

Plan for compliance with the criteria for maintaining listing in the new market segment at Tokyo Stock Exchange

Systemsoft Corporation

TYO: 7527

November 12, 2021

The Company's compliance status as of the transition reference date and the plan period

Conformance status

Judgment of non-conformity in "Market capitalization of tradable shares" among the criteria for compliance with the listing maintenance standards of the prime market as of the transition record date (June 30, 2021)

	Prime Market Listing Maintenance Criteria	Systemsoft
Market capitalization of shares in circulation	10 billion yen	6.94 billion yen

Planning period

We have set the period up to the fiscal year ending September 30, 2024, which is the final year of our medium-term management plan, and we will work to fulfill the criteria.

Basic Policy

We will aim to comply with the criteria for maintaining listing on the prime market by achieving sustainable growth and improving the medium- to long-term corporate value of the Company.

In addition, we will ensure transparency and fairness in our decision-making, make full and effective use of our management resources, and always pursue the best corporate governance through prompt and decisive decision-making, and continuously work to enhance it.

Current Issues and Efforts

Issues and initiatives to improve “Market Capitalization”

We believe that the most important thing is to increase the stock price, which is the main component of market capitalization.

We will take the following measures to improve our stock price and, in turn, our corporate value.

- 1. Promotion of the medium-term management plan**
- 2. Emphasize IR activities**
- 3. Promote initiatives related to sustainability**

Issues and initiatives to improve the “tradable share ratio”

We are taking steps to increase the liquidity of our shares by selling some of the shares held by our affiliates. We will continue our efforts to improve the ratio of shares in circulation.

Details of specific initiatives Increase “Market Capitalization”

1. Promotion of the medium-term management plan

We will work on important measures in each segment to achieve the numerical targets of the medium-term management plan, and will continue to make efforts to improve our business performance.

We aim to increase our market capitalization by expanding our business performance.
Important measures for each segment

	What we aim for	Important measures
Technology	Becoming a top runner in promoting DX in the real estate domain	Development of new SaaS products Strengthen sales Expansion of market share
open Innovation	Further expand business domain by incorporating SaaS technologies and business models	Alliance and collaboration Increase in the number of fabbit members



Creation of new value
Contributing to the DXification of Society as a Whole

Specific initiatives Efforts to increase “Market Capitalization”

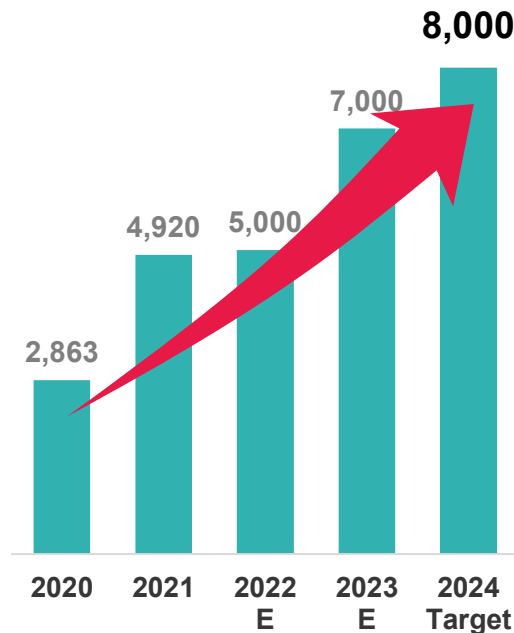
1. Promotion of the medium-term management plan

■ Numerical Targets

Expand overall business performance through stable growth in the system development business, which is the foundation of our business, and by providing SaaS products, which will be a growth driver. Furthermore, we aim to increase our corporate value by expanding collaboration with member companies through open innovation, expanding and strengthening our services, and entering new business domains.

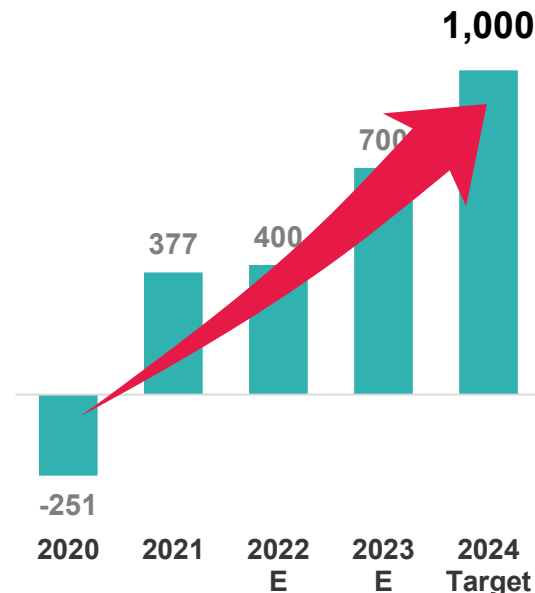
Net Sales

(Unit: million yen)



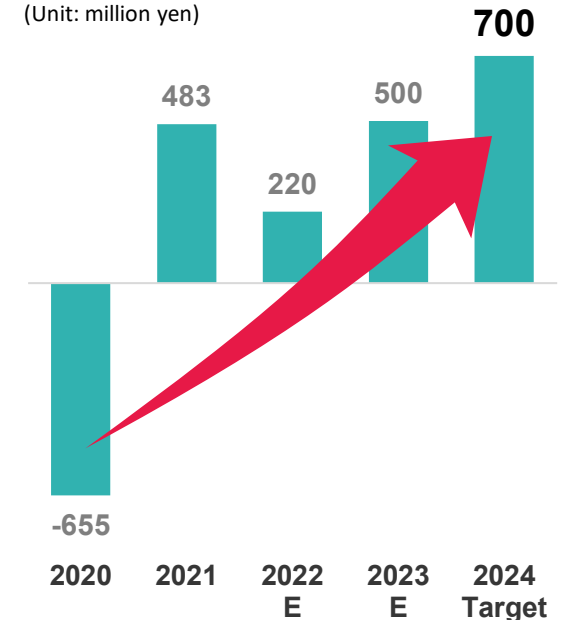
Operating Income

(Unit: million yen)



Changes in Net Income

(Unit: million yen)



2. Actively promote IR activities

■ Proactive information disclosure

In order to ensure that our information reaches overseas investors appropriately, we have started disclosing our financial results in English from the third quarter of the fiscal year ending September 30, 2021. We are also actively publishing news releases on our website.

■ Exchange of opinions with investors

We hold 1-on-1 meetings with institutional investors (about 30 times a year) and receive their opinions on how to make our company more attractive for investment. We will continue to provide opportunities for dialogue with our investors with the aim of enhancing our corporate value.

■ Promote activities aimed at raising awareness

We are implementing a variety of initiatives to raise awareness of our SaaS products, including holding regular seminars, sports contribution activities, and participation in exhibitions.

Specific initiatives Efforts to increase “Market Capitalization”

3. Promote initiatives related to sustainability

Through our business activities, we are involved in environmental conservation activities, support for work style reform, and study support. In the future, we will further expand the scope of our activities and announce specific plans and progress as needed.

Contributing to the Environment

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Contributing to the realization of a paperless society

- Reduce paper usage by offering cloud-completed products



Joining the Climate Change Initiative



Improving the working environment

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Improving work styles and enhancing work-life balance

- Contribute to the promotion of work style reform by improving operational efficiency and productivity through the provision of our products and services



Support for the creation of regional innovation

- Signed an agreement with a venture capital firm to support university-launched real-tech venture investment
- Creating new businesses by strengthening cooperation with the government



The Partnership by conclusion synergy

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Second career and business start-up support

Supporting athletes' employment and business startups through SSAP business



Community contribution activities centered on the Kyushu region

- Cheering for Avispa Fukuoka in the J1 Soccer League
- Comprehensive Tie-up with Avispa Fukuoka and Seisa University to Provide Study Opportunities for Athletes
- Donations to children's cafeterias
- Joined the Backers Kyushu Terakoya Supporters' Association



Strengthen governance

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Toward a system that enables even more transparent and rapid decision-making



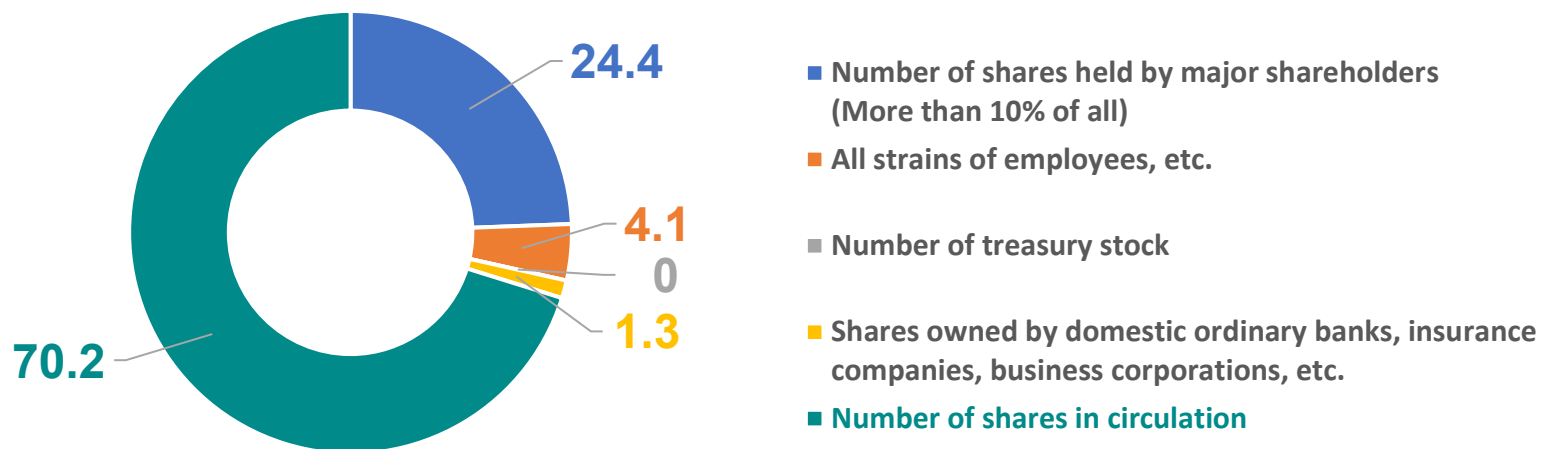
Specifically, efforts to improve the "Ratio of tradable shares"

Sale of shares by existing shareholders, off-floor trading

In order to maintain a stable ratio of shares in circulation, the Company requested that Apaman Network Corporation, a consolidated subsidiary of APAMAN Corporation, an affiliate of the Company, sell a portion of its shares in off-floor trading. In August and September 2021, the company sold 12 million shares (14.26% of the total number of shares issued). We will continue our efforts to improve liquidity.

(Reference) Ratio of shares of the Company in circulation

According to our estimate as of October 19, 2021, the ratio of shares in circulation is over 70%, and we believe that we have secured a sufficient amount of shares in circulation. In addition, the Company has established an incentive plan (paid stock options with performance achievement conditions) linked to mid- to long-term business performance and shareholder value as an incentive for sustainable enhancement of corporate value, and we are not currently considering the sale of shares held by officers, etc.



reference

Calculation of theoretical share price and market capitalization of tradable shares based on the figures in the medium-term management plan

Medium-Term Management Plan Target Figures for Fiscal Years Ending September 2023 and September 2024

	Net sales	Operating income	Attributable to the parent company Net income (loss)	Number of shares issued (As of September 30, 2021)	EPS
Fiscal year ending September 30, 2023	7,000 million yen	700 million yen	500 million yen	84,136,240 shares (The number of shares in circulation is 59,059,358 shares.)	(Average) 7.13 yen
Fiscal year ending September 30, 2024	8,000 million yen	1,000 million yen	700 million yen		

PER to achieve a tradable share market capitalization of 10 billion yen

7.13 yen x PER x 59,059,358 shares = 10 billion yen

PER = 23.7x or higher is required

Reference figures

Quarterly PER and its average for the fiscal year ending September 30, 2021

(1) Calculated based on market capitalization as of the end of each quarter and net income for each quarter.

(1) Japan Exchange Group (2) Other statistical data: PER and PBR by size and industry

	End of December 2020	End of March 2021	End of June	End of September	Average expected PER
(1) Our company	26.0 times	26.7 times	28.3 times	27.2 times	27.1 times
(2) Industry average (Information and Communication)	33.1 times	33.1 times	27.7 times	27.5 times	30.4 times

We will continue to work on improving our corporate value so that we can maintain a stable level of prime market conformity standards at Tokyo Stock Exchange.