

News Release Dated April 26, 2024

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Notice of Partial Revision to the Articles of Incorporation

The Board of Directors of Japan System Techniques Co., Ltd. (JAST) approved a resolution on April 26, 2024 to submit a proposal to the 52nd Annual General Meeting of Shareholders to be held on June 25, 2024 for a partial revision to the Articles of Incorporation.

1. Purpose of the revision

- (1) As was announced by JAST on December 20, 2023 in a release titled “Notice of Transition to the Company with an Audit & Supervisory Committee Governance System,” a proposal will be submitted at the 52nd Annual General Meeting of Shareholders to be held on June 25, 2024 to change the corporate governance system from a Company with a Board of Audit & Supervisory Board Members to a Company with an Audit & Supervisory Committee. This change is expected to further increase the transparency of management and better enable JAST to meet the expectations of stakeholders in Japan and other countries. The new governance system is also expected to increase the speed of management decisions and business operations under the appropriate oversight of the Board of Directors. The proposed revisions to the Articles of Incorporation are for the purpose of establishing new provisions required concerning the Board of Directors and Audit & Supervisory Committee for the change to the new governance system, the deletion of provisions involving Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members, and other necessary revisions.
- (2) Paragraph 2 of the current Article 27 (Exemption from Liability of Directors) is to be revised to enable liability limitation contracts with directors who do not have executive positions at JAST. The purpose is to make it possible to attract skilled people continuously to become directors of JAST. All Audit & Supervisory Board Members agree with this proposed revision.
- (3) In association with the enactment of the “Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts” (Act No. 70 of 2021), companies in Japan are allowed to hold shareholders meetings (virtual-only shareholders meetings, where the internet or other method is used for the attendance of shareholders with no physical meeting site) without a designated location if this is allowed in the Articles of Incorporation. JAST believes that having more options for holding shareholders meetings will benefit shareholders. A different method may be needed if there is a major disaster, such as a pandemic, natural disaster or other event, if there is more progress with the digitalization of society, or for some other reason. Consequently, the addition of Paragraph 2 to the current Article 11 is proposed. The Board of Directors will determine the method to hold shareholders meetings after conducting thorough discussions in order to protect the interests and rights of all shareholders and to reflect current social trends. If this revision to allow virtual-only shareholders meetings is approved by shareholders, it will become effective only after receiving the approval of the Minister of Economy, Trade and Industry and Minister of Justice. As stipulated in Ministry of Economy, Trade and Industry ordinances and Ministry of Justice ordinances, these ministers confirm that this revision contributes to strengthening industrial competitiveness while protecting the interests of shareholders in accordance with the requirements of these ordinances. Consequently, a supplementary rule is included concerning the date this revision becomes effective.
- (4) In addition, there are revisions and corrections to terms, article numbers and other items as required.

2. Revisions

The proposed revisions are shown in the attachment.

3. Schedule

Shareholders meeting to approve revisions to the Articles of Incorporation:

Tuesday, June 25, 2024 (tentative)

Date revisions to the Articles of Incorporation become effective:

Tuesday, June 25, 2024 (tentative)

Current	After revision
<p style="text-align: center;">Chapter 1. General Provisions</p> <p>Articles 1 to 3 (Omitted)</p> <p>(Organization Elements)</p> <p>Article 4. The Company shall have a General Meeting of Shareholders, Board Directors, and the following entities.</p> <p>(1) Board of Directors (2) <u>Audit & Supervisory Board Members</u> (3) <u>Audit & Supervisory Board</u> (4) Accounting Auditor</p> <p>Articles 5 to 10 (Omitted)</p> <p style="text-align: center;">Chapter 3. General Meeting of Shareholders</p> <p>(Convocation)</p> <p>Article 11 (Omitted) <u>(Newly established)</u></p> <p>Articles 12 to 16 (Omitted)</p> <p style="text-align: center;">Chapter 4. Directors and Board of Directors</p> <p>(Number of Directors)</p> <p>Article 17. The Company shall have no more than ten Directors.</p> <p>(Election of Directors)</p> <p>Article 18. Directors shall be elected by a resolution of the General Meeting of Shareholders.</p> <p>2. A resolution for the election of Directors shall require the presence of shareholders holding not less than one-third of the voting rights of all shareholders entitled to exercise their voting rights, and it shall be adopted by a majority vote of the shareholders present.</p> <p>3. A resolution for the election of Directors shall not be conducted by cumulative voting.</p> <p>Article 19 (Omitted)</p> <p>(Term of Office of Directors)</p>	<p style="text-align: center;">Chapter 1. General Provisions</p> <p>Articles 1 to 3 (Remain unchanged)</p> <p>(Organization Elements)</p> <p>Article 4. The Company shall have a General Meeting of Shareholders, Board Directors, and the following entities.</p> <p>(1) Board of Directors (2) <u>Audit & Supervisory Committee</u> (3) Accounting Auditor</p> <p>Articles 5 to 10 (Remain unchanged)</p> <p style="text-align: center;">Chapter 3. General Meeting of Shareholders</p> <p>(Convocation)</p> <p>Article 11. (Remain unchanged) <u>2. The Company may hold a General Meeting of Shareholders that does not have a designated location.</u></p> <p>Articles 12 to 16 (Remain unchanged)</p> <p style="text-align: center;">Chapter 4. Directors and Board of Directors</p> <p>(Number of Directors)</p> <p>Article 17. The Company shall have no more than ten Directors <u>(excluding Directors who are Audit & Supervisory Committee Members).</u></p> <p><u>2. The Company shall have no more than five Directors who are Audit & Supervisory Committee Members.</u></p> <p>(Election of Directors)</p> <p>Article 18. Directors shall be elected by a resolution of the General Meeting of Shareholders, <u>distinguishing between those who are Audit & Supervisory Committee Members and those who are not Audit & Supervisory Committee Members.</u></p> <p>2. A resolution for the election of Directors shall require the presence of shareholders holding not less than one-third of the voting rights of all shareholders entitled to exercise their voting rights, and it shall be adopted by a majority vote of the shareholders present.</p> <p>3. A resolution for the election of Directors shall not be conducted by cumulative voting.</p> <p>Article 19 (Remain unchanged)</p> <p>(Term of Office of Directors)</p>

Current	After revision
<p>Article 20. The term of office of a Director shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one year after the election.</p> <p style="text-align: center;"><u>(Newly established)</u></p> <p style="text-align: center;"><u>(Newly established)</u></p> <p style="text-align: center;"><u>(Newly established)</u></p>	<p>Article 20. The term of office of a Director <u>(excluding a Director who is an Audit & Supervisory Committee Member)</u> shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one year after the election.</p> <p>2. <u>The term of office of a Director who is an Audit & Supervisory Committee Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last business year ending within two years after the election.</u></p> <p>3. <u>The term of office of a Director who is an Audit & Supervisory Committee Member elected as a substitute of a Director who is an Audit & Supervisory Committee Member and retires before the expiration of his/her term of office shall expire at the expiration of the term of office of the retired Director who is an Audit & Supervisory Committee Member.</u></p> <p>4. <u>Pursuant to the provisions of Article 329, Paragraph 3 of the Companies Act, the effectiveness of a resolution electing a substitute of a Director who is an Audit & Supervisory Committee Member ends at the beginning of the Ordinary General Meeting of Shareholders for the last business year ending within two years of the substitute's election.</u></p>
<p>(Representative Directors and Directors with Specific Titles)</p> <p>Article 21. The Representative Directors shall be appointed by the resolution of the Board of Directors.</p> <p>2. The Board of Directors may, by resolution, elect one President and one or more Senior Executive Directors and Executive Directors.</p>	<p>(Representative Directors and Directors with Specific Titles)</p> <p>Article 21. The Representative Directors shall be appointed <u>among Directors (excluding a director who is an Audit & Supervisory Committee Member)</u> by the resolution of the Board of Directors.</p> <p>2. The Board of Directors may, by resolution, elect one President and one or more Senior Executive Directors and Executive Directors <u>among Directors (excluding a director who is an Audit & Supervisory Committee Member).</u></p>
<p>(Remunerations for Directors)</p> <p>Article 22. The remunerations, bonuses and other property interests as consideration for the execution of duties paid by the Company (the "Remunerations") to Directors shall be determined by a resolution of the General Meeting of Shareholders.</p>	<p>(Remunerations for Directors)</p> <p>Article 22. The remunerations, bonuses and other property interests as consideration for the execution of duties paid by the Company (the "Remunerations") to Directors shall be determined by a resolution of the General Meeting of Shareholders, <u>distinguishing between those who are Audit & Supervisory Committee Members and those who are not Audit & Supervisory Committee Members.</u></p>

Current	After revision
<p>(Convocation Notice for the Board of Directors Meeting)</p> <p>Article 23. The convocation notice of a meeting of Board of Directors shall be dispatched to each Director <u>and Audit & Supervisory Board Member</u> no later than three days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.</p> <p>2. The Board of Directors meetings may be convened without using the procedure for calling these meetings only if all Directors <u>and Audit & Supervisory Board Members</u> agree.</p> <p>Article 24 (Omitted)</p> <p style="text-align: center;"><u>(Newly established)</u></p> <p>Articles <u>25</u> to <u>26</u> (Omitted)</p> <p>(Exemption from Liability of Directors)</p> <p>Article <u>27</u>. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, <u>by the resolution of the Board of Directors, exempt Directors (including former Directors) from their liability up to the limit prescribed by laws and regulations. This exemption is provided in instances where particularly necessary when Directors act in good faith and there is no gross negligence and in consideration of the facts involving the cause of responsibilities, the Directors' execution of duties, and other circumstances.</u></p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may <u>enter into an agreement with external Directors for an exemption from their liability up to the limit prescribed by laws and regulations. This exemption is provided in instances where particularly necessary when Directors act in good faith and there is no gross negligence and in consideration of the facts involving the cause of responsibilities, the</u></p>	<p>(Convocation Notice for the Board of Directors Meeting)</p> <p>Article 23. The convocation notice of a meeting of Board of Directors shall be dispatched to each Director no later than three days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.</p> <p>2. The Board of Directors meetings may be convened without using the procedure for calling these meetings only if all Directors agree.</p> <p>Article 24 (Remain unchanged)</p> <p><u>(Delegation of Decisions on Important Business Execution to Directors)</u></p> <p>Article 25. <u>The Company may, pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, delegate all or part of the decisions on the execution of important business (excluding the matters listed in the items of Paragraph 5 of the same Article) to the Directors by a resolution of the Board of Directors.</u></p> <p>Articles <u>26</u> to <u>27</u> (Remain unchanged)</p> <p>(Exemption from Liability of Directors)</p> <p>Article <u>28</u>. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, <u>by the resolution of the Board of Directors, exempt Directors (including former Directors) from their liability to compensate for damages due to a failure to perform their duties. The limit of liability shall be set at the amount prescribed by laws and regulations.</u></p> <p>2. Pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act, the Company may <u>enter into an agreement with Directors (excluding executive directors) to limit their liability to compensate for damages due to a failure to perform their duties; provided, however, that the limit of liability under such agreement shall be the minimum amount of liability prescribed by laws and regulations.</u></p>

Current	After revision
<u>Directors' execution of duties, and other circumstances.</u>	
<u>Chapter 5. Audit & Supervisory Board Members and Audit & Supervisory Board</u>	(Deleted)
<u>(Number of Audit & Supervisory Board Members)</u>	(Deleted)
<u>Article 28. The Company shall have no more than five Audit & Supervisory Board Members.</u>	(Deleted)
<u>(Election of Audit & Supervisory Board Members)</u>	(Deleted)
<u>Article 29. Audit & Supervisory Board Members shall be elected by a resolution of the General Meeting of Shareholders.</u>	
<u>2. A resolution for the election of Audit & Supervisory Board Members shall require the presence of shareholders holding not less than one-third of the voting rights of all shareholders entitled to exercise their voting rights, and it shall be adopted by a majority vote of the shareholders present.</u>	
<u>(Term of Office of Audit & Supervisory Board Members)</u>	(Deleted)
<u>Article 30. The term of office of an Audit & Supervisory Board Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within four years after the election.</u>	
<u>2. 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, will end at the end of the term of office of the individual who was replaced.</u>	
<u>(Effectiveness of a Resolution Electing a Substitute Audit & Supervisory Board Member)</u>	(Deleted)
<u>Article 31. The effectiveness of a resolution electing a substitute Audit & Supervisory Board Member ends at the beginning of the Ordinary General Meeting of Shareholders for the last business year ending within four years of the substitute's election.</u>	
<u>(Full-time Audit & Supervisory Board Members)</u>	(Deleted)
<u>Article 32. The Audit & Supervisory Board shall elect full-time Audit & Supervisory Board Members by its resolution.</u>	
<u>(Remunerations for Audit & Supervisory Board Members)</u>	(Deleted)
<u>Article 33. The Remunerations for Audit & Supervisory Board Members shall be</u>	

Current	After revision
<p>determined by a resolution of the <u>General Meeting of Shareholders.</u></p> <p><u>(Convocation Notice for the Audit & Supervisory Board Meeting)</u></p> <p><u>Article 34. The convocation notice of a meeting of Audit & Supervisory Board shall be dispatched to each Audit & Supervisory Board Member no later than three days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.</u></p> <p><u>2. The Audit & Supervisory Board meetings may be convened without using the procedure for calling these meetings only if all Audit & Supervisory Board Members agree.</u></p>	<p>(Deleted)</p>
<p><u>(Regulations of the Audit & Supervisory Board)</u></p> <p><u>Article 35. Matters relating to the Audit & Supervisory Board shall be governed by the Regulations of the Audit & Supervisory Board established by the Audit & Supervisory Board, unless otherwise provided by laws, regulations or the Articles of Incorporation.</u></p>	<p>(Deleted)</p>
<p><u>(Exemption from Liability of Audit & Supervisory Board Members)</u></p> <p><u>Article 36. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by the resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from their liability up to the limit prescribed by laws and regulations. This exemption is provided in instances where particularly necessary when Audit & Supervisory Board Members act in good faith and there is no gross negligence and in consideration of the facts involving the cause of responsibilities, the Audit & Supervisory Board Members' execution of duties, and other circumstances.</u></p> <p><u>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with external Audit & Supervisory Board Members for an exemption from their liability up to the limit prescribed by laws and regulations. This exemption is provided in instances where particularly necessary when Audit & Supervisory</u></p>	<p>(Deleted)</p>

Current	After revision
<p><u>Board Members act in good faith and there is no gross negligence and in consideration of the facts involving the cause of responsibilities, the Audit & Supervisory Board Members' execution of duties, and other circumstances.</u></p>	
<p>(Newly established)</p>	<p><u>Chapter 5. Audit & Supervisory Committee</u></p>
<p>(Newly established)</p>	<p><u>(Full-time Audit & Supervisory Committee Members)</u></p>
	<p><u>Article 29. The Audit & Supervisory Committee may elect full-time Audit & Supervisory Committee members among the members by its resolution.</u></p>
<p>(Newly established)</p>	<p><u>(Convocation Notice for the Audit & Supervisory Committee Meeting)</u></p>
	<p><u>Article 30. The convocation notice of a meeting of Audit & Supervisory Committee shall be dispatched to each Audit & Supervisory Committee Member no later than three days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.</u></p>
	<p><u>2. The Audit & Supervisory Committee meetings may be convened without using the procedure for calling these meetings only if all Audit & Supervisory Committee Members agree.</u></p>
<p>(Newly established)</p>	<p><u>(Regulations of the Audit & Supervisory Committee)</u></p>
	<p><u>Article 31. Matters relating to the Audit & Supervisory Committee shall be governed by laws, regulations or the Articles of Incorporation as well as by the Regulations of the Audit & Supervisory Committee established by the Audit & Supervisory Committee</u></p>
<p>Chapter 6. Accounts</p>	<p>Chapter 6. Accounts</p>
<p>Articles <u>37</u> to <u>40</u> (Omitted)</p>	<p>Articles <u>32</u> to <u>35</u> (Remain unchanged)</p>
<p>(Newly established)</p>	<p><u>Supplementary Provisions</u> <u>(Transitional Measures for Shareholder Meeting Convocation)</u></p>
	<p><u>Article 1. The revision of Article 11, Paragraph 2 will become effective on the day that a shareholders meeting held by the Company with no designated location has been approved by the Minister of Economy, Trade and Industry and Minister of Justice as meeting the requirements of Ministry of Economy, Trade and Industry ordinances and Ministry of Justice ordinances. This article will be deleted on the day that</u></p>

Current	After revision
	<p data-bbox="946 230 1378 293"><u>the revision of Article 11, Paragraph 2 becomes effective.</u></p> <p data-bbox="807 322 1342 412"><u>(Transitional Measures Concerning Exemption from Liability of Audit & Supervisory Board Members)</u></p> <p data-bbox="807 416 1390 840"><u>Article 2. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company, by a resolution of the Board of Directors, may exempt from liability up to the limit allowed by laws and regulations Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) who were negligent regarding their duties with regard to their activities prior to the approval of these partial revisions of the Articles of Incorporation at the 52nd Annual General Meeting of Shareholders.</u></p>