Notice of Acquisition of AG NET PTE. LTD.

The Board of Directors of Japan System Techniques Co., Ltd. (JAST) approved a resolution on May 16, 2019 to purchase the stock of AG NET PTE. LTD. (AG NET) located in Singapore and make this company a subsidiary.

1. Reason for the acquisition

The JAST Group has been active in the ASEAN region, primarily at JAST TECHNIQUES PTE. LTD. in Singapore, JASTEC (THAILAND) CO., LTD. in Thailand and the Virtual Calibre Group in Malaysia. JAST believes this region is a highly attractive market because of the outlook for a continuation of rapid economic expansion and a growing middle class that will create a large consumer market.

AG NET is an independent software organization in Singapore. Leveraging HRM (Human Resources Management) cloud system developed in-house, AG NET has since its establishment in 2006 served over 40,000 users in about 700 organizations, centering on Singapore and the ASEAN region. As a top-class national solutions vendor in this field, AG NET maintains a strong profit structure.

This inclusion of AG NET in the JAST Group will add new HRM products currently not covered in our Group's brand lineup, enabling multi-directional coverage of personnel, vacation requests, expense reimbursement workflows, salary computations, telework support, and employee performance management. We believe that adding AG NET to the JAST Group will strengthen our business foundation not only in Singapore but throughout the ASEAN region and lead to business expansion of our subsidiaries throughout the ASEAN region, thereby further enhancing the Group's growth potential. Due to this outlook, the decision was made to acquire AG NET.

2. Profile of AG NET

(1)	Name	AG NET PTE. LTD.	
(2)	Representative	Koh Sin Guan, Director	
(3)	Address	57 Ubi Avenue 1 #05-05, Ubi Centre Singapore 408936	
(4)	Established	March 15, 2006	
(5)	Main business	Software development and consultation services	
(6)	Capital stock	102,000 Singapore dollars	
(7)	Outstanding shares	102,000 shares	
(8)	Major shareholders	Koh Sin Guan: 51,000 shares (50.0%) Soh Choon Lin: 51,000 shares (50.0%)	
(9)	Website	https://www.aghrm.com/	
(10)	Relationships between JAST and AG NET	Capital	Not applicable.
		Personnel	Not applicable.
		Business	Not applicable.

3. Results of operations and financial conditions of AG NET for the last three years

(Thousands of Singapore dollar)

Fiscal years ended	Dec. 2016	Dec. 2017	Dec. 2018
Net assets	867	1,295	1,560
Total assets	1,423	1,896	2,338
Net sales	1,507	1,668	1,579
Operating income	427	748	611
Ordinary income	453	756	624
Profit	441	740	564

* The above figures include results of operations and financial conditions of AGHRM Malaysia Sdn. Bhd., a subsidiary of AG NET.

4. Number of shares to be acquired, acquisition cost and status of ownership before and after acquisition

(1) Share ownership before acquisition	0 shares (No. of voting rights: 0) (Ownership ratio: 0%)
(2) Number of shares to be acquired	102,000 shares (No. of voting rights: 102,000) (100% of total shares outstanding)
(3) Acquisition cost, etc. (estimated amount)	Acquisition cost:　　　　500 million yen Associated expenses:　　 30 million yen Total:　　　　　　　　 530 million yen
(4) Share ownership after acquisition	102,000 shares (No. of voting rights: 102,000) (Ownership ratio: 100%)

5. Schedule

(1) Resolution of the Board of Directors	May 16, 2019
(2) Signing of stock acquisition agreement	May 16, 2019
(3) Stock acquisition date	May 31, 2019 (tentative)

6. Outlook

At this time, the acquisition of AG NET is expected to have only a negligible effect on the JAST's consolidated results of operations in the fiscal year ending on March 31, 2020. An announcement will be made promptly if there is a need to revise the fiscal year forecasts.