

News Release Dated October 23, 2023

Company: Japan System Techniques Co., Ltd.
Representative: Takeaki Hirabayashi, President and CEO
Stock code: 4323, Tokyo Stock Exchange, Prime Market
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Notice of Merger and Absorption of Consolidated Subsidiary

The Board of Directors of Japan System Techniques Co., Ltd. (JAST) approved a resolution today to merge with and absorb ISR Co., Ltd. a wholly owned subsidiary, effective April 1, 2024.

Some information concerning this merger is not disclosed because this is a simple absorption merger of a wholly owned subsidiary.

1. Purpose of merger

JAST will merge with and absorb ISR, with JAST as the surviving company, for the purposes of fully utilizing the resources of the two companies, improving the efficiency of business operations and speeding up decisions.

2. Summary of merger

(1) Schedule

| | |
|--|-------------------------------|
| Board of Directors resolutions at JAST and ISR | October 23, 2023 |
| Merger agreement date | December 25, 2023 (tentative) |
| Effective date | April 1, 2024 (tentative) |

* This is a simple merger and absorption in accordance with Article 796-2 of the Companies Act for JAST and short-form merger in accordance with Article 784-1 of the Companies Act for ISR. As a result, there is no need for a shareholders meeting at either company for the approval of the merger agreement.

(2) Method

An absorption-type merger between JAST, which is the surviving company, and ISR, which will be dissolved.

(3) Distribution of stock associated with the merger

No stock will be issued and there will be no payment associated with this merger because it is a merger of JAST and a wholly owned subsidiary.

(4) Handling of stock acquisition rights and bonds with warrants

Not applicable.

3. Outline of the merging companies (as of March 31, 2023)

| | Surviving company | Dissolved company |
|--|---|---|
| (1) Company name | Japan System Techniques Co., Ltd. | ISR Co.,Ltd. |
| (2) Location | Nakanoshima Festival Tower 29F, 3-18 Nakanoshima 2-chome, Kita-ku, Osaka | 8-12 Iwamotocho 2-chome, Chiyoda-ku, Tokyo |
| (3) Representative | Takeaki Hirabayashi, President and CEO | Hideji Noda, President and CEO |
| (4) Business | (1) Contracted development of software, support for software development, development of solutions, implementation of software (2) Development and sale of JAST package solutions (3) Inspections, analysis and related services for medical information data (4) Global digital transformation (DX) business mainly in the Asia-Pacific region | (1) Contracted development of software (2) Development, sales and implementation support for packaged software products |
| (5) Share capital | 1,535 million yen | 24 million yen |
| (6) Established | March 26, 1973 | October 14, 1983 |
| (7) Shares outstanding | 12,418,460 shares | 455,000 shares |
| (8) Fiscal year end | March 31 | March 31 |
| (9) Major shareholder and shareholding ratio (as of March 31, 2023) | JUST Co., Ltd.: 23.36% BNYM AS AGT/CLTS NON TREATYJASDEC (Standing Proxy: MUFG Bank, Ltd.): 16.30% JAST's Employee Shareholding Association: 9.39% The Master Trust Bank of Japan, Ltd. (Trust Account): 5.72% INTERACTIVE BROKERS LLC (Standing proxy: Interactive Brokers Securities Japan, Inc.): 5.65% Custody Bank of Japan, Ltd. (Trust Account): 2.63% Taku Hirabayashi: 2.24% Takeaki Hirabayashi: 1.56% THE BANK OF NEW YORK MELLON 140040 (Standing Proxy: Mizuho Bank, Ltd., Settlement Division): 1.45% GOLDMAN, SACHS & CO.REG (Standing Proxy: Goldman Sachs Japan Co., Ltd.): 1.33% | Japan System Techniques Co., Ltd.: 100.00% |
| (10) Financial highlights of JAST and ISR in year prior to the merger | | |
| Fiscal year | FY3/23 (consolidated) | FY3/23 (non-consolidated) |
| Net assets | 10,816 million yen | 185 million yen |
| Total assets | 17,413 million yen | 271 million yen |
| Net assets per share | 878.07 yen | 408.09 yen |
| Net sales | 23,519 million yen | 396 million yen |
| Operating income | 2,385 million yen | 34 million yen |
| Ordinary income | 2,450 million yen | 34 million yen |
| Profit attributable to owners of parent | 1,772 million yen | 21 million yen |
| Net income per share | 144.50 yen | 46.33 yen |

4. JAST after the merger

There will be no change in the name of JAST and in the location of the head office, the name and title of the president and CEO, business activities, capital, and the fiscal year.

5. Outlook

This merger will have only a negligible effect on consolidated results of operations for the fiscal year ending March 2024 because it is a merger with a wholly owned subsidiary.