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Notice Regarding Disposal of Treasury Stock as Restricted Stock Compensation

TOHO SYSTEM SCIENCE CO., LTD. (hereinafter "the Company") hereby announces that at the Board of Directors resolved today to dispose of treasury stock as restricted stock compensation (hereinafter "the Treasury Stock Disposal") as follows.

1. Overview of the Disposal

(1) Disposal date	August 8, 2025
(2) Class and number of shares to be disposed	15,044 shares of the Company's common stock
(3) Disposal price	1,239 yen per share
(4) Total disposal amount	18,639,516 yen
(5) Planned recipients	3 Directors of the Company (*): 7,609 shares 7 Executive Officers of the Company: 7,435 shares *Excluding Outside Directors

2. Purpose and Reason for the Disposal

At the Board of Directors meeting held on May 23, 2019, the Company resolved to introduce a restricted stock compensation system (hereinafter "the System") for Directors (excluding Outside Directors; hereinafter "Eligible Directors"), Executive Officers, and Corporate Officers. The System aims to share the benefits and risks of stock price fluctuations with shareholders and further enhance their motivation to contribute to stock price increases and corporate value improvement. The System serves as both a long-term incentive through shared value with shareholders via stock ownership and promotion of sustainable corporate value enhancement, and as a medium-term incentive toward improving the Company's medium-term performance and stock price as represented in the medium-term business plan. Additionally, at the

48th Ordinary General Shareholders' Meeting held on June 21, 2019, approval was obtained for setting the total amount of monetary compensation claims to be paid to Eligible Directors as compensation related to restricted stock under the System at 40 million yen or less per year, limiting the total number of restricted shares to be allocated to Eligible Directors in each fiscal year to 80,000 shares, and allocating two types of restricted shares with different restriction periods as described below.

Today, the Board of Directors resolved to allocate 15,044 shares of the Company's common stock as specified restricted stock. This allocation will be made by having the planned recipients - consisting of 3 Eligible Directors and 7 Executive Officers (hereinafter "Eligible Recipients") - contribute their monetary compensation claims totaling 18,639,516 yen as in-kind contribution. For Eligible Directors, this represents restricted stock compensation for the period from the Company's 54th Ordinary General Shareholders' Meeting to the 55th Ordinary General Shareholders' Meeting scheduled for June 2026, and for Executive Officers, it covers the Company's 55th fiscal year (April 1, 2025 to March 31, 2026). The amount of monetary compensation claims for each Eligible Recipient has been determined after comprehensively considering various factors including their contribution to the Company. These monetary compensation claims will be provided on the condition that each Eligible Recipient enters into a restricted stock allocation agreement (hereinafter "Allocation Agreement") with the Company that includes the following main terms.

Furthermore, to achieve the long-term objective of the System's implementation for sharing the benefits and risks of stock price fluctuations with shareholders and further enhancing motivation to contribute to stock price increases and corporate value improvement through promoting shared value with shareholders via stock ownership and sustainable corporate value enhancement, a portion of the restricted stock allocated to each Eligible Recipient (hereinafter "Type I Restricted Stock") will have a transfer restriction period of 30 years. Additionally, to achieve the medium-term objective of providing medium-term incentives toward improving the Company's medium-term performance and stock price as represented in the medium-term business plan, the remaining restricted stock (hereinafter "Type II Restricted Stock") will have a transfer restriction period of 3 years.

3. Overview of the Allocation Agreement

(1) Transfer Restriction Period

Eligible Recipients may not transfer, create a security interest on, create a transfer security interest on, make an inter vivos gift, make a testamentary gift, or otherwise dispose of (hereinafter "Transfer Restrictions") the Type I Restricted Stock during the period from August 8, 2025 to August 7, 2055 (hereinafter "Transfer Restriction Period I"), and the Type II Restricted Stock during the period from August 8, 2025 to August 7, 2028 (hereinafter "Transfer Restriction Period II").

(2) Gratis Acquisition of Restricted Stock

If an Eligible Recipient resigns from all positions as Director, Executive Officer, or Corporate Officer of the Company before the day prior to the date of the first Ordinary General Shareholders' Meeting arriving after the start date of Transfer Restriction Period I and Transfer Restriction Period II (or in the case of Executive Officers and Corporate Officers, before the day prior to the end of the first fiscal year arriving after the start date of Transfer Restriction Period I and Transfer Restriction Period II), the Company shall automatically acquire the Type I Restricted Stock and Type II Restricted Stock allocated to such Eligible Recipient at no cost at the time of such resignation, unless there is a justifiable reason approved by the Company's Board of Directors. Furthermore, if there are any Type I Restricted Stock or Type II Restricted Stock for which the Transfer Restrictions have not been lifted at the time Transfer Restriction Period I expires (hereinafter "Expiration Time I") or Transfer Restriction Period II expires (hereinafter "Expiration Time II") based on the provisions for lifting Transfer Restrictions described in (3) below, the Company shall automatically acquire such shares at no cost immediately after Expiration Time I or Expiration Time II, respectively.

(3) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions for all Type I Restricted Stock at Expiration Time I and all Type II Restricted Stock at Expiration Time II held by Eligible Recipients at such times, provided that the Eligible Recipients have continuously held a position as Director, Executive Officer, or Corporate Officer of the Company until the date of the first Ordinary General Shareholders' Meeting arriving after the start date of Transfer Restriction Period I and Transfer Restriction Period II (or in the case of Executive Officers and Corporate Officers, until the end of the first fiscal year arriving after the start date of Transfer Restriction Period I and Transfer Restriction Period II). However, if an Eligible Recipient resigns from all positions as Director, Executive Officer, or Corporate Officer before Expiration Time I or Expiration Time II for a reason deemed justifiable by the Company's Board of Directors, the Transfer Restrictions shall be lifted immediately after such resignation. The number of shares subject to the lifting of Transfer Restrictions for Type I Restricted Stock or Type II Restricted Stock shall be adjusted according to the number of months in office.

(4) Provisions for Stock Management

Eligible Recipients shall complete the opening of an account with SMBC Nikko Securities Inc. in the manner designated by the Company for describing or recording Type I Restricted Stock and Type II Restricted Stock, and shall maintain and keep such shares in this account until the Transfer Restrictions are lifted.

(5) Treatment in Case of Organizational Restructuring

If, during Transfer Restriction Period I for Type I Restricted Stock or Transfer Restriction Period II for Type II Restricted Stock, a merger agreement in which the Company becomes a dissolving company, a share exchange agreement or share

transfer plan in which the Company becomes a wholly owned subsidiary, or other organizational restructuring-related proposals are approved at a General Shareholders' Meeting of the Company (or by the Company's Board of Directors in cases where such organizational restructuring does not require approval at a General Shareholders' Meeting) (limited to cases where the effective date of such organizational restructuring occurs before Expiration Time I or Expiration Time II; hereinafter "Organizational Restructuring Approval"), and if the Eligible Recipient will resign from all positions as Director, Executive Officer, or Corporate Officer due to such organizational restructuring, the Company shall, by resolution of the Board of Directors, lift the Transfer Restrictions for the number of Type I Restricted Stock or Type II Restricted Stock adjusted according to the period of service, immediately before the business day preceding the effective date of such organizational restructuring. Furthermore, at the time of Organizational Restructuring Approval, the Company shall automatically acquire at no cost all Type I Restricted Stock and Type II Restricted Stock for which the Transfer Restrictions have not been lifted as of the business day preceding the effective date of such organizational restructuring.

4. Basis for Calculation and Specific Details of the Payment Amount

To eliminate arbitrariness in the disposal price for this Treasury Stock Disposal, the price has been set at 1,239 yen, which was the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors resolution (July 11, 2025). This is considered to be reasonable and not particularly advantageous, as it represents the market stock price immediately prior to the date of the Board of Directors resolution.