amount and less than 0.3% of the Company's consolidated cost of sales in terms of amount of purchase. Therefore, the Company is certain that his independence is fully ensured.

Nominee Number 5	Brief Personal History, Position and Duty in the Company
<div style="border: 1px solid black; padding: 2px; width: fit-content;">Reappointment</div>	Apr. 1995 Professor, Faculty of Law, Chuo University
<div style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div>	Apr. 2004 Professor, Chuo Law School (Current position) Registered as a lawyer (a member of the Tokyo Bar Association) (Current)
<div style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Officer</div>	Nov. 2007 Dean, Legal Affairs Research Course (Law School), Chuo Law School
Tadahiko Fukuhara (February 22, 1954)	Jul. 2009 Trustee, The Investment Trusts Association, Japan (Current position)
Company Shares Owned 0	Aug. 2010 Chairman and Trustee, Payment Service Association (current Japan Payment Service Association) (Current position)
Term of Office as Outside Director (As of the end of this General Meeting) 3 years	Nov. 2011 President, Director and Chancellor, Chuo University
His Attendance Status at Board of Corporate Directors 9 times/10 times (90%)	Jun. 2017 Outside Director, The Kyoei Fire and Marine Insurance Co., Ltd. (Current position)
	May 2018 President (Current position) and Director (Current position), Chuo University
	Jun. 2018 Outside Director, the Company (Current position)
	Important Concurrent Roles
	President, Chuo University (Scheduled to retire in May 2021)
	Professor, Chuo Law School
	Chairman, Japan Payment Service Association
	Outside Director, The Kyoei Fire and Marine Insurance Co., Ltd.
	Reason for Nominating Mr. Fukuhara as an Outside Director and Overview of his Expected Role
	<p>Although Candidate Mr. Fukuhara has no experience of being directly involved in company management in the past, he has specialized knowledge of laws and regulations as a whole and as a professor of law as well as a wealth of experience in the management of universities, etc., as a president of a university. In the Company, he has exercised appropriate oversight of the management of the Company and its Group as an outside director since 2018 based on his professional knowledge and insight acquired over the course of his career. As it is expected that he will continue to exercise appropriate oversight of the Company and its Group, the Company is requesting he be reappointed as an outside director.</p>
	Matters Relating to Independence
	<p>Although the Company donated ¥3,000,000 to Chuo University for which the Candidate serves as a president, this donation was made to support the university's students who have suffered financial hardship in connection with the novel coronavirus pandemic, and there are no other donations the Company made to the university. In addition, there are no business and donation relationships between each company other than the above for which the Candidate concurrently serves and the Company. Therefore, the Company is certain that his independence is fully ensured.</p>

<p>Nominee Number 6</p> <p style="border: 1px solid black; padding: 2px;">Reappointment</p> <p style="border: 1px solid black; padding: 2px;">Outside Director</p> <p style="border: 1px solid black; padding: 2px;">Independent Officer</p> <p>Qun Jin (September 27, 1962)</p> <p>Company Shares Owned 0</p> <p>Term of Office as Outside Director (As of the end of this General Meeting) 1 year</p> <p>His Attendance Status at Board of Corporate Directors 8 times/8 times (100%)</p>	<p>Brief Personal History, Position and Duty in the Company</p> <p>Dec. 1984 Assistant Professor and Full-time Lecturer, Department of Computer Science, Hangzhou Dianzi University, China</p> <p>Apr. 1995 Assistant Professor, Department of Information Science and Intelligent Systems, Faculty of Engineering, Tokushima University</p> <p>Apr. 1999 Assistant Professor, Department of Software, Faculty of Computer Science and Engineering, The University of Aizu</p> <p>Apr. 2003 Professor, Department of Human Informatics and Cognitive Sciences, Faculty of Human Sciences, Waseda University (Current position)</p> <p>Sep. 2018 Deputy Dean, Faculty of Human Sciences, Waseda University (in charge of international relations)</p> <p>Sep. 2018 Dean, Graduate School of Human Sciences, Waseda University</p> <p>Jun. 2020 Outside Director, the Company (Current position)</p> <p>Important Concurrent Roles</p> <p>Professor, Department of Human Informatics and Cognitive Sciences, Faculty of Human Sciences, Waseda University</p> <p>Reason for Nominating Mr. Jin as an Outside Director and Overview of his Expected Role</p> <p>Although Candidate Mr. Jin has no experience of being directly involved in company management in the past, he has been engaged in research on trends and application fields of computer science at universities over the years and has professional knowledge and experience related to such technology and business. In the Company, he has exercised appropriate oversight of the management of the Company and its Group as an outside director since 2020 based on his professional knowledge and experience acquired over the course of his career. As it is expected that he will continue to exercise appropriate oversight of the Company and its Group, the Company is requesting he be reappointed as an outside director.</p> <p>Matters Relating to Independence</p> <p>Although the Company donated ¥3,000,000 to Waseda University for which the Candidate serves as a professor, this donation was made to support the university's students who have suffered financial hardship in connection with the novel coronavirus pandemic, and there are no other donations the Company made to the university or transactions with the university. Therefore, the Company is certain that his independence is fully ensured.</p>
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Notes:

- None of the above candidates have special vested interests in the Company.
- Mr. Kyota Omori, Mr. Tadahiko Fukuhara and Mr. Qun Jin, candidates for directors are candidates for outside directors.
The Company notified the Tokyo Stock Exchange of positions of Mr. Kyota Omori, Mr. Tadahiko Fukuhara, and Mr. Qun Jin as independent officers provided for in the provisions of the Tokyo Stock Exchange. If their appointment is approved, we will once again notify the said stock exchange of the above three persons' position as independent officers.
- Each of Mr. Kyota Omori, Mr. Tadahiko Fukuhara, and Mr. Qun Jin, and the Company have entered into an agreement limiting the liability for damages provided for in Article 423 (1) of the Companies Act. The total maximum liability under such an agreement is the minimum amount required by laws and regulations. If their appointment is approved, the Company will continue the agreements with each person.

4. The Company has entered into an officers and directors liability insurance agreement provided for in Article 430-3 (1) of the Companies Act with an insurance company, under which the Company's directors are the insured. If the appointment of each candidate is approved, the Company will continue and then renew the insurance agreement under which each candidate is the insured. For an overview of the insurance agreement, please refer to page 22 of the Japanese document.

Item 3: Election of One (1) Corporate Auditor

The term of office of Corporate Auditor Mr. Hiroshi Yoshida will expire at the end of this Ordinary General Meeting of Shareholders. Accordingly, we propose that one (1) corporate auditor be elected.

Approval for this proposal has been obtained in advance from the Board of Corporate Auditors.

The candidate for the outside auditor position is as follows:

<p><input type="checkbox"/> New appointee</p> <p><input type="checkbox"/> Outside Auditor</p> <p><input type="checkbox"/> Independent Officer</p> <p>Ryo Haga (February 9, 1966)</p> <p>Company Shares Owned 0</p>	<p>Brief Personal History</p> <p>Aug. 1996 Assistant Professor, Faculty of Economics, Yamaguchi University</p> <p>Apr. 2003 Professor, Faculty of Law, Okayama University</p> <p>Apr. 2004 Professor, School of Law, Okayama University</p> <p>Apr. 2007 Professor, Graduate School of Humanities and Social Sciences, Okayama University</p> <p>Apr. 2010 Professor, Graduate School of International Social Sciences, Yokohama National University (Current position)</p> <p>Jun. 2010 Registered as an attorney (Joined Daichi Tokyo Bar Association) (Current)</p> <p>Apr. 2015 Dean, Law School, Graduate School of International Social Sciences, Yokohama National University (Current position)</p> <p>Important Concurrent Roles</p> <p>Professor, Graduate School of International Social Sciences, Yokohama National University</p> <p>Dean, Law School, Graduate School of International Social Sciences, Yokohama National University</p> <p>Reason for Nominating Mr. Haga as an Outside Auditor</p> <p>Although Candidate Mr. Haga has not been directly involved in company management, he is well-versed in the Financial Instruments and Exchange Act and Companies Act as a qualified attorney and a graduate school professor. As it can be expected that he will exercise appropriate oversight of the management of the Company based on his professional knowledge and insight acquired over the course of his career, the Company is requesting he be appointed as an outside auditor.</p> <p>Matters Relating to Independence</p> <p>There is no business relationship between each organization for which the candidate concurrently serves and the Company. Therefore, the Company is certain that his independence is fully ensured.</p>
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Notes:

1. The candidate Mr. Ryo Haga has no special vested interests with the Company.
2. If his appointment is approved, the Company will notify the Tokyo Stock Exchange of the person's position as an independent officer provided for in the provisions of the Tokyo Stock Exchange.
3. If his appointment is approved, he and the Company are to enter into an agreement limiting the liability for damages provided for in Article 423 (1) of the Companies Act. The total maximum liability under such an agreement shall be the minimum amount required by laws and regulations.
4. The Company has entered into an officers and directors liability insurance agreement provided for in Article 430-3 (1) of the Companies Act with an insurance company, under which the Company's auditors are the insured. If his appointment is approved, he will be included in the insured of the insurance agreement, and then the insurance is to be renewed. For an overview of the insurance agreement, please refer to page 22 of the Japanese document.

Item 4: Election of One (1) Substitute Corporate Auditor

To ensure that the number of corporate auditors does not fall below the number stipulated in laws and regulations, we propose the election of one (1) substitute corporate auditor.

Approval for this proposal has been obtained in advance from the Board of Corporate Auditors.

The candidate for the position of substitute outside auditor is as follows:

<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Substitute Outside Auditor</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Independent Officer</div> <p>Katsutoshi Hayafune (May 21, 1971)</p> <p>Company Shares Owned 0</p>	<p>Brief Personal History</p> <p>Oct. 1992 Joined Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC)</p> <p>May 1996 Registered as a certified public accountant (Current)</p> <p>Sep. 2000 Joined The Bank of Tokyo Mitsubishi, Ltd. (current MUFG Bank, Ltd.)</p> <p>Apr. 2002 Joined the Financial Industry Group Division, Tohmatsu & Co.</p> <p>Jun. 2007 Partner, the Financial Advisory Services Division, Tohmatsu & Co.</p> <p>Jul. 2012 Transferred to Deloitte Tohmatsu Financial Advisory, Ltd. (current Deloitte Tohmatsu Financial Advisory LLC) as Partner</p> <p>Oct. 2019 Representative Partner, ykr Accounting Advisory LLC (Current position)</p> <p>Important Concurrent Roles</p> <p>Representative Partner, ykr Accounting Advisory LLC</p> <p>Reason for Nominating Mr. Hayafune as a Substitute Outside Auditor</p> <p>Although Candidate Mr. Hayafune has not been directly involved in company management, he is well-versed in financial accounting as a certified public accountant and has been involved in audits of many listed companies as a member of audit corporations. As it can be expected that he will exercise appropriate oversight of the management of the Company based on his professional knowledge and insight acquired over the course of his career, the Company is requesting he be appointed as a substitute outside auditor.</p> <p>Matters Relating to Independence</p> <p>There is no business relationship between each organization for which the candidate concurrently serves and the Company. Therefore, the Company is certain that his independence is fully ensured.</p>
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Notes:

1. Mr. Katsutoshi Hayafune, the candidate for the position of substitute corporate auditor, has no special vested interests with the Company.
2. He satisfies the requirements as an independent officer provided for in the provisions of the Tokyo Stock Exchange. If he is appointed as a corporate auditor, we will notify the said stock exchange of his position as an independent officer.
3. If he is appointed as a corporate auditor, he and the Company are to enter into an agreement limiting the liability for damages provided for in Article 423 (1) of the Companies Act. The total maximum liability under such an agreement shall be the minimum amount required by laws and regulations.
4. The Company has entered into an officers and directors liability insurance agreement provided for in Article 430-3 (1) of the Companies Act with an insurance company, under which the Company's auditors are the insured. If Mr. Hayafune is appointed as a corporate auditor, he will be included in the insured of the insurance agreement, and then the insurance is to be renewed. For an overview of the insurance agreement, please refer to page 22 of the Japanese document.

Consolidated Balance Sheet

(As of March 31, 2021)

(¥ millions)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current Assets:	(25,222)	Current Liabilities:	(5,884)
Cash and deposits	10,602	Accounts payable	2,343
Notes and accounts receivable	10,522	Accrued expenses	790
Securities	2,300	Income taxes payable	107
Work in process	760	Accrued consumption taxes	301
Raw materials and supplies	73	Advances received	231
Prepaid expenses	400	Provision for bonuses	1,136
Other	578	Provision for directors' bonuses	69
Allowance for doubtful accounts	△ 15	Provision for loss on order received	350
Non-current Assets:	(26,038)	Other	552
Tangible Non-current Assets:	(1,914)	Non-current Liabilities:	(6,580)
Buildings and structures	733	Provision for directors' retirement benefits	129
Tools, furniture and fixture	1,177	Net defined benefit liability	6,168
Land	3	Assets retirement obligations	252
Intangible Non-current Assets:	(3,620)	Other	30
Software	3,595	Total Liabilities	12,465
Other	24	NET ASSETS	
Investments and Other Assets:	(20,503)	Shareholders' Equity:	(39,204)
Investment securities	13,947	Capital stock	15,000
Long-term prepaid expenses	878	Capital surplus	14,582
Deferred tax assets	4,513	Retained earnings	9,725
Other	1,164	Treasury shares	△ 102
Allowance for doubtful accounts	△ 0	Accumulated Other Comprehensive Income:	(△ 408)
		Valuation difference on available-for-sale securities	△ 10
		Remeasurements of defined benefit plans	△ 398
		Total Net Assets	38,795
Total Assets	51,261	Total Liabilities and Net Assets	51,261

Consolidated Statement of Operations
(For the year from April 1, 2020 to March 31, 2021)

(¥ millions)

Item	Amount	
Revenue		41,573
Cost of Sales		32,995
Gross Profit		8,578
Selling, General and Administrative Expenses		5,791
Operating Income		2,786
Non-Operating Income:		164
Interest income	23	
Dividends income	11	
Real estate rent	22	
Dividend income on insurance	23	
Gain on investments in investment partnerships	64	
Other	18	
Non-Operating Expenses:		25
Interest expenses	0	
Rent expenses on real estate	19	
Other	5	
Ordinary Income		2,925
Extraordinary Income:		---
Extraordinary Losses:		774
Loss on sale of non-current assets	2	
Loss on retirement of non-current assets	6	
Impairment loss	765	
Income before Income Taxes		2,150
Income Taxes and Other		344
Adjustment of Corporate Taxes		373
Net Income		1,432
Net Income attributable to Owners of Parent		1,432

Consolidated Statement of Changes in Shareholders' Equity
(For the year from April 1, 2020 to March 31, 2021)

(¥ millions)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2020	15,000	14,579	9,245	△ 119	38,705
Changes during year					
Cash dividends from retained earnings			△ 952		△ 952
Net income attributable to owners of parent			1,432		1,432
Purchase of treasury shares				△ 2	△ 2
Disposal of treasury shares		2		19	21
Net changes of items other than shareholders' equity					
Total changes during year	---	2	480	17	499
Balance as of March 31, 2021	15,000	14,582	9,725	△ 102	39,204

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance as of April 1, 2020	△ 7	△ 829	△ 836	37,868
Changes during year				
Cash dividends from retained earnings				△ 952
Net income attributable to owners of parent				1,432
Purchase of treasury shares				△ 2
Disposal of treasury shares				21
Net changes of items other than shareholders' equity	△ 3	431	428	428
Total changes during year	△ 3	431	428	927
Balance as of March 31, 2021	△ 10	△ 398	△ 408	38,795

Non-Consolidated Balance Sheet

(As of March 31, 2021)

(¥ millions)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current Assets:	(22,159)	Current Liabilities:	(5,042)
Cash and deposits	7,911	Accounts payable	2,395
Accounts receivable	9,965	Accrued payable	120
Securities	2,300	Accrued expenses	554
Work in process	671	Income taxes payable	12
Raw materials and supplies	73	Accrued consumption taxes	64
Prepaid expenses	406	Advances received	227
Other	839	Deposits received	307
Allowance for doubtful accounts	△ 10	Provision for bonuses	911
Non-current Assets:	(24,543)	Provision for directors' bonuses	47
Tangible Non-current Assets:	(1,574)	Provision for loss on order received	350
Buildings	652	Other	50
Structures	1	Non-current Liabilities:	(5,293)
Tools, furniture and fixture	917	Provision for retirement benefits	4,992
Land	3	Provision for directors' retirement benefits	61
Intangible Non-current Assets:	(3,582)	Assets retirement obligations	209
Telephone rights	16	Other	29
Software	3,561	Total Liabilities	10,335
Other	4	NET ASSETS	
Investments and Other Assets:	(19,386)	Shareholders' Equity:	(36,364)
Investments securities	12,228	Capital Stock:	(15,000)
Shares in affiliates	1,298	Capital Surplus:	(14,582)
Investments in capital of subsidiaries and affiliates	13	Capital reserve	3,750
Long-term prepaid expenses	780	Other capital surplus	10,832
Deferred tax assets	4,005	Retained earnings:	(6,885)
Guarantee deposited	970	Other retained earnings	6,885
Long-term loans	1	Retained earnings carried forward	6,885
Utility membership	81	Treasury shares:	(△ 102)
Other	7	Valuation, Translation Adjustment and Other:	(3)
Total Assets	46,703	Valuation difference on available-for-sale securities	3
		Total Net Assets	36,367
		Total Liabilities and Net Assets	46,703

Non-Consolidated Statement of Operations
(For the year from April 1, 2020 to March 31, 2021)

(¥ millions)

Item	Amount	
Revenue		35,867
Cost of Sales		28,636
Gross Profit		7,231
Selling, General and Administrative Expenses		5,384
Operating Income		1,846
Non-Operating Income:		475
Interest income	21	
Dividends income	330	
Real estate rent	22	
Dividend income on insurance	23	
Gain on investments in investment partnerships	64	
Other	13	
Non-Operating Expenses:		23
Rent expenses on real estate	19	
Other	4	
Ordinary Income		2,298
Extraordinary Income:		---
Extraordinary Losses:		770
Loss on sale of non-current assets	2	
Loss on retirement of non-current assets	2	
Impairment loss	765	
Income before Income Taxes		1,527
Income Taxes and Other		△ 55
Adjustment of Corporate Taxes		426
Net Income		1,156

Non-Consolidated Statement of Changes in Shareholders' Equity
(For the year from April 1, 2020 to March 31, 2021)

(¥ millions)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings carried forward	Total retained earnings
Balance as of April 1, 2020	15,000	3,750	10,829	14,579	6,680	6,680
Changes during year						
Cash dividends from retained earnings					△ 952	△ 952
Net income					1,156	1,156
Purchase of treasury shares						
Disposal of treasury shares			2	2		
Net changes of items other than shareholders' equity						
Total changes during year	---	---	2	2	204	204
Balance as of March 31, 2021	15,000	3,750	10,832	14,582	6,885	6,885

	Shareholders' equity		Valuation, translation adjustment and other		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation, translation, adjustment and other	
Balance as of April 1, 2020	△ 119	36,140	6	6	36,147
Changes during year					
Cash dividends from retained earnings		△ 952			△ 952
Net income		1,156			1,156
Purchase of treasury shares	△ 2	△ 2			△ 2
Disposal of treasury shares	19	21			21
Net changes of items other than shareholders' equity			△ 3	△ 3	△ 3
Total changes during year	17	223	△ 3	△ 3	220
Balance as of March 31, 2021	△ 102	36,364	3	3	36,367