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Company: Japan System Techniques Co., Ltd.
Representative: Takeaki Hirabayashi, President and CEO
Stock code: 4323, Tokyo Stock Exchange, Prime Market
Contact: Taku Hirabayashi, Director and Senior Officer
Tel: +81-6-4560-1000

Notice of Partial Revision of Stock Compensation Plan

The Board of Directors of Japan System Techniques Co., Ltd. (JAST) approved a resolution today to change the current Board Benefit Trust (BBT) plan, which was approved at the shareholders meeting held on June 26, 2018, to a Board Benefit Trust-Restricted Stock (BBT-RS) plan. The BBT-RS plan will distribute stock that cannot be sold or transferred to others in any other way until the individual holding the stock leaves JAST. A proposal to make this change will be submitted to shareholders at the shareholders meeting to be held on June 25, 2024.

1. Background and purpose of the revision

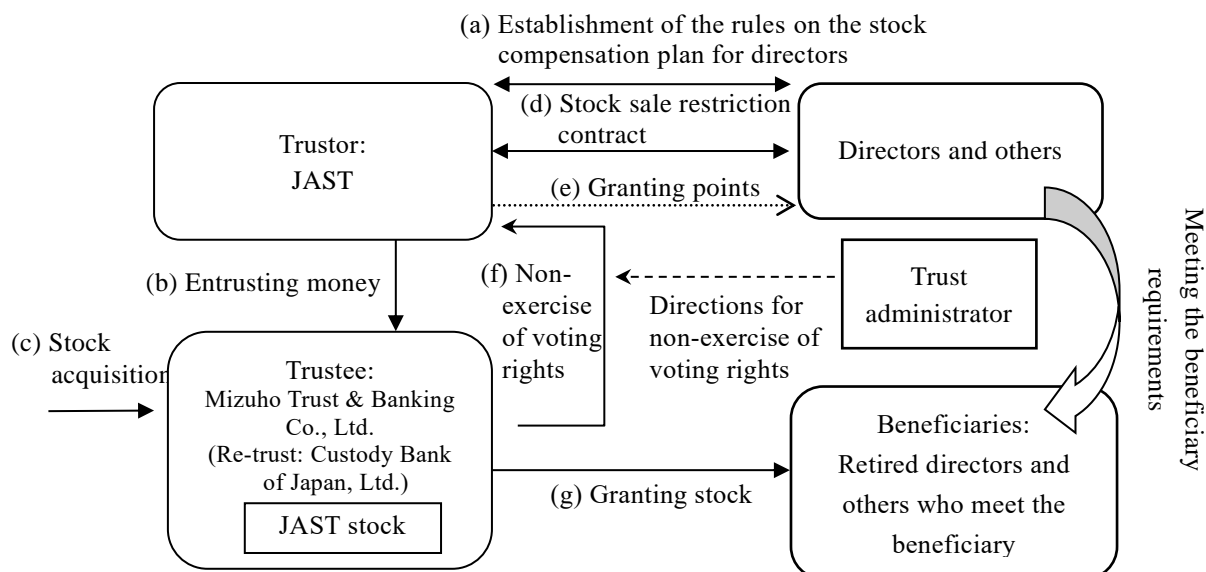
As was announced on December 20, 2023, JAST plans to change to the Company with an Audit and Supervisory Committee corporate governance system if the proposal to make this change is approved by shareholders at the June 2024 shareholders meeting. In conjunction with this change, the Board of Directors approved a resolution to expand the current BBT plan that is for JAST directors (excluding directors who are Audit and Supervisory Committee members and outside directors, same hereafter unless stated otherwise) to also include JAST executive officers (directors and others) as beneficiaries. A proposal to change from the current BBT plan to the BBT-RS plan will be submitted at the June 2024 shareholders meeting. Making this change will more clearly link the compensation of directors and others to JAST's results of operations and stock price. By enabling directors and others to benefit from a higher stock price and be vulnerable to a downturn in the stock price, just as for all other shareholders, the objective is to increase the motivation of plan beneficiaries to achieve the long-term growth of sales and earnings and of corporate value.

2. Overview of the BBT-RS plan

(1) Summary

This is a stock compensation plan in which directors and others receive stock compensation through the BBT-RS plan. The BBT-RS acquires JAST stock using cash contributions from JAST as the source of funds. Directors and others receive JAST stock or a monetary amount equivalent to the market value of the JAST stock in lieu of stock compensation in accordance with the rules on the stock compensation plan for directors. In principle, directors and others receive JAST stock once every year at a designated time and directors and others receive the monetary amount equivalent to the market value of the JAST stock when they leave JAST. If JAST changes to the BBT-RS plan, points received by directors under the current BBT plan will be paid to these directors as JAST stock or other means at a time designated by JAST after the June 2024 shareholders meeting, assuming that shareholders have approved the change to the BBT-RS plan. When directors and others receive JAST stock while they are still at JAST, these individuals must first sign a stock sale restriction contract with JAST as explained in the following section 3. In accordance with this contract, directors and others are not allowed to sell or transfer ownership in any other way the JAST stock they receive while at JAST.

BBT-RS Structure



- (a) JAST will establish the rules on the stock compensation plan for directors within the limit for compensation approved at the June 2024 shareholders meeting based on the resolution for compensation of the BBT-RS plan.
- (b) JAST will entrust money within the scope of the approval by the resolution of this shareholders meeting in (a) above.
- (c) The BBT will acquire JAST stock using the money entrusted in (b) as the source of funds, either through the stock exchange market or by subscribing to the disposal of treasury shares.
- (d) Directors and others who receive JAST stock while at JAST will sign contracts restricting the sale or other transfer of ownership of this stock until an individual leaves JAST. The contract includes a provision allowing JAST to acquire the stock with no payment under certain circumstances.
- (e) JAST grants points to directors and others in accordance with the rules on the stock compensation plan for directors.
- (f) The BBT shall not exercise voting rights with respect to JAST stock in the trust account in accordance with the instructions of the trust administrator, which is independent from JAST.
- (g) The BBT will grant JAST stock to directors and others who meet the requirements for beneficiaries set forth in the rules on the stock compensation plan for directors (hereinafter “beneficiaries”) at a designated time every year in accordance with the number of points granted to such beneficiaries. However, if a director or other eligible individual meets the requirements set forth in the rules, a monetary amount equivalent to the market value of the JAST stock will be made for a certain percentage of the points.

(2) Individuals covered by the BBT-RS plan

Directors and executive officers of JAST, excluding outside directors and directors who are Audit & Supervisory Board Committee members

(3) Period of the BBT

The period is from December 2018 until the end of the BBT. (The BBT will continue without a specific timeline as long as the BBT-RS plan exists. The BBT-RS plan will end when JAST stock is delisted or the rules on the stock compensation plan for directors are terminated.)

(4) Amount of trust money

JAST has established the BBT for the current BBT plan by providing sufficient funds for purchases by the trust in advance a number of shares of JAST stock that is expected to be required for stock compensation under the current BBT. When the BBT was established in December 2018, the BBT received 89,915,000 yen from JAST for the purpose of purchasing JAST stock for the distribution of this stock within the limit established by the proposal for the current BBT approved at the June 2018 shareholders meeting. This stock was distributed for the fiscal years that ended in March 2019, March 2020 and March 2021. In December 2021, JAST made an additional

payment of 88,000,000 yen to the trust. This BBT will continue to operate as the trust for the BBT-RS plan, assuming the approval of shareholders is received at the June 2024 shareholders meeting.

Subject to the approval of this proposal at the June 2024 shareholders meeting, JAST will operate the BBT-RS plan for the fiscal years ending on March 31, 2025 and March 31, 2026. After this two-year initial period, the plan will cover subsequent periods in units of three years. JAST will make the following payments to the BBT to fund purchases of JAST stock for the purpose of distributing this stock or other assets to directors and others in accordance with the BBT-RS plan during each period covered by the plan.

JAST will make an additional payment to the BBT that is sufficient for the estimated funding requirements of the BBT's two-year initial period. The maximum number of points that can be granted to directors and others based on the BBT-RS plan during this initial period is 100,000, as explained below in (6). Consequently, JAST will make a payment to the BBT that is estimated to be sufficient for purchasing up to 100,000 shares of JAST common stock based on the closing price on the Tokyo Stock Exchange immediately before this payment is made. For example, using the closing price of 1,691 yen on May 22, 2024 results in a required payment of approximately 169 million yen. However, when this additional payment is made, there may be JAST stock (excluding stock corresponding to points distributed to directors and others but not yet distributed) or cash remaining in the BBT on the day prior to the start of the two-year initial period. Any remaining stock and cash in the trust will be used to fund distributions of stock during the two-year initial period and the additional payment by JAST will be calculated to reflect the remaining stock and cash. JAST will disclose information about a decision to make an additional payment to the BBT properly and in a timely manner.

In addition, even after the first two years of the BBT-RS plan, until the termination of this plan, JAST will, in principle, make an additional contribution to the BBT for each subsequent period covered by this trust based on JAST's estimate of the number of shares necessary to provide benefits to directors and others under the BBT-RS plan and the funds believed to be necessary for the BBT to acquire this stock in advance. However, if an additional contribution is made, JAST will not make any contribution to the BBT with respect to any JAST stock remaining in the BBT. Any remaining stock, etc. will be used to fund benefits of the stock compensation plan for the subsequent three-year period. The additional payment to the BBT will be calculated to reflect this remaining stock, etc. JAST will disclose information about a decision to make an additional payment to the BBT properly and in a timely manner.

Note: The amount of money to be contributed by JAST to the BBT will be the sum of funds for the purchase of JAST stock and the estimated amount of trust remuneration and other necessary expenses.

(5) Method of acquisition of JAST stock by the BBT and number of shares to be acquired

JAST stock will be purchased by the BBT on the stock exchange market or by purchasing JAST treasury shares using the funds contributed in accordance with (4) above. The BBT purchased 49,000 shares in December 2018 and 28,800 shares in December 2021.

The maximum number of points that can be granted to directors and others during the two-year initial period is 100,000, as explained below in (6). In each of the subsequent periods, the maximum is 160,000 points. Consequently, the maximum number of shares purchased by the BBT for the two-year initial period is 100,000 and the maximum shares in each of the subsequent periods is 160,000. Information about purchases of JAST stock by the BBT will be disclosed properly and in a timely manner.

(6) Maximum number of JAST stock, etc. granted to directors and others

Directors and others are entitled to receive points every fiscal year in accordance with their positions and performance targets achieved based on the stock compensation plan for directors. The limit for points granted to directors and others is 100,000 (including 88,000 for directors) for the two-year initial period and 160,000 (including 110,000 for directors) for each subsequent three-year period. JAST believes the number of points is reasonable because it was determined by considering the current level of directors' compensation, the number of directors and others in prior years, and the outlook.

One point granted to directors and others as described in (7) below, equates to one share of JAST common stock.

However, in the event of a stock split, gratis allotment of shares, or stock consolidation, etc. of JAST stock after the approval of this proposal at the June 2024 shareholders meeting, a reasonable adjustment will be made for the maximum number of points, the number of points granted and the exchange ratio in accordance with the stock split ratio or other factors.

The number of voting rights of the JAST stock equivalent to the maximum number of points granted to directors during the two-year initial period is 880, which is about 0.35% of the total voting rights of 248,172 as of March 31, 2024. The number of voting rights for the maximum number of points for directors is 1,100 in each subsequent three-year period, which is about 0.44% of the total voting rights of 248,172 as of March 31, 2024.

The number of points granted to directors and others that is to be used as the basis for the provision of JAST stock, etc. as explained in (7) below will be, in principle, the number of points granted to the eligible directors and others by before the benefits as explained in (7) are confirmed (the confirmed points).

(7) Benefits of the JAST stock, etc.

Directors and others who satisfy the beneficiary requirements will receive benefits a designated time every year from the BBT by receiving the number of shares of JAST stock corresponding to the confirmed points determined in accordance with (6), in principle, by completing the prescribed beneficiary determination procedures. However, if the requirements in the rules on the stock compensation plan for directors are met, in principle, when leaving JAST directors and others will receive a cash payment equivalent to the market value of the JAST stock in lieu of stock compensation for a certain percentage. The BBT may sell JAST stock in order to provide cash benefits.

When directors and others receive JAST stock while they are at JAST, these individuals must first sign a stock sale restriction contract with JAST as explained in the following section 3. In accordance with this contract, directors and others are not allowed to sell or transfer ownership in any other way the JAST stock they receive while at JAST.

Even if a director or other eligible individual has been granted points, he or she is not be entitled to receive all of the benefits if the individual is dismissed by a resolution of a shareholders meeting or the Board of Directors, if the individual resigns due to misconduct the term of office, or if the individual engages in inappropriate behavior that causes damage to JAST during the term of office.

(8) Exercise of voting rights

The trust administrator will instruct that voting rights of JAST stock held by the BBT will not be exercised. In this way, the BBT will be able to ensure its neutrality in the management of JAST.

(9) Dividends

Dividends received for JAST stock held by the BBT will be used to acquire JAST stock or pay for the trustee's remuneration. In the event that the trust is terminated, the dividends, etc. remaining in the BBT will be distributed to the directors and others in office at that time in proportion to the number of points they hold, in accordance with the rules on the stock compensation plan for directors.

(10) Termination of the BBT

The BBT will be terminated in certain circumstances, such as if JAST stock is delisted or if the rules on stock compensation plan for directors is terminated.

Any remaining assets of the BBT upon its termination will be processed as follows. JAST will acquire all JAST stock, if any, with no charge and cancel this stock in accordance with a resolution of the Board of Directors. JAST will receive remaining cash, if any, excluding amounts paid to directors and others as explained in (9).

3. Summary on restrictions on the sale or other transfer of JAST stock distributed to directors and others

When directors and others receive JAST stock while they are at JAST, these individuals must first sign a stock sale restriction contract with JAST that includes the following terms. (Directors and others must sign this contract in order to receive JAST stock.) However, if this JAST stock is received when the director or other eligible

individual is no longer at JAST, the stock can be received without signing a stock sale restriction contract.

(a) Restrictions on sales and other transfers of ownership

Directors and others who receive JAST stock are prohibited from selling, pledging as collateral or taking any other action that transfers ownership of the stock during the period beginning on the day the stock was received until the date of the end of executive positions at JAST.

(b) Acquisition of restricted stock by JAST at no cost

JAST can acquire at no cost stock distributed to directors and others if an individual engages in certain improper activities or does not meet the requirements in (c) below for the termination of the restriction on the sale or other transfer of the stock.

(c) Termination of restriction on sale

The restriction on the sale or transfer of restricted stock ends when a director or other eligible individual who has received restricted stock ends all executive positions at JAST for a legitimate reason or dies.

(d) Reorganization of JAST or similar action

The Board of Directors may approve a resolution that ends the restriction on the sale or other transfer of restricted stock immediately prior to the business day before the date of a reorganization of JAST or similar action, such as shareholder approval of a resolution for a merger in which JAST is dissolved or other reorganization.

JAST stock subject to the terms of the stock sale restriction contract is to be held during the restriction period in an account established by the directors and others specifically for this purpose at a securities company designated by JAST. Using these accounts makes it impossible to sell, pledge as collateral or transfer ownership in any other way of the restricted stock during the restriction period.

The method for declarations of intentions and notifications in the stock sale restriction contract, the method for revising this contract, and any other matters determined by the Board of Directors are included in the stock sale restriction contract.

Outline of the BBT

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| a. Name of trust: | Board Benefit Trust-Restricted Stock (BBT-RS) |
| b. Trustor: | Japan System Techniques Co., Ltd. |
| c. Trustee: | Mizuho Trust & Banking Co., Ltd. (re-entrusted by: Custody Bank of Japan, Ltd.) |
| d. Beneficiaries: | Directors and others who satisfy the requirements for beneficiaries set out in the stock compensation plan for directors |
| e. Trust administrator: | Select third party who has no special interests with JAST |
| f. Type of trust: | Monetary trust other than monetary trust (third party benefit trust) |
| g. Date of the trust agreement: | December 6, 2018 |
| h. Date money was placed in the trust: | December 6, 2018 |
| i. Trust period: | December 6, 2018 to the termination of the trust
(No specific termination date is set. The BBT will continue for as long as the BBT-RS plan continues) |