

News Release Dated September 24, 2019

Company: Japan System Techniques Co., Ltd.
Representative: Takeaki Hirabayashi, President and CEO
Stock code: 4323, Tokyo Stock Exchange, First Section
Contact: Noriaki Okado, Managing Director and CFO
Tel: +81-6-4560-1000

Notice of Establishment of Capital and Business Alliance with TerraSky

The Board of Directors of Japan System Techniques Co., Ltd. (JAST) approved a resolution on September 24, 2019 to sign a capital and business alliance agreement with TerraSky Co., Ltd., which is listed on the first section of the Tokyo Stock Exchange (stock code 3915).

1. Background and purpose of the alliance

TerraSky is one of the leading companies in the field of cloud integration, having provided these integration services since the emergence of cloud technology. The company's mission is share success with clients by providing advanced technologies and the best choices. Since its inception, TerraSky has assisted customers with using the cloud and worked on increasing the use of cloud technology as a consulting partner of Salesforce.com. TerraSky has assisted more than 4,000 companies use of the cloud, including companies in the finance, insurance, health care, services and other business sectors. As a result, the company is one of the best performing Salesforce.com consulting partners in Japan. Furthermore, TerraSky has used knowledge gained from providing cloud services to create and provide a cloud service that makes product and technology development activities much more efficient.

JAST has taken full advantage of its position as a software firm with no affiliations with other companies to conduct a broad range of information services. Activities encompass customers in many industries and technologies and are not restricted by equity relationships. JAST is distinguished by its diverse array of solutions that match the needs of specific business sectors. For example, BankNeo is a data integration package for financial institutions and GAKUEN centralizes the management of university administrative data and is used by more than 300 universities in Japan. Overall, JAST has the expertise to help create solutions for the requirements of customers.

One goal of this alliance is to increase customer satisfaction by effectively utilizing the solution expertise and accomplishments of the two companies. Another goal of the alliance is the further growth of the corporate value of JAST and TerraSky backed by activities to encourage more companies to implement a digital transformation.

2. Outline of the business alliance

JAST and TerraSky have reached an agreement regarding the following activities concerning the business alliance. The two companies will continue to hold discussions for the purpose of using this alliance to increase customer satisfaction and corporate value.

Activities:

- 1) Development of products and personnel training for BankNeo business operations
- 2) More customers and personnel training for operations involving Salesforce.com
- 3) More customers and personnel training for the Amazon Web Services business
- 4) More customers and more added value for operations involving TerraSky products
- 5) Cooperation for the growth of business activities outside Japan

3. Outline of the capital alliance

JAST and TerraSky have agreed to use stock exchange purchases to acquire approximately 70 million yen of each other's stock within six months. Purchasing this stock will reinforce the relationship between the companies that is rooted in trust and cooperation. These investments are also intended to maximize the benefits of joint activities of the two companies and ensure the effectiveness of the alliance.

4. Profile of TerraSky (As of February 28, 2019)

(1) Name	TerraSky Co., Ltd.												
(2) Address	Tokyo Head Office 15-17th Floor Taiyo Life Nihonbashi Building, 2-11-2 Nihombashi, Chuo-ku, Tokyo 103-0027												
(3) Representative	Hideya Sato, Representative Director, President												
(4) Business	Support for developing the best possible IT systems using the cloud, outsourced development of these systems, and development and sale of services and products created specifically for the cloud												
(5) Capital stock (As of May 31, 2019)	1,128.49 million yen												
(6) Established	March 2006												
(7) Major shareholders and shareholding ratios	<table> <tr> <td>Hideya Sato:</td> <td>29.59%</td> </tr> <tr> <td>NTT TechnoCross Corporation:</td> <td>11.22%</td> </tr> <tr> <td>MareSky Co., Ltd.:</td> <td>8.10%</td> </tr> <tr> <td>J.P. MORGAN BANK LUXEMBOURG S.A.1300000:</td> <td>6.30%</td> </tr> <tr> <td>BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC):</td> <td>4.35%</td> </tr> </table>			Hideya Sato:	29.59%	NTT TechnoCross Corporation:	11.22%	MareSky Co., Ltd.:	8.10%	J.P. MORGAN BANK LUXEMBOURG S.A.1300000:	6.30%	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC):	4.35%
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BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC):	4.35%												
(8) Relationships between JAST and TerraSky	Capital	Not applicable.											
	Personnel	Not applicable.											
	Business	JAST and TerraSky have a business relationship involving the development of IT systems.											
	Related parties	Not applicable.											
(9) Results of operations and financial conditions of TerraSky for the last three years (Millions of yen)													
	Fiscal years ended	February 2017	February 2018	February 2019									
Consolidated net assets		1,238	1,661	3,212									
Consolidated total assets		2,552	3,817	5,655									
Consolidated net assets per share (Yen)		103.65	130.41	242.39									
Consolidated sales		3,534	4,864	6,558									
Consolidated operating income		202	268	125									
Consolidated ordinary income		216	305	192									
Profit attributable to owners of parent		128	171	156									
Consolidate earnings per share (Yen)		11.66	15.32	13.38									
Dividend per share (Yen)		0.00	0.00	0.00									

5. Schedule

(1) Resolution of the Board of Directors	September 24, 2019
(2) Signing of capital and business alliance agreement	September 25, 2019 (tentative)

6. Outlook

JAST believes that this capital and business alliance will have only a negligible effect on results of operations in the fiscal year ending in March 2020. An announcement will be made promptly if the disclosure of any further information regarding this alliance is needed.