

News Release Dated February 29, 2024

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Notice of Change in Use of Funds

The Board of Directors of Japan System Techniques Co., Ltd. (JAST) approved a resolution on February 29, 2024 to partially change as follows the planned use of funds procured from the sale of the second series of warrants. The sale of these warrants by using a third-party allotment was announced on March 5, 2021, in a release titled “Notice of Issuance of the Second Series of Warrants with Adjustable Exercise Price and Signing of a Facility Contract with Exercise Suspension Designation Provision (Japanese version only).”

1. Reason for the change

Since the procurement of these funds, R&D activities for the contracted development of software and for products using JAST’s brands have progressed as planned. However, the use of these funds for M&A and capital and business alliances is expected to require more time than initially planned. Activities have been delayed because the pandemic forced a long suspension of the provision of information, surveys, meetings, negotiations and other operations required for M&A and alliances. Now that the impact of the pandemic has ended, due in part to the Japanese government’s reduction of the classification of COVID-19 in May 2023, the volume of M&A and capital and business alliance activities has increased significantly. For example, JAST established a capital and business alliance in January 2024 with K-SHIP Co., Ltd. To continue an aggressive stance regarding M&A and alliances, JAST has extended the end of the expected period for the use of funds from the sale of the second series of warrants for M&A and alliances to March 2026.

2. Summary of the change

Before change

Use of funds	Amount (Millions of yen)	Timing of use
(1) R&D for the contracted development of software	210	April 2021 to March 2023
(2) R&D for JAST brand products (GAKUEN, JMICS, BankNeo and others)	550	April 2021 to March 2023
(3) Expenditures for M&A and capital/business alliances	<u>465</u>	April 2021 to <u>March 2024</u>
Total	<u>1,225</u>	

After change

Use of funds	Amount (Millions of yen)	Timing of use
(1) R&D for the contracted development of software	210	April 2021 to March 2023
(2) R&D for JAST brand products (GAKUEN, JMICS, BankNeo and others)	550	April 2021 to March 2023
(3) Expenditures for M&A and capital/business alliances	<u>425</u>	April 2021 to <u>March 2026</u>
Total	<u>1,185</u>	

3. Outlook

This change will have only a negligible effect on JAST’s consolidated results of operations in the fiscal year ending on March 31, 2024. An announcement will be made promptly if further information regarding the impact on earnings needs to be disclosed.