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TECH *with* HEART

Focus Systems Corporation Medium-Term Management Plan 24-26

Fiscal years starting from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026

May 12, 2023

Message from President

Strengthen the Cycle of Growth/Profit/Return

Focus Systems has been achieving growth as an independent system integrator by concentrating its business entirely on the field of information technology, and doing business earnestly and with consistency.

We do not take on reckless challenges, but continue to take on bold challenges.

Focus Systems' sound management practices benefiting ourselves as the seller, as well as our customers and society at the same time, is the source of our strength as well as our pride.

We have set the year 2026, which marks our 50th anniversary, as our starting line to embark on our journey to aim for a "New Company Vision."

Eyeing the next stage, I hereby announce our new three-year Medium-Term Management Plan based on the initiative to "Strengthen the Cycle of Growth/Profit/Return."

We will take on bold challenges to grow our business, and share and return the increased profits on a greater scale to our employees and other stakeholders, which will lead us to further growth.

Please look forward to Focus Systems growing into a company with much wider future horizons, as well as delivering higher expectations of our company to our stakeholders.

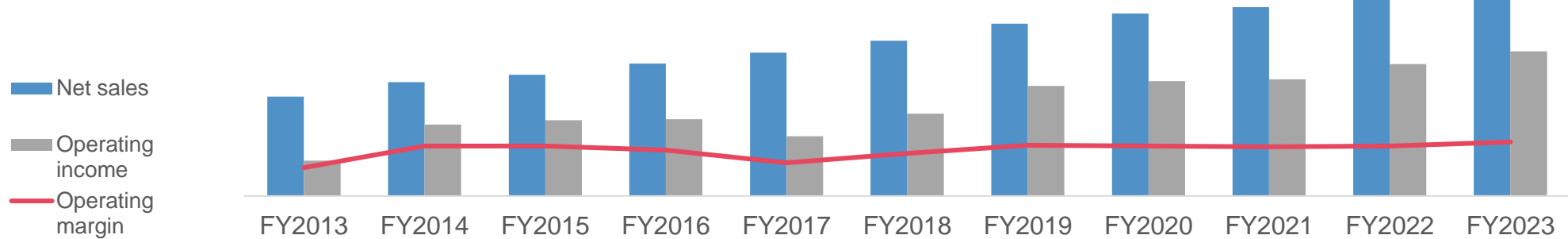
May 12, 2023

Focus Systems Corporation
President, Keiichi Mori ¹

Progress in the Last Decade

We pursued sound management and achieved sustained growth and profitability

Net sales **2.4** times Operating income **4.3** times



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales (million yen)	12,353	14,146	15,081	16,482	17,846	19,327	21,453	22,703	23,485	26,278	29,124
Operating income (million yen)	439	887	940	953	743	1,025	1,368	1,428	1,450	1,640	1,894
Operating margin(%)	3.5	6.2	6.2	5.7	4.1	5.3	6.3	6.2	6.1	6.2	6.5

- (1) Active development of infrastructure engineers
- (2) Accumulation of operational know-how
- (3) Accumulation of technical expertise
- (4) Establishment of Nagoya Office
- (5) Creation of a comfortable work environment
- (6) Promotion of various collaboration and research projects
- (7) Listing on the First Section (currently Prime Market) of the

Tokyo Stock Exchange

- (1) Capturing growing demands
- (2) Expanding market share
- (3) Expanding business application domain
- (4) Penetrating the Tokai region market, enhancing interregional cooperation
- (5) Improving employee retention rate and employee productivity
- (6) Exploring new technology and business opportunities
- (7) Enhancing corporate governance, strengthening brand power

Business Environment and Corresponding Measures

Business Environment Surrounding the Company

Society and Economy

- ▶ Maturation of domestic market due to an aging society with a declining birthrate, population decrease, and sluggish economy
- ▶ Emergence of unforeseen risks (COVID-19, natural disasters, etc.)
- ▶ Promotion of work style reforms, increased awareness of working practices
- ▶ Code of conducts that contribute to the realization of a sustainable society becoming common practice

IT industry

- ▶ Expansion of DX-related initiatives and investment by companies
- ▶ Further diffusion and expansion of IT utilization by companies and the general public
- ▶ Shortage of domestic IT talent
- ▶ Growth of venture companies with high technical capabilities

Corresponding Measures

Business Departments

- ▶ Promote digital transformation (DX) and expanded IT utilization in collaboration with client companies and business partners
- ▶ Enhance technical capabilities via cooperation with other companies, etc.

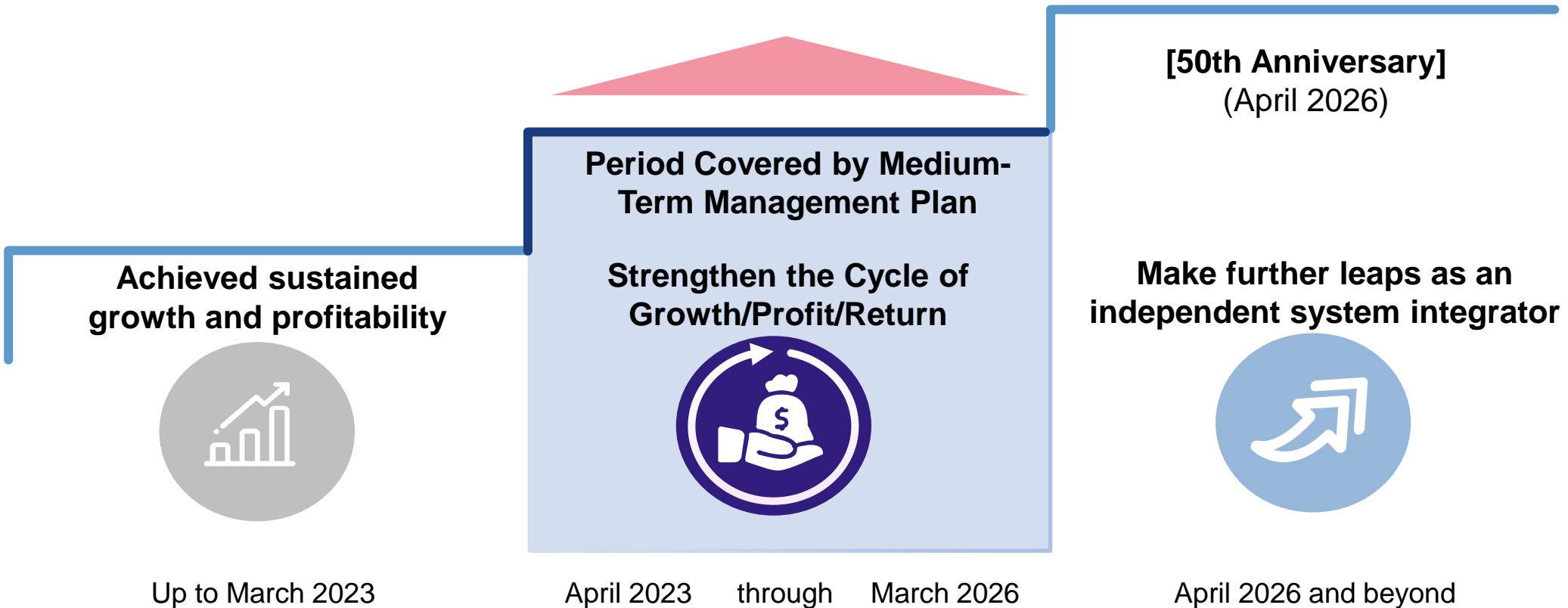
Corporate Departments

- ▶ Build systems that enable diverse talent to take on active job roles
- ▶ Develop a company structure that supports diverse working styles
- ▶ Expand social contribution activities





Context of Medium-Term Management Plan

Eyeing the next stage, realize "**Growth Investment,**" "**Profitability Improvement,**" and "**Enhanced Returns to Employees, Shareholders, etc.**"



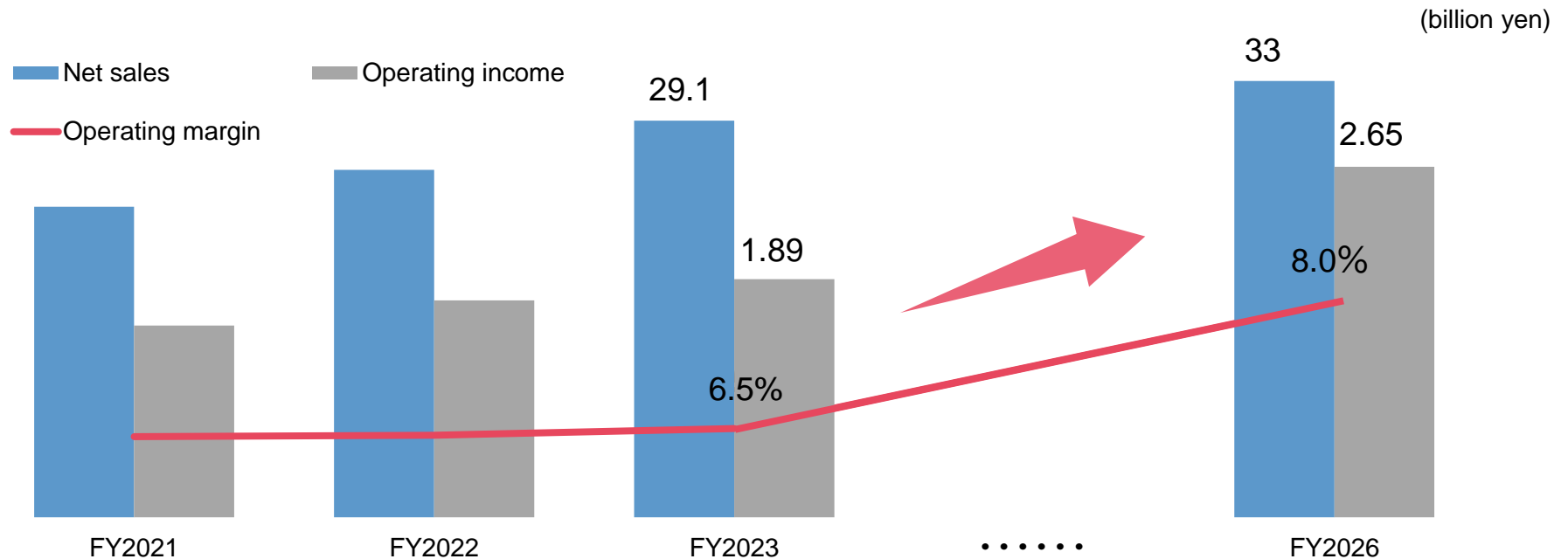
Quantitative Targets

	KPI	FY2023 (Actual)	FY2026 (Target)
Profit targets 	Net sales	¥29.1 billion	¥33 billion or more
	Operating income	¥1.89 billion	¥2.65 billion or more
	Operating margin	6.5%	8.0% or more
	ROE	10.1%	12.0% or more
Shareholder return targets 	Dividend per share	¥35.0	Maintain stable dividends (April 2024 to March 2026)
	Dividend payout ratio	38%	35-40%

Profit Targets

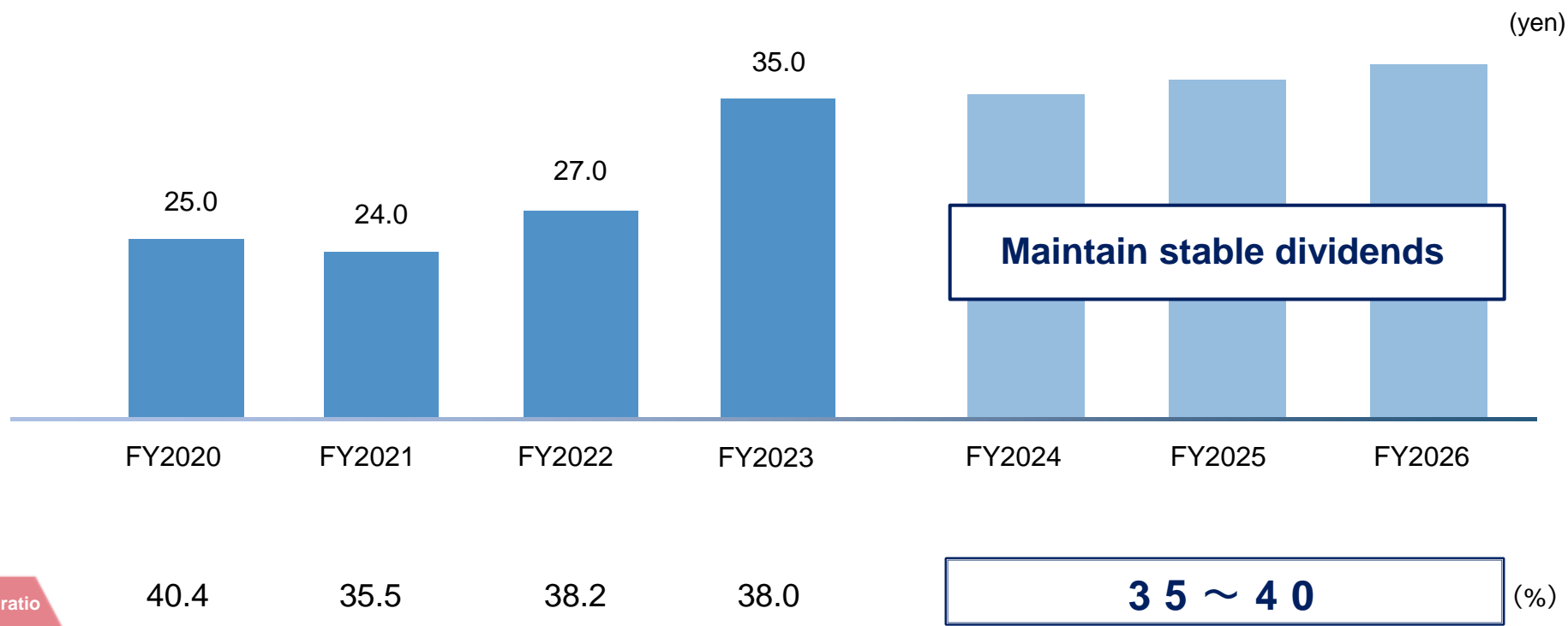
Achieve steady increase of operating income (Challenge from current 6% level operating margin)

Net sales 33 billion yen Operating income 2.65 billion yen Operating margin 8.0%



Shareholder Return Targets

Maintain stable dividends commensurate with profit level, placing shareholder return as a key issue



Key Strategies

Strengthen the Cycle of Growth/Profit/Return

Business Departments



Shift to high-value-added business



Development of talent to underpin growth



Initiatives for future growth

Corporate Departments

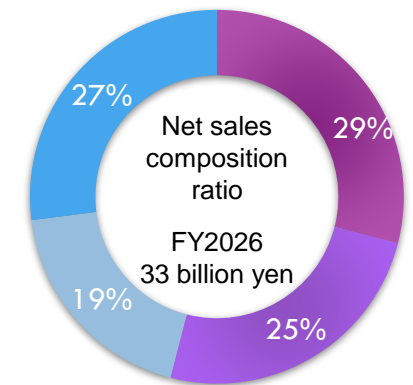


Enhancement of Corporate Functions

Composition of Business Segments

Grow business capitalizing on a resilient, risk-diversified business portfolio that combines profit stability and growth

Segment	Core business = our strength	Sales channel	Main end users
Public sector business	Large-scale public business system	Stable collaboration with system integrators + Our own channels	Government agencies, public organizations
Enterprise business	Enterprise resource planning (ERP) systems		Private sector business
Wide-ranging solutions	Business applications Communication control systems/embedded systems		Private sector, public organizations
Innovation	IT infrastructure, information security		Private sector business



- Public sector
- Enterprise
- Wide-ranging solutions
- Innovation

Strategy by Segment

Public sector

From the design and manufacture of social infrastructure-related systems, whose end users are mainly government offices and local governments, through to post-system operation management and maintenance

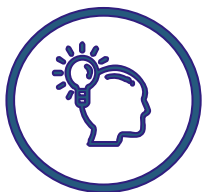
High added-value

- ▶ Expand areas by utilizing broad IT know-how and expert knowledge

Examples: medical receipt, pension, trade and distribution system, government accounting, air traffic control, vehicle registration, individual number (My Number) card, etc.

Talent development

- ▶ Develop project management talent to promote large-scale projects
- ▶ Develop cutting-edge technology experts in AI, Agile, Cloud, etc.

Initiatives geared to the future

- ▶ Introduce proof of concept using AI, Cloud, etc. and expand to existing domains

Strategy by Segment

Enterprise business

Mainly corporate company core business systems/online system development, network/infrastructure design/construction, RPA solutions, related operation/maintenance, and ICT consulting

High added-value



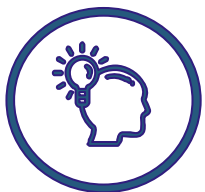
- ▶ Strengthen marketing functions focusing mainly on medium size companies
- ▶ Strengthen alignment with partner companies to provide one-stop solutions

Talent development



- ▶ Ensure acquisition and upskilling of talent to strengthen marketing and provide one-stop solutions
- ▶ Actively promote young employees to leadership positions as well as implement systems to support their development

Initiatives geared to the future



- ▶ Expand investment into the robust domains of ERP and security consultancy to further strengthen our competitiveness

Strategy by Segment

Wide-ranging solutions

Communication control system development, embedded system development, system development for private companies and government agencies, AI solutions, related operation/maintenance, and ICT consulting, mainly in the Tokyo, Nagoya, and Osaka areas

High added-value



- ▶ Select and concentrate business domains and customer segments from profitability aspects
- ▶ Utilize nearshore development through collaboration of the three business offices

Talent development



- ▶ Develop management talent in anticipation of business domain expansion

Initiatives geared to the future



- ▶ Develop products and services related to new technologies such as 5G-related technologies, VR/XR, etc.
- ▶ Research and develop AI (in the healthtech area) with external research institutions such as medical universities, etc.

Strategy by Segment

Innovation

Mainly infrastructure design/construction, mainframe construction, system development, related operation/maintenance, in-house product manufacturing, provision of IoT solutions

High added-value



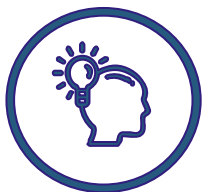
- ▶ Strengthen competitiveness by concentrating resources on focused areas
- ▶ Expand sales channels and improve profitability of own products

Talent development



- ▶ Enhance number and skills of project managers

Initiatives geared to the future



- ▶ Introduce proof of concept and enter uncultivated business domains of clients through collaboration
- ▶ Develop own products that contribute to solving social issues

Enhancement of Corporate Functions

Aim to **realize sustainability management** through three themes

Basic Policy on Sustainability:

Focus Systems aims to become an essential company for the future and is committed to contributing to the realization of a sustainable society and environment.

We shall pursue the enhancement of our enterprise value while placing high value on our engagement with stakeholders in our business activities.



Enhancement of Corporate Functions

Talent strategy geared to sustainable corporate value enhancement

Evolution of corporate governance

Contribution to society

Talent Strategy Geared to Sustainable Corporate Value Enhancement

Establish an environment where our employees and members of our business partners can work in good physical as well as mental health for the long term



Key issues

- ▶ Develop and maintain an organizational structure adaptable to diverse needs
- ▶ Expand health management to entire supply chain
- ▶ Promote initiatives to realize a sustainable society throughout the supply chain

<Major initiatives>

- **Develop and maintain an organizational structure adaptable to diverse needs**
 - Expand number of recruits and prevent increase in turnover rate
 - Increase female employee ratio in managerial positions
- **Expand health management to entire supply chain**
 - Support health management for partner companies working together with us
- **Promote initiatives to realize a sustainable society throughout the supply chain**
 - Share and carry out sustainability promotion policy with partner companies to realize a safe and secure society

Evolution of Corporate Governance

Renovate our corporate governance structure and systems;



Key issues

- ▶ Respond to sustainability-related issues
- ▶ Enhance effectiveness of Board of Directors
- ▶ Create synergies through enhanced cooperation between Board of Directors and each committee

<Major initiatives>

- **Respond to sustainability-related issues**
 - Develop sustainability management cycle
 - Carry out materiality analysis and identification, and formulate and review targets and activity plan
- **Enhance effectiveness of Board of Directors**
 - Implement improvements based on evaluation of effectiveness of Board of Directors
 - Develop successors capable of leading and delivering results on overall company management
- **Create synergies through enhanced cooperation between Board of Directors and each committee**
 - Enhance sharing of and collaboration on issues and deliberation results of each committee
 - Invigorate deliberations at Board of Directors level by integrated management of approval and report items

Contribution to Society

We shall go beyond compliance to contribute to society with integrity



Key issues

- ▶ Respond to disclosure in line with TCFD recommendations
- ▶ Expand social contribution from the aspects of diversity (measures related to persons with disabilities, etc.)

<Major initiatives>

- Respond to disclosure in line with TCFD recommendations
 - Calculate greenhouse gas emissions including Scope 3
 - Set reduction targets
- Expand social contribution from the aspects of diversity (measures related to persons with disabilities, etc.)
 - Elevate our farms to a workplace where persons with disabilities who work there feel rewarded and can work stably for the longer term
 - Develop sales channels to secure business volume and reassess harvesting cycles along with other measures to prepare for elevated legal requirements for employment of persons with disabilities moving forward.

<Policy on employment of persons with disabilities>

We shall provide continuous support for persons with disabilities to enable them to work on their own (independence and retention).

We shall develop and expand job fields (including those that can be their primary occupation) for persons with disabilities to continuously provide employment opportunities.





Focus Systems

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FY refers to a fiscal year ending in March of that year.

(Example) FY2024: the fiscal year commencing April 1, 2023 and ending on March 31, 2024

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