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Plan for Compliance with Listing Maintenance Criteria in the New Market Segment

Japan System Techniques Co., Ltd. (JAST) has today submitted an application to select the Prime Market in relation to the review of the market classification of the Tokyo Stock Exchange, Inc. scheduled for April 2022. As JAST does not meet the listing maintenance criteria for the Prime Market as of the record date for transition (June 30, 2021), JAST has prepared a plan to meet the listing maintenance criteria for the new market segment, as set out below.

1. JAST's status of compliance with the listing maintenance criteria, and the planning period

The status of JAST's compliance with the listing maintenance criteria of the Prime Market as of the record date for the transition was as follows, and the criteria for the market capitalization of tradable shares was not met. JAST is taking steps to ensure that, in the period from the date of submission of the plan until March 2024, the market capitalization of its tradable shares will satisfy the criteria for maintaining its listing.

	Number of shareholders	Number of tradable shares (units)	Market capitalization of tradable shares (billion yen)	Ratio of tradable shares (%)	Average daily trading value (billion yen)
Status of JAST as of the transition date	2,556	30,061	4.6	53.5	0.07
Listing maintenance criteria	800	20,000	10.0	35	0.02
Items included in the plan	-	-	○	-	-

*The status of JAST's conformity is calculated based on the distribution of JAST's share certificates and other securities, and on other information available to the Tokyo Stock Exchange as of the record date.

2. Basic policy, issues, and initiatives for compliance with the listing maintenance criteria (market capitalization of tradable shares)

Please refer to "Plan for Compliance with Listing Maintenance Criteria in the New Market Segment".

As described in "1. Basic Policy for Compliance with the Listing Maintenance Criteria (1)" on page 2 of the plan, the market capitalization of tradable shares (as calculated by JAST) was 6.7 billion yen at the end of September 2021, and reached 10 billion yen as of November 19, 2021, reflecting the recent rise in JAST's share price and the increase in the ratio of tradable shares. At present, we believe that we are on the borderline of "conformity" with the listing maintenance criteria. Henceforth, JAST will continue to maintain a market capitalization of 10 billion yen in tradable shares and a stable presence in the Prime Market in accordance with said plan.

Plan for Compliance with Listing Maintenance Criteria in the New Market Segment

Japan System Techniques Co., Ltd.



Take on Future Challenges.

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2. Issues and Initiatives for Compliance with Listing Maintenance Criteria
3. Milestones for Major Measures

1. Basic Policy for Compliance with Listing Maintenance Criteria (1)

Transitioning to the Prime Market on April 4, 2022

We plan to **continue to meet** the criteria for the market capitalization of tradable shares and to establish **a stable presence** in the market

	Number of shareholders	Number of tradable shares (units)	Market capitalization of tradable shares (billions of yen)	Ratio of tradable shares (%)	Average daily trading value (billions of yen)
Status of JAST as of the end of June 2021 (*1)	2,556	30,061	4.6	53.5	0.07
Status of JAST as of the end of September 2021 (*2)	2,380	35,820	6.7	57.7	-
Status of JAST as of November 19, 2021 (*3)	2,380	42,028	10.0	67.7	-
Listing maintenance criteria	800	20,000	10.0	35.0	0.02
Conformity status	○	○	×	○	○

*1. JAST's status as of the end of June 2021 is calculated based on the distribution of JAST's share certificates and other securities available to the Tokyo Stock Exchange as of the record date (June 30, 2021).

*2. JAST's status as of the end of September 2021 is calculated by JAST (average daily trading value is omitted; share price is calculated using the average daily closing price for the month prior to the end of September 2021).

*3. JAST's status as of November 19, 2021 is calculated by JAST (average daily trading value is omitted, the number of shareholders is the same as at the end of September, and the number of tradable shares and the ratio of tradable shares have been changed from those at the end of September to current shares by adding JAST's Employee Shareholding Association (10.0%) to liquid shares (disclosed in a timely manner in the "Announcement of Changes in Major Shareholders" dated November 1, 2021). The share price is calculated based on the average of the daily closing prices for the month prior to November 19, 2021.)

1. Basic Policy for Compliance with Listing Maintenance Criteria (2)

We aim to achieve a **market capitalization of tradable shares of 11 billion yen** by the end of March 2024

		As of JAST record date (*1)	Target for the year ending March 2024	Average of peer companies (*2)	Tokyo Stock Exchange First Section Information Technology Industry Average (*3)	Tokyo Stock Exchange First Section Average (*3)
PER	(times)	14.1	18.0	27.2	27.7	26.3
PBR	(times)	1.1	1.8	3.4	2.7	1.2
EPS	(yen)	107.95	165.00	115.42	92.81	91.97
Market capitalization	(billions of yen)	8.6	18.3			
Market capitalization of tradable shares	(billions of yen)	4.6	11.0			
Ratio of tradable shares (%)	(%)	53.5	60.0			

*1. As of JAST record date: PER, PBR and EPS are actual figures for the fiscal year ended March 2021; market capitalization, market capitalization of tradable shares and tradable shares ratio are as of the reference date (end of June 2021).

*2. Average of peer companies (PER, PBR, EPS): Average of selected 84 peer companies (TSE1, TSE2, JASDAQ) with sales between 10 and 60 billion yen, as of the end of March 2021 (calculated by JAST)

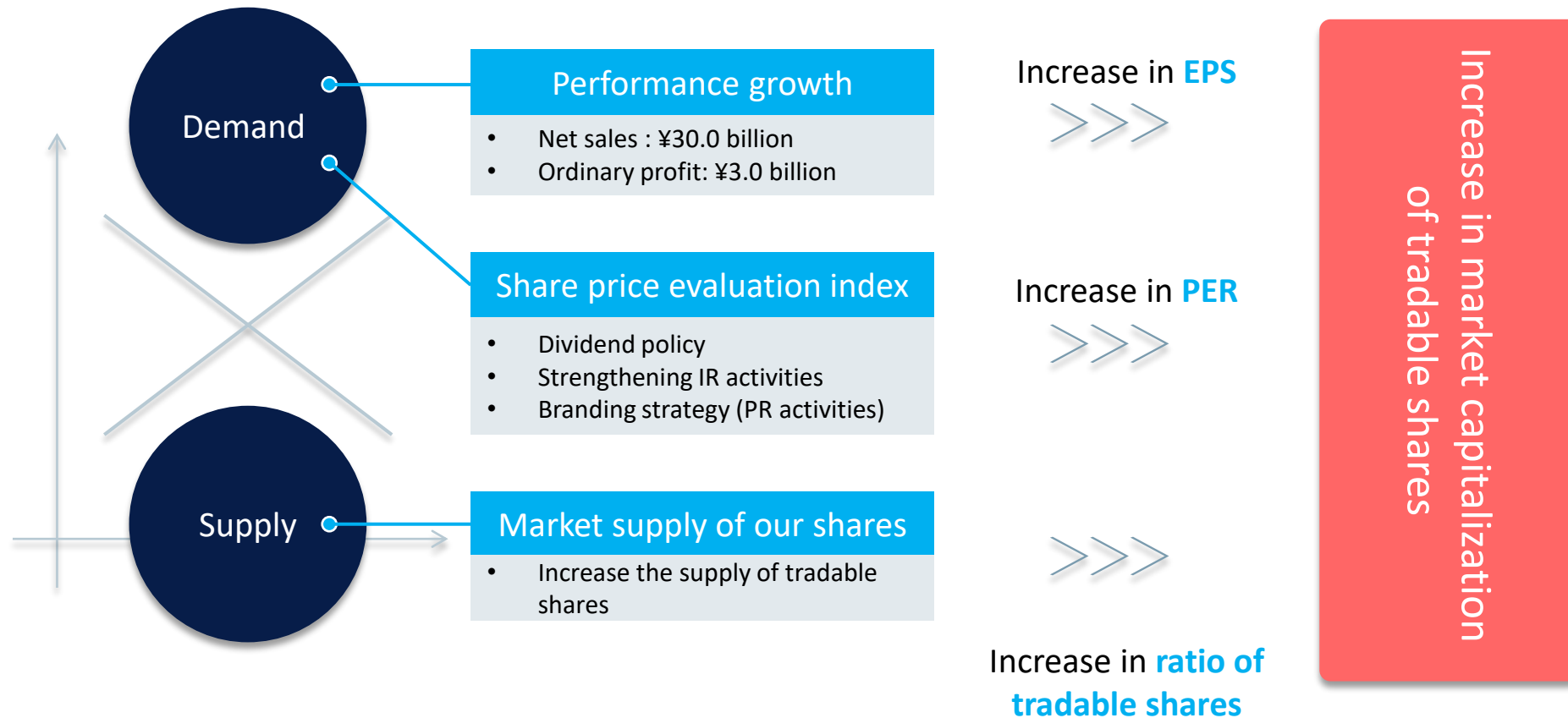
*3. TSE First Section Information Technology Industry Average and TSE First Section Average (PER, PBR, EPS): as of the end of June 2021.

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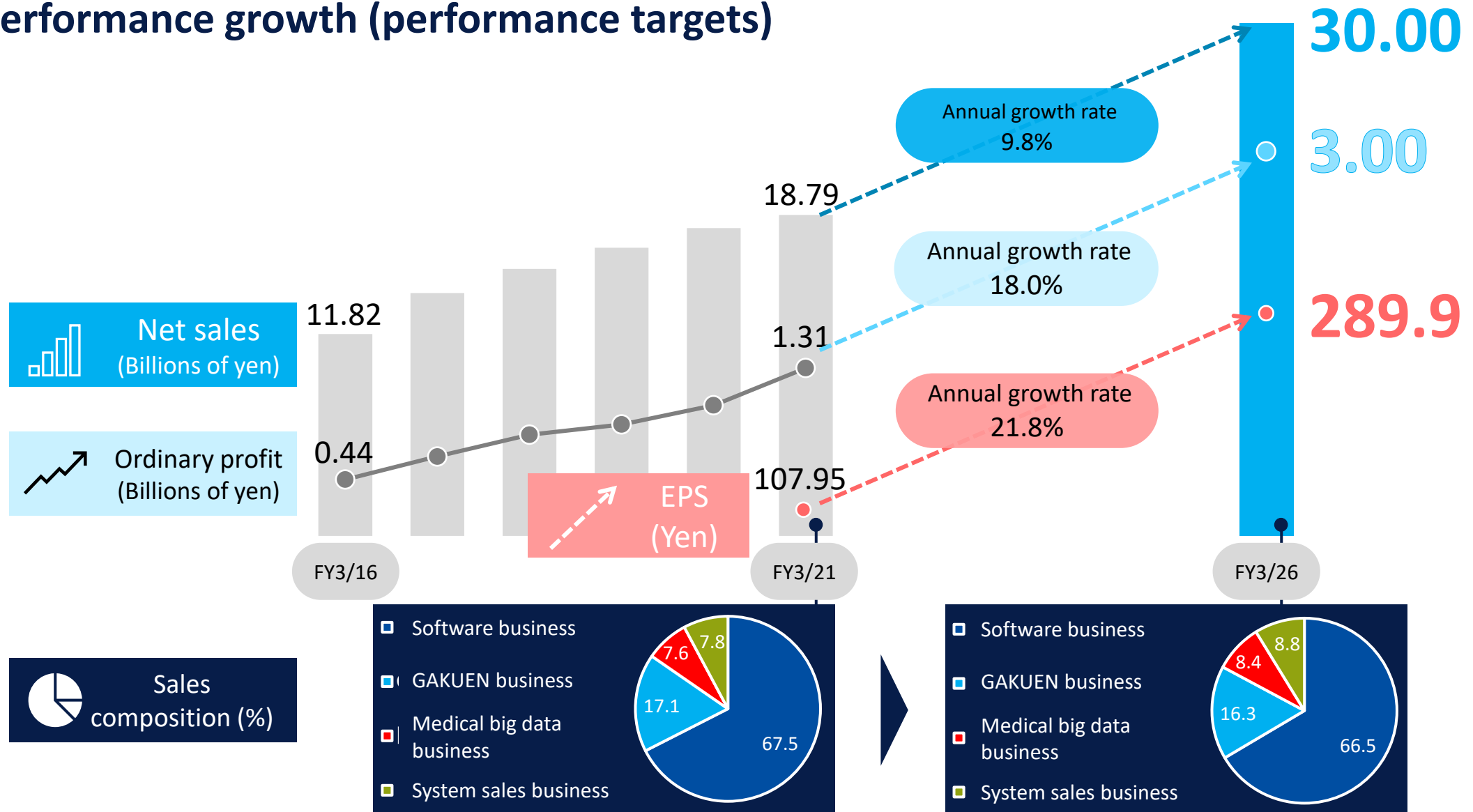
2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

Implementing various initiatives with a view to **achieving performance growth** and **increasing share price evaluation index**, leading to an increase in the market capitalization of tradable shares



2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

(1) Performance growth (performance targets)



2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

(2) Performance growth (business strategy by segment 1/2)

(1) Software business

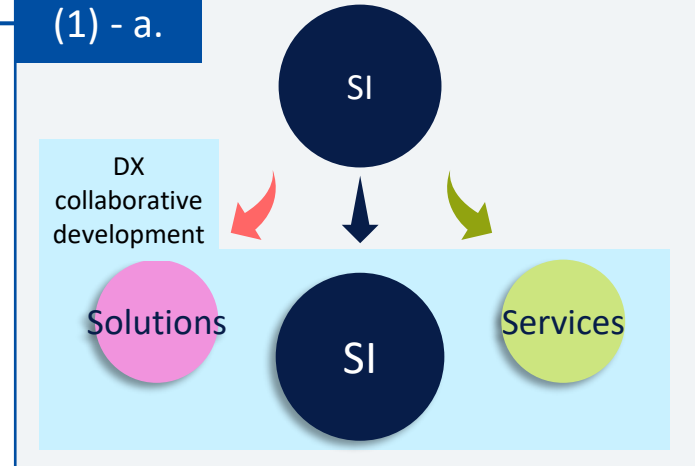
a. System integration service

Redefine our portfolio and clarify our strengths

Evolve into a high value-added business through "DX Collaborative development"

- Redefine our business portfolio into the following three categories
 - SI business: **Expand high-value-added business domain** by promoting proposal-based "DX collaborative development"
 - Solution business: Expand customer base with **pinpoint solutions**
 - Service business: **High value-added business** centered on data science and consulting

(1) - a.



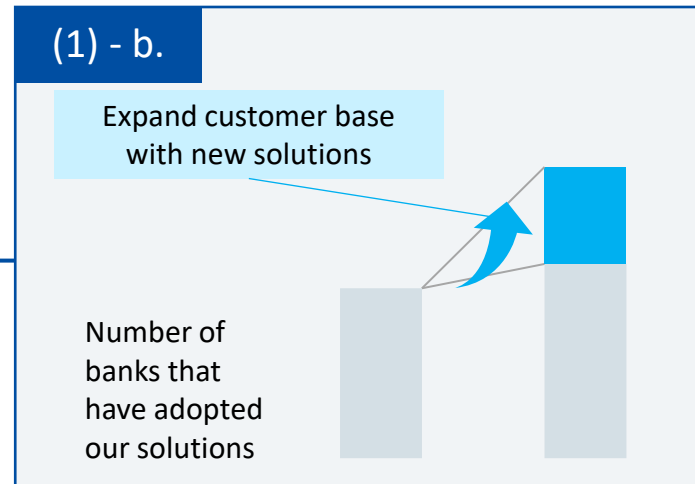
b. BankNeo

Dominate the market with niche and top solutions

Focus on all financial institutions in Japan

- Recent new solution is a big hit and has been adopted by **over 50 banks + Expand the market to major city banks**
- **Continuously release niche solutions**, aiming for adoption by all financial institutions
- Contribute to the growth of the financial market by promoting **full cloud computing** and using **DX technology** to improve operations

(1) - b.



c. Global

Horizontal deployment of ASEAN solutions

Activate synergies and lay the foundation for further expansion

- Start **horizontal deployment** of products (AG HRM/SAP/mcframe) that were Thailand, Singapore, and Malaysia specific **across ASEAN**
- Strengthen the functions of JAST brand "AG HRM" solutions to become a **comprehensive HRM solutions company**

2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

(3) Performance growth (business strategy by segment 2/2)

(2) GAKUEN business

Further develop markets and businesses through new services and new products

Become a leading company in the Education DX market

- Expand sales of existing businesses by releasing new RX series products
- Develop comprehensive services for DX in the higher education sector that go beyond IT services
- Expand customer base by expanding subscription services

(3) Medical big data business

Become a leader in the data health field with an overwhelming number of receipts processed

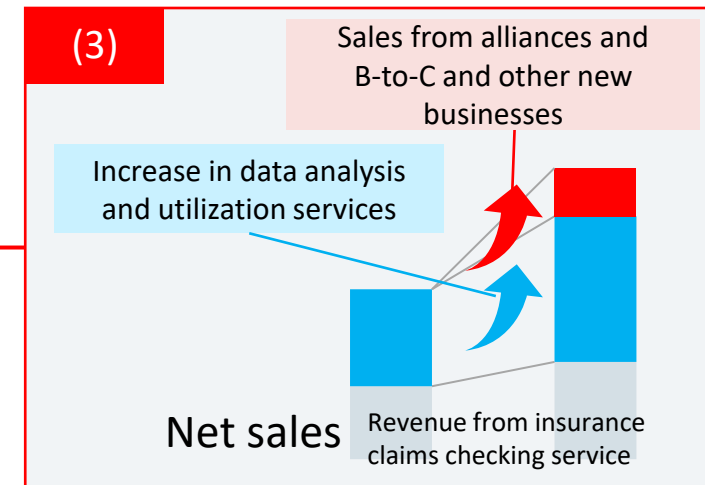
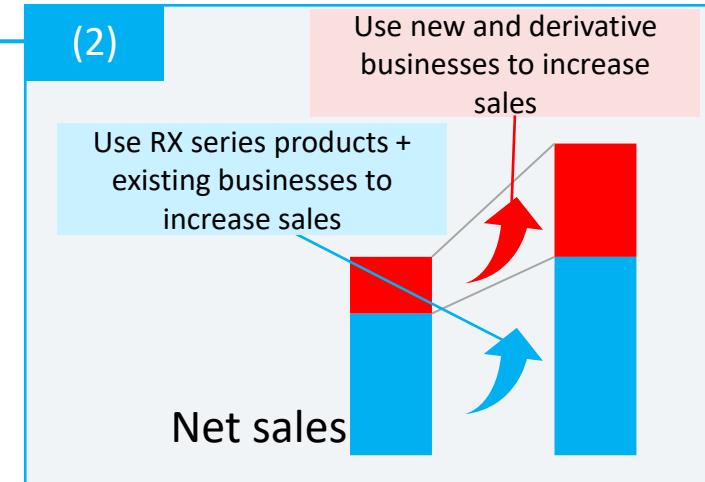
Promote alliances and expand business models such as data consulting and BtoC

- Establish a position as Japan's top data provider with an overwhelming number of receipts processed
- Achieve the highest share of the data health market by utilizing big data and strengthening the proposal capability of professionals
- Expand high value-added peripheral businesses such as data consulting and BtoC healthcare business

(4) System sales business

Strengthen business synergies and transform into a highly profitable business

- Strengthen synergies with other businesses by subdividing business segments
- Expand the data center business in the education market by promoting collaboration with the GAKUEN business
- Improve profitability by focusing on value-added service businesses



2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

(4) Performance growth (M&A/Alliance Strategy)

M&A

More M&A in Japan and other countries to combine the resources of companies in the **IT and other industries with JAST IT** for the purposes of (1) creating new markets in Japan and (2) **expansion in terms of products and regions served along with an increase in synergies.**

Domestic

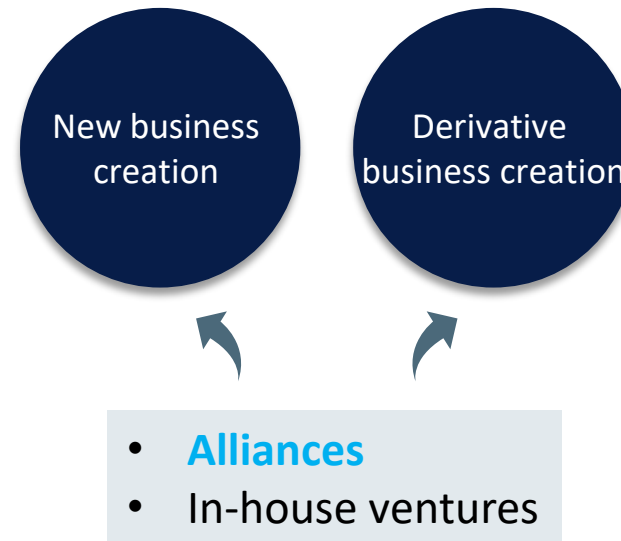
Considering M&A with companies in other industries too. Using JAST technologies supports the DX and creates opportunities for creating new “blue ocean” markets.

Global

Seeking M&A opportunities that can increase sales and earnings of the entire JAST Group, such as by enlarging the product line up, extending operations to new areas or expanding sales channels.

Alliances

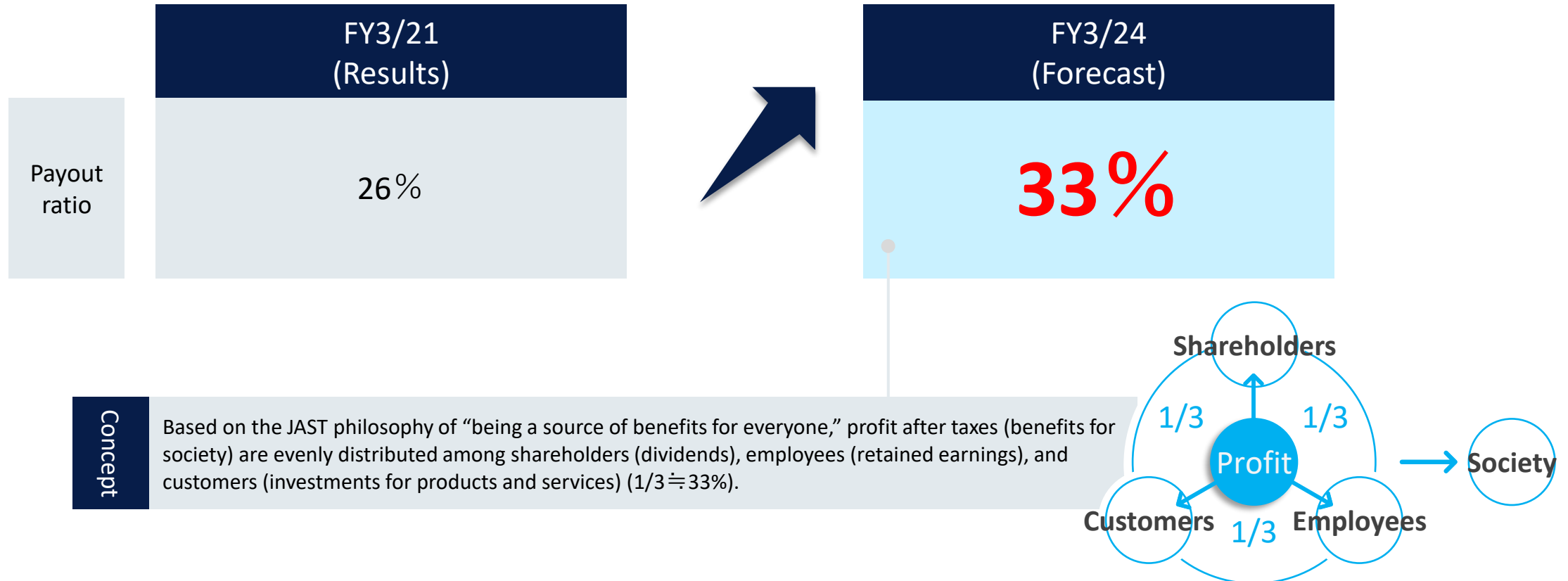
Planning on using many alliances for starting **new businesses and the growth of activities associated with these new businesses.** Another goal is the commercialization of innovative ideas within JAST.



2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

(5) Dividend policy

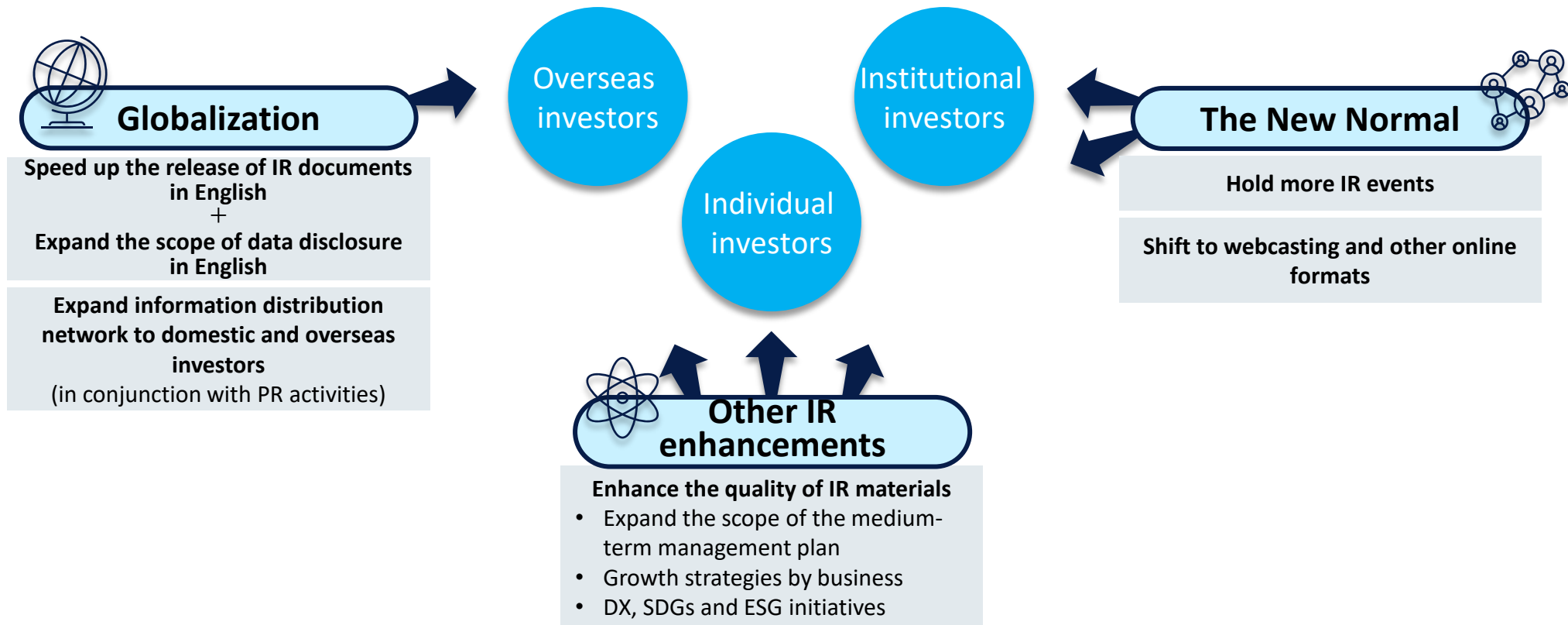
Work to **increase the payout ratio** by introducing a **performance-linked element** to our dividend policy, which has traditionally focused on stability.



2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

(6) Strengthen IR activities

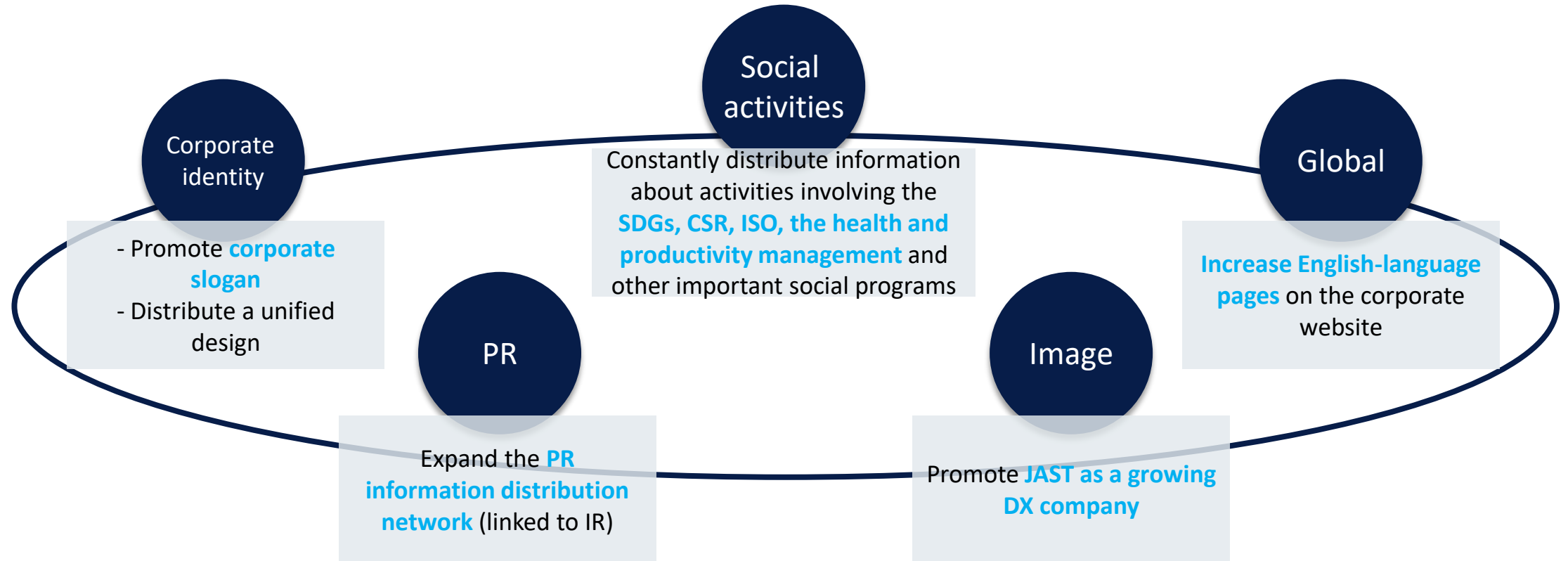
Globalize IR activities to **reach out to overseas investors** and digitalize **IR events** to make them **the new normal**



2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

(7) Branding strategy (PR activities)

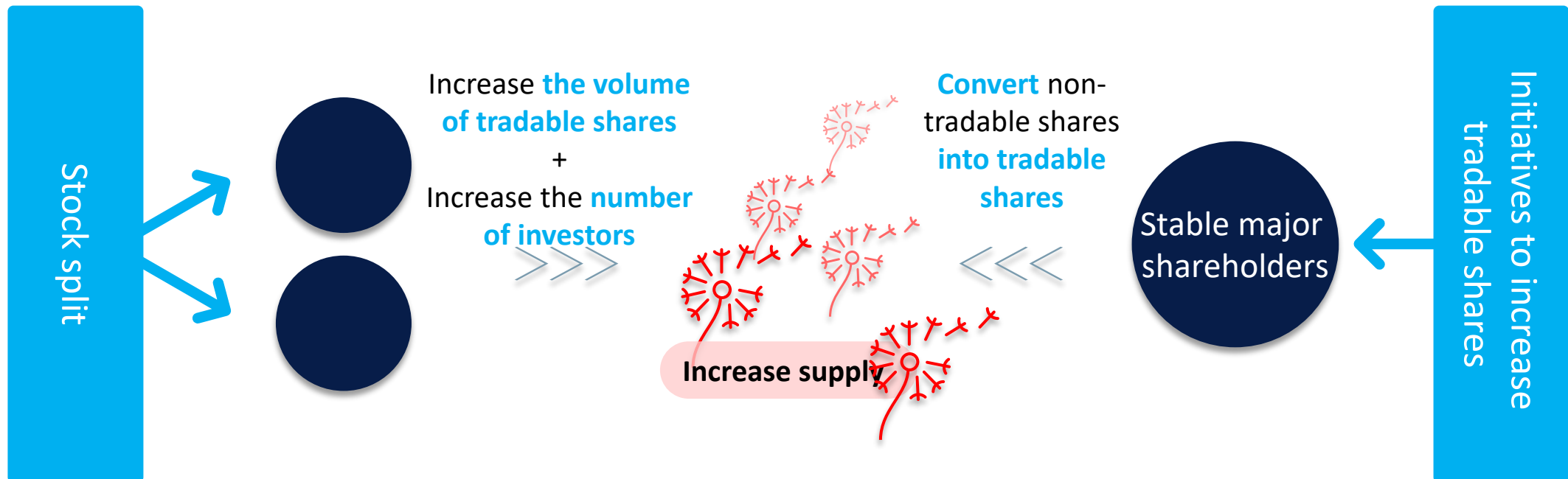
Accelerate the promotion of outer branding by raising awareness as a growing DX company and increasing synergies with IR activities



2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

(8) Increase the supply of tradable shares

Increase liquidity by converting non-tradable shares into tradable shares and splitting shares to increase the supply of tradable shares



2. Issues and Initiatives for Compliance with Listing Maintenance Criteria

(9) Other measures

In addition, we are considering many other actions from the standpoints of raising interest in JAST stock among investors and maintaining an adequate supply of JAST stock.

- **Shareholder benefits** (Perspective: Investor promotion)

Consider the development of a special benefit program to attract new individual shareholders and to encourage existing individual shareholders to continue to hold the company shares for the long term.

- **Capital Policy** (Perspective: Appropriate response to increased investment for growth)









Our capital position is good for the time being and we do not see the need to raise funds at an early stage. In the future, however, we will flexibly consider policies appropriate to the circumstances of growth investment, such as M&A and large-scale R&D.

*The above examples of potential measures are not based on any concrete enforcement plan. Decisions will be made based on actual business conditions.

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3. Milestones for Major Measures

3. Milestones for Major Measures (1)

Measures	Activities	FY3/21 (Previous fiscal year)	FY3/22 (Current fiscal year)	FY3/23	FY3/24	FY3/25	FY3/26	FY3/27 and afterward
Market capitalization of tradable shares	(billions of yen)	4.6	(*1) 7.7		11.0		25.0	
Performance growth	Net sales (billions of yen)	18.8	(*2) 19.5				30.0	
	Ordinary profit (billions of yen)	1.31	(*2) 1.36				3.0	
	ROE (%)	8.9	10.6				15.4	
Dividend policy	Dividend (Yen)	28	30				97	
	Dividend yield (%)	1.8	1.6				1.7	
	Payout ratio (%)	26	23				33	

*1. Calculated by JAST (the number of tradable shares and the ratio of tradable shares are as of the end of September 2021, and the share price is calculated on the assumption of the average of the daily closing prices for the three months prior to November 19, 2021)

*2. Consolidated forecasts for the fiscal year ending March 31, 2022 (announced on May 13, 2021)

3. Milestones for Major Measures (2)

Measures	Activities	FY 3/22 (Current fiscal year)	FY 3/23	FY 3/24	FY 3/25	FY 3/26	FY 3/27 and afterward
Strengthen IR activities	Speed up the release of IR documents in English Expand the scope of data disclosure in English	Speed up disclosure of English-language financial statements	Expand the scope of English-language disclosure of financial results briefing materials and other information				
	Hold IR events more frequently	Speed up disclosure of English-language financial results					
	Enhance the quality of IR materials	Increase IR events, mainly online					
	Expand information distribution network	Activities are under way to upgrade information in IR materials					
	Disclosure of the medium-term management plan	Expand domestic and overseas distribution network for IR materials					
Branding	Establish a corporate identity	Upgrade the quality of disclosure					
		Make people aware of the corporate slogan and use a unified design	Review and implement the scope of other CI measures				
	Upgrade the corporate website and increase the number of English-language pages, etc.	Studying the breadth of these activities	Start and upgrade these activities				
Increase the supply of tradable shares		Continue to increase the number of tradable shares					



Take on Future Challenges.

This presentation includes forward-looking statements about the financial condition, results of operations, businesses, share values, strategies and other items of the JAST Group. These statements are judgments of the group based on information available when this presentation was prepared and include risks and uncertainties. Consequently, the group's actual financial condition, results of operations, businesses, share values, strategies and other items may differ significantly from these forward-looking statements.

Japan System Techniques Co., Ltd.

<https://www.jast.jp/>