

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

[Japanese GAAP]

Company name:	Japan System Techniques Co., Ltd.	Listing:	Tokyo Stock Exchange, First Section
Stock code:	4323	URL:	https://www.jast.jp
Representative:	Takeaki Hirabayashi, President and CEO		
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Scheduled date of Annual General Meeting of Shareholders:		June 25, 2021	
Scheduled date of payment of dividend:		June 11, 2021	
Scheduled date of filing of Annual Security Report:		June 28, 2021	
Preparation of supplementary materials for financial results:		Yes	
Holding of financial results meeting:		Yes (for analysts)	

Note: The original disclosure in Japanese was released on May 13, 2021 at 16:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	18,789	4.3	1,216	25.3	1,310	28.3	578	-
Fiscal year ended Mar. 31, 2020	18,019	6.8	970	13.9	1,021	17.9	(30)	-

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2021: 749 (-%)
Fiscal year ended Mar. 31, 2020: (119) (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2021	107.95	107.90	8.9	10.1	6.5
Fiscal year ended Mar. 31, 2020	(5.76)	-	(0.5)	7.7	5.4

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2021: - Fiscal year ended Mar. 31, 2020: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	12,861	6,850	53.0	1,265.96
As of Mar. 31, 2020	12,988	6,218	47.7	1,154.07

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 6,813 As of Mar. 31, 2020: 6,189

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2021	2,131	87	(1,247)	4,853
Fiscal year ended Mar. 31, 2020	417	(527)	(185)	3,908

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2020	-	0.00	-	28.00	28.00	151	-	2.4
Fiscal year ended Mar. 31, 2021	-	0.00	-	28.00	28.00	152	25.9	2.3
Fiscal year ending Mar. 31, 2022 (forecasts)	-	0.00	-	30.00	30.00		19.7	

Note: Breakdown of the year-end dividend for the fiscal year ended March 31, 2021: Ordinary dividend: 28.00 yen

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	19,500	3.8	1,330	9.3	1,360	3.8	820	41.7	152.37

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Please refer to “Notes to Consolidated Financial Statements” for further information.

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2021: 5,612,230 shares As of Mar. 31, 2020: 5,612,230 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2021: 230,423 shares As of Mar. 31, 2020: 248,984 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2021: 5,362,310 shares Fiscal year ended Mar. 31, 2020: 5,324,711 shares

Note: The Company’s stock held by the Board Benefit Trust (BBT) is included in the number of treasury shares (47,800 shares each as of Mar. 31, 2021 and 2020, and is deducted from the number of shares that is used to calculate the average number of shares outstanding during the period.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	15,203	5.4	1,001	(1.1)	1,106	(1.3)	401	-
Fiscal year ended Mar. 31, 2020	14,427	4.6	1,013	38.7	1,121	43.8	21	(93.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	74.83	74.79
Fiscal year ended Mar. 31, 2020	4.07	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	11,785	6,897	58.5	1,280.62
As of Mar. 31, 2020	12,109	6,539	54.0	1,219.41

Reference: Shareholders’ equity (million yen) As of Mar. 31, 2021: 6,892 As of Mar. 31, 2020: 6,539

Note 1: The current financial report is not subject to audit by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company’s management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts. Please refer to “1. Overview of Results of Operations, (4) Outlook” on page 3 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	2
(3) Cash Flows	3
(4) Outlook	3
2. Basic Approach to the Selection of Accounting Standards	4
3. Consolidated Financial Statements and Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statements of Income and Comprehensive Income	7
Consolidated Statement of Income	7
Consolidated Statement of Comprehensive Income	8
(3) Consolidated Statement of Changes in Equity	9
(4) Consolidated Statement of Cash Flows	11
(5) Notes to Consolidated Financial Statements	12
Going Concern Assumption	12
Reclassifications	12
Additional Information	12
Segment and Other Information	12
Per-share Information	15
Subsequent Events	15

1. Overview of Results of Operations

(1) Results of Operations

The Japanese economy was impacted by the global COVID-19 pandemic throughout the fiscal year that ended on March 31, 2021 and there are still concerns about the economy due to this crisis.

In the IT industry in Japan, according to the latest statistics in the “Survey of Selected Service Industries” by the Ministry of Economy, Trade and Industry (the final February 2021 figures), net sales continued to climb, rising 0.4% year on year in fiscal 2020 compared with 4.0% annual growth in fiscal 2019. However, due to the current increase in the impact of COVID-19 and other reasons, the outlook for the IT industry is extremely uncertain.

Consolidated sales and earnings of the Japan System Techniques Group (Japan System Techniques Co., Ltd. (JAST) and its consolidated subsidiaries, hereafter “the Group”) in the current fiscal year posted net sales of 18,789 million yen (up 4.3% year on year), operating income of 1,216 million yen (up 25.3% year on year), ordinary income of 1,310 million yen (up 28.3% year on year), and profit attributable to owners of parent of 578 million yen (vs. loss attributable to owners of parent of 30 million yen in the previous fiscal year) due to an impairment loss of 315 million yen. Business segment performance was as follows.

In the software business (individualized contracted software development), there was a decrease in orders from the service/retail industry but orders from the telecommunications and manufacturing industries and the finance/insurance/brokerage industry increased. As a result, net sales in this business totaled 12,687 million yen (up 5.0% year on year) and the operating income was 160 million yen (up 105.5% year on year).

In the GAKUEN business (sale and related services of operational reform packages for schools), there were increases in sales of program products (PP) to universities and implementation support and maintenance services sales. End user computing (EUC: individualized contracted development of related systems) sales decreased. Net sales in this business totaled 3,216 million yen (up 5.2% year on year) and the operating income was 856 million yen (up 20.4% year on year).

In the system sales business (IT equipment sales and IT/telecom infrastructure construction), sales in the core university and public sector categories decreased but there were strong sales at highly profitable projects and selling and other expenses decreased. Net sales in this business totaled 1,465 million yen (down 6.4% year on year) and operating income was 120 million yen (up 27.3% year on year).

In the medical big data business (inspections, analysis and related services for medical information data), sales of the automated inspection service for health insurance claims and services for notification of the cost of medical care decreased. Sales of support services for health insurance organizations and cloud services for managing welfare public assistance version of health insurance claims were higher than one year earlier. Despite strong sales, R&D and other expenses increased. As a result, net sales in this business totaled 1,419 million yen (up 8.0% year on year) and operating income was 90 million yen (down 3.0% year on year).

(2) Financial Position

The balance of current assets at the end of the current fiscal year was 9,696 million yen, up 1.0% over the end of the previous fiscal year. The balance of non-current assets was 3,165 million yen at the end of the current fiscal year, down 6.5% over the end of the previous fiscal year. This was mainly due to impairment loss for goodwill and customer-related assets.

The balance of current liabilities at the end of the current fiscal year was 4,388 million yen, down 15.1% over the end of the previous fiscal year. This was mainly due to a decrease in short-term borrowings. The balance of non-current liabilities was 1,623 million yen at the end of the current fiscal year, up 1.3% over the end of the previous year.

The balance of total net assets was 6,850 million yen at the end of the current fiscal year, up 10.2% over the end of the previous fiscal year.

(3) Cash Flows

Cash and cash equivalents increased 945 million yen from 3,908 million yen at the beginning of the current fiscal year to 4,853 million yen at the end of the current fiscal year.

Cash flows by category were as follows.

Cash flows provided by operating activities totaled 2,131 million yen, compared with 417 million yen provided in the previous fiscal year. This difference was mainly due to a decrease in payments of other payables, primarily accounts payable, and an increase in proceeds from the collection of trade receivables.

Cash flows provided by investing activities totaled 87 million yen, compared with 527 million yen used in the previous fiscal year. This difference was mainly due to a decrease in payment for the purchase of shares of subsidiaries and proceeds from redemption of investment securities.

Cash flows used in financing activities totaled 1,247 million yen, compared with 185 million yen used in the previous fiscal year. This difference was mainly due to a decrease in short-term borrowings.

Reference: Cash flow indicators

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21
Equity ratio (%)	55.4	50.4	46.8	47.7	53.0
Equity ratio based on market value (%)	50.0	56.4	55.5	42.1	64.2
Interest-bearing debt to cash flow ratio (years)	0.5	0.4	1.2	3.6	0.2
Interest coverage ratio (times)	78.0	431.8	478.5	94.1	615.0

Note: 1. The above figures are calculated as follows.

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

- * Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period, excluding treasury shares.
- * Interest-bearing debt is calculated using total loans-payable on the consolidated balance sheet.
- * Interest payments use the amount of interest expenses paid stated on the consolidated statement of cash flows.

(4) Outlook

The outlook for the business climate for the Group in the fiscal year ending in March 2022 is uncertain because of the continuing impact of the global COVID-19 pandemic. Particularly in the IT industry where the environment is extremely volatile, JAST understands that it will be difficult to achieve growth if it remains overly dependent on contract development, the IT industry's mainstay source of earnings to date.

Consequently, to define the medium to long-term basic policies for the management of the Group, we establish a new three-year medium-term plan every year. Each new plan starts with the fiscal year in which the plan was established. The plan includes the type of organization we want to become, our brand image, our business fields, the size of our operations and other goals. In this fiscal year, we will continue to take many actions in order to accomplish the goals of the current medium-term plan.

To express the central theme of the fiscal year ending in March 2022, the Group has selected the following slogan: Use innovations for a better future and create value-added businesses to conquer our markets. In the contracted development business, our goal is to increase the earnings of this core business while launching businesses that can become next-generation activities of our group. In the GAKUEN, medical big data and other businesses using our own brands, we will focus on making all our brands stronger and increasing our market share as well as on R&D for new technologies and products and on starting new businesses in order to continue the growth of these businesses.

Based on this outlook, we expect increases in sales and earnings in the fiscal year ending March 31, 2022. We forecast net sales of 19,500 million yen (up 3.8% year on year), operating income of 1,330 million yen (up 9.3% year on year), ordinary income of 1,360 million yen (up 3.8% year on year), and profit attributable to owners of parent of 820 million yen (up 41.7% year on year).

2. Basic Approach to the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	3,909,343	4,854,727
Notes and accounts receivable-trade	4,502,676	3,953,965
Merchandise and finished goods	71,634	185,543
Work in process	698,017	527,715
Raw materials and supplies	1,516	2,544
Securities	200,644	-
Other	238,579	184,859
Allowance for doubtful accounts	(19,471)	(13,034)
Total current assets	9,602,941	9,696,321
Non-current assets		
Property, plant and equipment		
Buildings and structures	763,597	829,063
Accumulated depreciation	(462,594)	(533,263)
Buildings and structures, net	301,002	295,799
Land	142,361	142,361
Other	487,040	518,695
Accumulated depreciation	(358,559)	(414,255)
Other, net	128,480	104,440
Total property, plant and equipment	571,845	542,601
Intangible assets		
Goodwill	437,343	175,722
Customer-related assets	181,063	106,056
Trademark right	37,348	7,602
Technology assets	66,303	13,496
Software	64,545	68,329
Other	7,626	7,626
Total intangible assets	794,230	378,834
Investments and other assets		
Investment securities	558,208	632,126
Retirement benefit asset	465,943	666,814
Deferred tax assets	436,814	416,291
Guarantee deposits	443,489	439,769
Other	162,906	104,010
Allowance for doubtful accounts	(48,036)	(15,208)
Total investments and other assets	2,019,325	2,243,803
Total non-current assets	3,385,400	3,165,239
Total assets	12,988,341	12,861,561

	(Thousands of yen)	
	FY3/20	FY3/21
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	990,491	1,021,837
Short-term borrowings	1,500,000	407,800
Current portion of long-term borrowings	8,400	2,800
Income taxes payable	307,068	473,761
Provision for bonuses	774,631	885,138
Provision for bonuses for directors (and other officers)	30,676	62,319
Advances received	823,126	605,148
Other	733,742	929,345
Total current liabilities	5,168,137	4,388,151
Non-current liabilities		
Long-term borrowings	2,800	-
Provision for share awards for directors (and other officers)	47,643	84,228
Provision for retirement benefits for directors (and other officers)	1,845	4,239
Retirement benefit liability	992,271	1,017,504
Deferred tax liabilities	61,062	34,890
Other	496,364	482,171
Total non-current liabilities	1,601,987	1,623,034
Total liabilities	6,770,124	6,011,185
Net assets		
Shareholders' equity		
Share capital	1,076,669	1,076,669
Capital surplus	1,113,912	1,128,115
Retained earnings	4,178,503	4,605,874
Treasury shares	(233,240)	(218,515)
Total shareholders' equity	6,135,844	6,592,143
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	113,396	186,775
Foreign currency translation adjustment	(30,713)	(81,346)
Remeasurements of defined benefit plans	(28,978)	115,566
Total accumulated other comprehensive income	53,704	220,996
Share acquisition rights	-	5,530
Non-controlling interests	28,668	31,705
Total net assets	6,218,217	6,850,375
Total liabilities and net assets	12,988,341	12,861,561

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	18,019,792	18,789,152
Cost of sales	13,607,485	14,169,048
Gross profit	4,412,307	4,620,104
Selling, general and administrative expenses	3,441,497	3,403,779
Operating income	970,809	1,216,324
Non-operating income		
Interest income	15,550	24,242
Dividend income	6,833	6,919
Rental income	4,921	2,603
Commission income	1,514	1,451
Foreign exchange gains	-	12,251
Subsidy income	36,635	36,874
Other	9,843	19,143
Total non-operating income	75,299	103,485
Non-operating expenses		
Interest expenses	4,471	3,449
Foreign exchange losses	17,639	-
Rental expenses	139	134
Share acquisition rights issuance costs	-	4,545
Other	2,278	1,194
Total non-operating expenses	24,527	9,323
Ordinary income	1,021,581	1,310,486
Extraordinary losses		
Impairment losses	738,103	315,925
Loss on valuation of investment securities	-	29,535
Total extraordinary losses	738,103	345,461
Profit before income taxes	283,477	965,025
Income taxes-current	301,727	481,462
Income taxes-deferred	19,156	(99,559)
Total income taxes	320,884	381,903
Profit (loss)	(37,406)	583,122
Loss attributable to non-controlling interests	(6,730)	4,242
Profit (loss) attributable to owners of parent	(30,675)	578,879

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Profit (loss)	(37,406)	583,122
Other comprehensive income		
Valuation difference on available-for-sale securities	(771)	73,379
Foreign currency translation adjustment	8,002	(51,831)
Remeasurements of defined benefit plans, net of tax	(89,142)	144,545
Total other comprehensive income	(81,911)	166,094
Comprehensive income	(119,317)	749,216
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(113,957)	746,171
Comprehensive income attributable to non-controlling interests	(5,360)	3,045

(3) Consolidated Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,076,669	1,085,695	4,359,161	(277,050)	6,244,476
Changes during period					
Dividends of surplus			(149,982)		(149,982)
Loss attributable to owners of parent			(30,675)		(30,675)
Purchase of treasury shares				(80)	(80)
Disposal of treasury shares		29,001		43,890	72,891
Change in ownership interest of parent due to transactions with non-controlling interests		(785)			(785)
Net changes in items other than shareholders' equity					
Total changes during period	-	28,216	(180,657)	43,810	(108,631)
Balance at end of period	1,076,669	1,113,912	4,178,503	(233,240)	6,135,844

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	114,167	(37,345)	60,163	136,986	-	37,010	6,418,472
Changes during period							
Dividends of surplus							(149,982)
Loss attributable to owners of parent							(30,675)
Purchase of treasury shares							(80)
Disposal of treasury shares							72,891
Change in ownership interest of parent due to transactions with non-controlling interests							(785)
Net changes in items other than shareholders' equity	(771)	6,632	(89,142)	(83,281)		(8,342)	(91,624)
Total changes during period	(771)	6,632	(89,142)	(83,281)	-	(8,342)	(200,255)
Balance at end of period	113,396	(30,713)	(28,978)	53,704	-	28,668	6,218,217

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,076,669	1,113,912	4,178,503	(233,240)	6,135,844
Changes during period					
Dividends of surplus			(151,509)		(151,509)
Profit attributable to owners of parent			578,879		578,879
Purchase of treasury shares				(62)	(62)
Disposal of treasury shares		14,203		14,787	28,991
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	14,203	427,370	14,724	456,298
Balance at end of period	1,076,669	1,128,115	4,605,874	(218,515)	6,592,143

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	113,396	(30,713)	(28,978)	53,704	-	28,668	6,218,217
Changes during period							
Dividends of surplus							(151,509)
Profit attributable to owners of parent							578,879
Purchase of treasury shares							(62)
Disposal of treasury shares							28,991
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	73,379	(50,633)	144,545	167,291	5,530	3,037	175,859
Total changes during period	73,379	(50,633)	144,545	167,291	5,530	3,037	632,158
Balance at end of period	186,775	(81,346)	115,566	220,996	5,530	31,705	6,850,375

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	283,477	965,025
Depreciation	91,065	134,863
Amortization of software	26,377	18,460
Amortization of goodwill	73,075	46,986
Amortization of customer-related assets	45,227	22,891
Amortization of trademark	1,965	2,338
Amortization of technology assets	3,489	4,151
Impairment losses	738,103	315,925
Increase (decrease) in provision for bonuses	52,311	110,440
Decrease (increase) in retirement benefit asset	33,193	(200,870)
Increase (decrease) in retirement benefit liability	76,976	26,810
Interest and dividend income	(22,384)	(31,161)
Interest expenses	4,471	3,449
Decrease (increase) in trade receivables	(132,187)	532,377
Increase (decrease) in advances received	174,516	(216,632)
Decrease (increase) in inventories	(69,890)	55,563
Increase (decrease) in trade payables	(138,982)	33,402
Other, net	(608,886)	599,636
Subtotal	631,921	2,423,657
Interest and dividends received	23,355	31,806
Interest paid	(4,433)	(3,465)
Income taxes paid	(233,577)	(320,531)
Net cash provided by (used in) operating activities	417,265	2,131,466
Cash flows from investing activities		
Decrease (increase) in time deposits	58,080	-
Purchase of property, plant and equipment	(65,702)	(80,639)
Purchase of software	(30,162)	(22,453)
Purchase of investment securities	(72,011)	(21,120)
Proceeds from sale of investment securities	-	9,909
Proceeds from redemption of investment securities	-	200,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(416,822)	-
Payments of guarantee deposits	(30,259)	(1,389)
Proceeds from refund of guarantee deposits	1,042	4,458
Other, net	28,674	(1,735)
Net cash provided by (used in) investing activities	(527,162)	87,030
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(43,772)	(1,092,200)
Repayments of lease obligations	(19,712)	(29,593)
Repayments of long-term borrowings	(37,719)	(8,400)
Dividends paid	(149,982)	(151,509)
Purchase of treasury shares	(80)	(62)
Proceeds from disposal of treasury shares	69,999	28,842
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(3,759)	-
Other, net	-	5,680
Net cash provided by (used in) financing activities	(185,027)	(1,247,242)
Effect of exchange rate change on cash and cash equivalents	(1,543)	(25,813)
Net increase (decrease) in cash and cash equivalents	(296,467)	945,440
Cash and cash equivalents at beginning of period	4,204,722	3,908,254
Cash and cash equivalents at end of period	3,908,254	4,853,695

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Reclassifications

Not applicable.

Additional Information**Board Benefit Trust (BBT)**

Based on the resolution of the 46th Annual General Meeting of Shareholders, JAST on June 26, 2018 terminated the directors' retirement benefit system and established a Board Benefit Trust (BBT) for the purpose of increasing motivation for contributing to the medium to long-term growth of sales and earnings and an increase in corporate value. The BBT plan clearly links the compensation of directors with the JAST stock price. Furthermore, directors share with shareholders the benefits of a higher stock price as well as the risk of a lower stock price.

1) Overview

This is a stock compensation plan in which directors receive stock compensation through a BBT. The BBT acquires JAST stock using cash contributions from JAST as the source of funds. Directors (excluding external directors; same afterward unless indicated otherwise) receive stock compensation or a monetary amount equivalent to the market value of the stock in lieu of stock compensation in accordance with the rules on the stock compensation plan for directors. In principle, a director becomes eligible for stock compensation only after the individual is no longer a JAST director.

2) JAST stock held by the BBT

The book value (excluding associated expenses) of JAST stock held by the BBT is shown as treasury shares in the net assets section of the consolidated balance sheet. The BBT held 47,800 shares of JAST with a book value of 87,713 thousand yen as of the end of the previous fiscal year, and the BBT held 47,800 shares with a book value of 87,713 thousand yen as of the end of the current fiscal year.

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are JAST and subsidiaries' constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group has four reportable business segments: software business, GAKUEN business, system sales business and medical big data business each of which conducts its business in line with the comprehensive strategy it has devised for products and services in both domestic and overseas markets.

The software business handles the contracted software development. The GAKUEN business is engaged in development, sale, and provision of related services of operational reform packages for schools. The system sales business conducts IT equipment sales, IT/telecom infrastructure construction. The medical big data business provides a full line of services including automated inspection services for health insurance claims, data analysis and notification of the cost of medical care.

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting method used for reportable business segments is generally the same as the methods listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable business segments are operating income figures.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Software business	GAKUEN business	System sales business	Medical big data business	Total	Adjustment (Note 1) (Note 2)	Amounts shown on consolidated financial statements (Note 3)
Net sales							
1. External sales	12,080,881	3,058,369	1,566,820	1,313,721	18,019,792	-	18,019,792
2. Inter-segment sales and transfers	62,967	37,390	31,208	-	131,567	(131,567)	-
Total	12,143,848	3,095,760	1,598,029	1,313,721	18,151,359	(131,567)	18,019,792
Segment profit (loss)	78,330	711,038	94,919	93,634	977,922	(7,112)	970,809
Segment assets	7,581,888	1,750,550	1,268,596	802,403	11,403,439	1,584,902	12,988,341
Other items							
Depreciation	135,365	15,240	2,005	15,513	168,126	-	168,126
Increase in property, plant and equipment and intangible assets	79,089	12,806	914	22,768	115,577	-	115,577

- Notes:
1. Segment profit (loss) in the above adjustment represents eliminations for inter-segment transactions.
 2. Segment assets in the above adjustment consist mainly of corporate assets that cannot be attributed to any of the reportable segments.
 3. Segment profit (loss) is adjusted with operating income shown on the consolidated statement of income.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Software business	GAKUEN business	System sales business	Medical big data business	Total	Adjustment (Note 1) (Note 2)	Amounts shown on consolidated financial statements (Note 3)
Net sales							
1. External sales	12,687,772	3,216,146	1,465,779	1,419,455	18,789,152	-	18,789,152
2. Inter-segment sales and transfers	38,759	18,846	14,608	13	72,228	(72,228)	-
Total	12,726,531	3,234,992	1,480,387	1,419,469	18,861,380	(72,228)	18,789,152
Segment profit (loss)	160,996	856,302	120,798	90,831	1,228,929	(12,605)	1,216,324
Segment assets	6,810,264	2,185,172	1,137,765	876,515	11,009,718	1,851,843	12,861,561
Other items							
Depreciation	139,286	24,001	2,264	17,151	182,705	-	182,705
Increase in property, plant and equipment and intangible assets	93,378	22,102	1,107	16,095	132,685	-	132,685

- Notes:
1. Segment profit (loss) in the above adjustment represents eliminations for inter-segment transactions.
 2. Segment assets in the above adjustment consist mainly of corporate assets that cannot be attributed to any of the reportable segments.
 3. Segment profit (loss) is adjusted with operating income shown on the consolidated statement of income.

Related information

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Geographical information concerning sales to external customers in Japan is not presented since sales to external customers exceeded 90% of net sales shown on the consolidated statement of income.

(2) Property, plant and equipment

Geographical information concerning property, plant and equipment is not presented since property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Company name	Net sales	Business segment
TIS Inc.	1,283,936 thousand yen	Software business

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Company name	Net sales	Business segment
NTT COMWARE CORPORATION	1,716,652 thousand yen	Software business

Information related to impairment losses of non-current assets for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Software business	GAKUEN business	System sales business	Medical big data business	Elimination or corporate	Total
Impairment losses	738,103	-	-	-	-	738,103

Note: In the software business, there were impairment losses of 408,103 thousand yen for goodwill and 329,999 thousand yen for customer-related assets.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Software business	GAKUEN business	System sales business	Medical big data business	Elimination or corporate	Total
Impairment losses	315,925	-	-	-	-	315,925

Note: In the software business, there were impairment losses of 198,521 thousand yen for goodwill, 45,255 thousand yen for customer-related assets, 25,997 thousand yen for trademark rights and 46,152 thousand yen for technology assets.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Software business	GAKUEN business	System sales business	Medical big data business	Elimination or corporate	Total
Amortization for the period	73,075	-	-	-	-	73,075
Balance at end of period	437,343	-	-	-	-	437,343

Notes: 1. In the software business, there was an impairment loss of 408,103 thousand yen for goodwill.

2. In the software business, JAST purchased the stock of AG NET PTE. LTD. (AG NET) located in Singapore and made it a consolidated subsidiary in FY3/20. Goodwill of 303,284 thousand yen emerged related to the purchases. The amount of goodwill is based on the revised method to reflect reviewed allocation of the acquisition cost arising from finalization of the provisional accounting treatment.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Software business	GAKUEN business	System sales business	Medical big data business	Elimination or corporate	Total
Amortization for the period	46,986	-	-	-	-	46,986
Balance at end of period	175,722	-	-	-	-	175,722

Note: In the software business, there was an impairment loss of 198,521 thousand yen for goodwill.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per-share Information

(Yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	1,154.07	1,265.96
Net income (loss) per share	(5.76)	107.95
Diluted net income per share	-	107.90

Note: The basis of calculation is as follows.

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Net assets per share		
Total net assets on balance sheet	6,218,217	6,850,375
Deduction on total net assets	28,668	37,236
(Non-controlling interests)	(28,668)	(31,705)
Net assets applicable to common shares	6,189,549	6,813,139
Number of common shares used in calculation of net assets per share	5,363,246 shares	5,381,807 shares

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net income (loss) per share		
Profit (loss) attributable to owners of parent	(30,675)	578,879
Amount not available to common shareholders	-	-
Profit (loss) attributable to owners of parent applicable to common shares	(30,675)	578,879
Average number of shares outstanding during period	5,324,711 shares	5,362,310 shares
Diluted net income per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of common shares	- shares	2,603 shares
(Share acquisition rights)	(- shares)	(2,603 shares)
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect		-

Note: JAST has established a new Board Benefit Trust (BBT). The Company's stock remaining in the BBT (47,800 shares each as of March 31, 2020 and 2021) is included in treasury shares in shareholders' equity and deducted from the number of shares outstanding at the end of the period that is used to calculate net assets per share. Moreover, the BBT shares (48,177 shares in FY3/20 and 47,800 shares in FY3/21) are included in treasury shares deducted from the number of shares used to calculate the average number of shares outstanding during the period that is used to calculate net income (loss) per share.

Subsequent Events

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.