July 26, 2024

To whom it may concern:

Net One Systems Co., Ltd.
(Stock Code: 7518, TSE Prime)

Notice regarding disposal of treasury shares as restricted stock compensation

Net One Systems Co., Ltd. (“Net One Systems” or the “Company”) hereby announces that, at a meeting held on July 26, 2024, its Board of Directors reached the decision to dispose of treasury shares as restricted stock compensation. Details follow below.

1. Overview of disposal

(1) Payment date	August 23, 2024
(2) Class and number of shares slated for disposal	58,200 shares of common stock in the Company
(3) Disposal price	¥2,972 per share
(4) Total disposal amount	¥172,970,400
(5) Allottees and number of shares to be allotted	Two (2) inside executive directors (who are not concurrently serving as members of the Audit & Supervisory Committee) will receive 16,200 shares, and fourteen (14) vice presidents will receive 42,000 shares.
(6) Other	This disposal of treasury shares shall be performed only if the corresponding securities registration statement becomes valid under the Financial Instruments and Exchange Act of Japan.

2. Purpose and reasons for disposal

At a meeting held on May 16, 2022, the Company’s Board of Directors resolved to introduce a new restricted stock compensation plan for eligible executive directors (inside executive directors who are not concurrently serving as members of the Audit & Supervisory Committee). The board reached this decision to provide eligible executive directors with incentives for contributing to sustainable enhancement of the Company’s corporate value and facilitating further value sharing between eligible executive directors and shareholders. Additionally, during the 35th Annual Shareholders Meeting held on June 22, 2022, voting participants approved the issue under this plan of monetary compensation claims worth up to ¥150 million per year to eligible executive directors as assets contributed in kind in connection with the grant of restricted stock. These claims shall be provided in addition to fixed basic remuneration amounts and annual bonuses linked to companywide business performance. Voting participants also decided to set the transfer restriction term for restricted stock as the period spanning from the payment date associated with the restricted stock issued through the dates at which eligible executive directors resign or retire from their respective positions as executive

directors, vice presidents, or employees (excluding part-time or temporary positions) of the Company or its subsidiaries.

An outline of this restricted stock compensation plan has been provided below.

(Outline of restricted stock compensation plan)

Eligible executive directors will receive all monetary compensation claims issued by the Company in accordance with this plan as assets contributed in kind, and will subsequently be subject to the issue and disposal of common shares in the Company.

Under this plan, the Company shall not issue (or subsequently dispose of) more than 100,000 common shares to any individual eligible executive director per year, and the amount of payment per share shall be equivalent to the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the resolution of the Company's Board of Directors (or, if no closing price was quoted on that date, the closing price on the immediately preceding trading day). The specific timing and allocation of payment for eligible executive directors will be determined by the Board of Directors following discussions held by the Remuneration Advisory Committee.

In addition, with respect to the issue and disposal of common shares in the Company under this restricted stock compensation plan, the Company and eligible executive directors shall conclude a restricted stock allotment agreement, which stipulates that the allotted common shares in the Company shall not be transferred, collateralized, or otherwise disposed of for a predetermined period and specifies that the Company may acquire these common shares without compensation under certain circumstances.

The Company has also introduced a similar restricted stock compensation plan for its vice presidents and for executive directors of its subsidiaries (also for individuals who perform the duties of executive members at subsidiaries that are limited liability companies; "vice presidents and other officers"), and its Board of Directors reached the decision to issue restricted stock to these vice presidents and other officers during a meeting held on July 26, 2024. Details have been provided below.

Having considered the objectives of this compensation plan, its own business performance, and the scopes of responsibility and various circumstances associated with potential recipients, the Company has reached the decision to dispose of a total of 58,200 common shares as restricted stock compensation for two (2) executive directors and fourteen (14) vice presidents and other officers. ("eligible corporate officers"). The Company will issue monetary compensation claims worth ¥172,970,400 in total to eligible corporate officers, which will be conferred as contributions in kind for the acquisition of the restricted stock. An outline of the restricted stock allotment agreement to be formed between the Company and eligible corporate officers in connection with the disposal of these treasury shares has been included in section three (3.) below.

3. Outline of the restricted stock allotment agreement

(1) Transfer restriction period

a. Eligible executive directors

Eligible executive directors may not transfer, collateralize, or otherwise dispose of restricted stock allotted under this plan during the period spanning from August 23, 2024 (the "payment date") until the times at which they vacate their respective positions as executive directors, vice presidents, or employees (excluding part-time or temporary positions) of the Company or its subsidiaries.

b. Eligible vice presidents and other eligible officers

Eligible vice presidents and other eligible officers may not transfer, collateralize, or otherwise dispose of restricted stock allotted under this plan during the period from the payment date until the times at which they vacate their respective positions as executive directors (including individuals who perform the duties of executive members at subsidiaries that are limited liability companies), vice presidents, or employees (excluding part-time or temporary positions) of the Company or its subsidiaries.

(2) Conditions for the lifting of transfer restrictions

a. Eligible executive directors

If an eligible executive director holds a position as either an executive director, vice president, or employee (excluding part-time or temporary positions) of the Company or any of its subsidiaries throughout the period under which transfer restrictions are in effect, all transfer restrictions placed on the shares allotted to him or her under this plan shall be lifted when the transfer restriction period expires. However, if an eligible executive director dies, or for any justifiable reason, resigns or retires from his or her position as either an executive director, vice president, or employee (excluding part-time or temporary positions) of the Company or any of its subsidiaries during the period spanning from the day immediately following the final Annual Shareholders Meeting held before the payment date specified above through the day on which the following Annual Shareholders Meeting is held, the Company shall, at the time at which this eligible executive director vacates his or her respective position, lift transfer restrictions on a number of shares allotted under this plan equivalent to the product obtained by multiplying the total number of shares issued to him or her under this plan by the quotient obtained when dividing the number of months that pass from the month following the final Annual Shareholders Meeting held before the payment date specified above through the month during which the eligible executive director vacates his or her respective position by twelve (12). If this calculation results in fractional shares, the number of shares from which transfer restrictions are to be lifted shall be rounded up to the nearest whole number of shares.

b. Eligible vice presidents and other eligible officers

If an eligible vice president or other eligible officer holds a position as either an executive director (includes positions responsible for performing the duties of executive members at subsidiaries that are limited liability companies), vice president, or employee (excluding part-time or temporary positions) of the Company or any of its subsidiaries throughout the period under which transfer restrictions are in effect, all transfer restrictions placed on the shares allotted to him or her under this plan shall be lifted when the transfer restriction period expires. However, if an eligible vice president or other eligible officer dies, or for any justifiable reason, resigns or retires from his or her position as either an executive director (includes positions responsible for performing the duties of executive members at subsidiaries that are limited liability companies), vice president, or employee (excluding part-time or temporary positions) of the Company or any of its subsidiaries during the period spanning from the first day of the fiscal year containing the payment date specified above through the final day of the same fiscal year, the Company shall, at the time at which this eligible vice president or other eligible officer vacates his or her respective position, lift transfer restrictions on a number of shares allotted under this plan equivalent to the product obtained by multiplying the total number of shares issued to him or her under this plan by the quotient obtained when dividing the number of months that pass from the month containing the payment date specified above through the month during which the eligible vice president or other eligible officer vacates his or her respective position by twelve (12). If this calculation results in fractional shares, the number of shares from which transfer restrictions are to be lifted shall be rounded up to the nearest whole number of shares.

(3) Reasons for which the Company may acquire allotted shares without compensation

If permitting circumstances stipulated in the restricted stock allotment agreement arise, the Company shall, as a matter of course and without compensation, acquire shares allotted under this plan to eligible corporate officers to whom these circumstances apply.

(4) Share management

a. Eligible executive directors

In accordance with instructions provided by the Company, eligible executive directors shall open accounts with Nomura Securities Co., Ltd. for the entry or recording of allotted shares, and shall hold the allotted shares in these accounts for the duration of the transfer restriction period.

b. Eligible vice presidents and other eligible officers

In accordance with instructions provided by the Company, eligible vice presidents and other eligible officers shall open accounts with a designated financial instruments firm for the entry or recording of allotted shares, and shall hold the allotted shares in these accounts for the duration of the transfer restriction period.

(5) Handling in cases of organizational restructuring, etc.

a. Eligible executive directors

If the Company's Shareholders Meeting (or the Company's Board of Directors if approval of the Shareholders Meeting is not required) approves a merger agreement under which the Company will be dissolved, a share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary, or any other type of organizational restructuring, on the business day immediately preceding the effective date of the organizational restructuring, the Company's Board of Directors shall, via resolution, lift transfer restrictions on a number of allotted shares equivalent to the product obtained when multiplying the number of shares allotted under this plan by the quotient obtained when dividing the number of months that pass from the month following the final Annual Shareholders Meeting held before the payment date specified above through the month containing the date on which the organizational restructuring was approved by twelve (12). If the quotient exceeds one (1), the quotient used for final calculation shall be one (1); if the final calculation results in fractional shares, the number of shares from which transfer restrictions are to be lifted shall be rounded up to the nearest whole number of shares. Additionally, the Company shall, as a matter of course and without compensation, acquire all allotted shares that continued to be subject to transfer restrictions after the lifting of transfer restrictions is carried out as described above.

b. Eligible vice presidents

If the Company's Shareholders Meeting (or the Company's Board of Directors if approval of the Shareholders Meeting is not required) approves a merger agreement under which the Company will be dissolved, a share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary, or any other type of organizational restructuring, on the business day immediately preceding the effective date of the organizational restructuring, the Company's Board of Directors shall, via resolution, lift transfer restrictions on a number of allotted shares equivalent to the product obtained when multiplying the number of shares allotted under this plan by the quotient obtained when dividing the number of months that pass from the month containing the first day of the fiscal year that the payment date specified above belongs to through the month containing the date on which the organizational restructuring was approved by twelve (12). If the quotient exceeds one (1), the quotient used for final calculation shall be one (1); if the final calculation results in fractional shares, the number of shares from which transfer restrictions are to be lifted shall be rounded up to the nearest whole number of shares. Additionally, the Company shall, as a matter of course and without compensation, acquire all allotted shares that continued to be subject to transfer restrictions after the lifting of transfer restrictions is carried out as described above.

4. Basis for calculation of the payment amount and specific details thereof

This disposal of treasury shares shall be funded by the monetary compensation claims provided to eligible corporate officers who are recipients of restricted stock-based compensation for the Company's 38th business year under this plan. To eliminate arbitrariness in the disposal price, the closing price of the Company's common stock on the Prime Market of Tokyo Stock Exchange on July 25, 2024 (the business day preceding the day of the relevant resolution of the Board of Directors), or ¥2,972, is designated as the disposal price. The Company believes that this value is reasonable insofar as it represents the share price on the market on the day immediately preceding the day of the relevant resolution of the Board of Directors and that the price is not especially favorable to the Company.

(Reference) Management flow of restricted stock (RS) under the RS system

