

Summary of Consolidated Financial Results
for the First Quarter of Fiscal Year Ending March 31, 2022
(Three Months Ended June 30, 2021)

[Japanese GAAP]

Company name:	Japan System Techniques Co., Ltd.	Listing:	Tokyo Stock Exchange, First Section
Stock code:	4323	URL:	https://www.jast.jp
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Scheduled date of filing of Quarterly Report:	August 13, 2021		
Scheduled date of payment of dividend:	-		
Preparation of supplementary materials for quarterly financial results:	None		
Holding of quarterly financial results meeting:	None		

Note: The original disclosure in Japanese was released on August 12, 2021 at 16:00 (GMT +9).

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

1. Consolidated Financial Results for the First Quarter Ended June 30, 2021

(April 1, 2021 – June 30, 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	%
Three months ended Jun. 30, 2021	4,900	-	342	-	348	-	237	-
Three months ended Jun. 30, 2020	3,746	(0.6)	(201)	-	(183)	-	(140)	-

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2021: 285 (-%)

Three months ended Jun. 30, 2020: (165) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2021	43.08	42.96
Three months ended Jun. 30, 2020	(26.28)	-

Note: Beginning with the first quarter of the fiscal year ending March 31, 2022, JAST has applied Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). All figures for the three months ended June 30, 2021 incorporate this accounting standard and comparisons with the first quarter of the previous fiscal year are omitted.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2021	13,815	7,443	53.6	1,307.16
As of Mar. 31, 2021	12,861	6,850	53.0	1,265.96

Reference: Shareholders' equity (million yen) As of Jun. 30, 2021: 7,399 As of Mar. 31, 2021: 6,813

Note: Beginning with the first quarter of the fiscal year ending March 31, 2022, JAST has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures as of June 30, 2021 incorporate this accounting standard.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	0.00	-	28.00	28.00
Fiscal year ending Mar. 31, 2022	-	-	-	-	-
Fiscal year ending Mar. 31, 2022 (forecasts)	-	0.00	-	30.00	30.00

Note: Revisions to the most recently announced dividend forecast: None

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

Note: Revisions to the most recently announced consolidated earnings forecasts: None

*** Notes**

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

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

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

As of Jun. 30, 2021:	5,709,930 shares	As of Mar. 31, 2021:	5,612,230 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2021:	48,923 shares	As of Mar. 31, 2021:	230,423 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2021:	5,519,393 shares	Three months ended Jun. 30, 2020:	5,362,514 shares
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Note 1: The current quarterly summary report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, the Japanese economy was impacted by the continued effects of the government's repeated declaration of a state of emergency in certain areas and the enactment of priority measures to combat the spread of COVID-19 infections. As a result, there are still concerns about a possible economic downturn.

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 May 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 first quarter posted net sales of 4,900 million yen (up 30.8% year on year), operating income of 342 million yen (vs. operating loss of 201 million yen in the same period of the previous fiscal year), ordinary income of 348 million yen (vs. ordinary loss of 183 million yen in the same period of the previous fiscal year), and profit attributable to owners of parent of 237 million yen (vs. loss attributable to owners of parent of 140 million yen in the previous fiscal year).

Business segment performance was as follows.

In the software business (individualized contracted software development), orders from the manufacturing and telecommunications industries and the finance/insurance/brokerage industry increased. As a result, net sales in this business totaled 3,425 million yen (up 26.1% year on year) and the operating income was 161 million yen (vs. operating loss of 148 million yen in the same period of the previous fiscal year).

In the GAKUEN business (sale and related services of operational reform packages for schools), there were increases in IT equipment sales and sales of program products (PP) to universities. End user computing (EUC: individualized contracted development of related systems) and implementation support service sales decreased. Net sales in this business totaled 787 million yen (up 42.4% year on year) and the operating income was 169 million yen (vs. operating loss of 11 million yen in the same period of the previous fiscal year).

In the system sales business (IT equipment sales and IT/telecom infrastructure construction), sales in the university and public sector categories increased. Net sales in this business totaled 328 million yen (up 39.0% year on year) and operating income was 1 million yen (down 75.5% year on year).

In the medical big data business (inspections, analysis and related services for medical information data), sales of support services for health insurance organizations decreased. Sales of analysis services and services for notification of the cost of medical care and sales of automated inspection services for health insurance claims increased. As a result, net sales in this business totaled 358 million yen (up 49.2% year on year) and operating income was 9 million yen (vs. operating loss of 54 million yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

1) Balance sheet

Current assets at the end of the first quarter were 10,593 million yen, up 897 million yen from the end of the previous fiscal year. This was mainly due to decreases in accounts receivable-trade and contract assets and work in process, and an increase in cash and deposits due to higher contract liabilities. Non-current assets were 3,221 million yen, up 56 million yen from the end of the previous fiscal year.

Current liabilities at the end of the first quarter were 4,752 million yen, up 364 million yen from the end of the previous fiscal year. This was mainly due to an increase in accrued expenses, which is included in other, and contract liabilities, and decreases in provision for bonuses, short-term borrowings and income taxes payable. Non-current liabilities were 1,619 million yen, down 3 million yen from the end of the previous fiscal year.

Net assets at the end of the first quarter were 7,443 million yen, up 592 million yen from the end of the previous fiscal year. This was mainly due to exercise of share acquisition rights.

Net assets increased as retained earnings were 81 million yen higher at the beginning of the fiscal year due to the application of the Accounting Standard for Recognition of Revenue.

2) Cash flows

Cash and cash equivalents increased 1,764 million yen from 4,853 million yen at the beginning of the current fiscal year to 6,617 million yen at the end of the first quarter of the current fiscal year.

Cash flows by category were as follows.

Net cash provided by operating activities totaled 1,808 million yen, a decrease of 116 million yen from 1,924 million yen provided in the same period of the previous fiscal year. This decrease was mainly due to increases in inventories and contract liabilities, and a decrease in proceeds from the collection of trade receivables.

Net cash provided by investing activities totaled 5 million yen, an increase of 50 million yen from 45 million yen used in the same period of the previous fiscal year. This was due to a decrease in purchase of investment securities and an increase in proceeds from sales of investment securities.

Net cash used in financing activities totaled 82 million yen, a decrease of 69 million yen from 151 million yen used in the same period of the previous fiscal year. This was due to repayments of short-term borrowings, and increases in proceeds from disposal of treasury shares and proceeds from issuance of shares.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

There are no revisions to the May 13, 2021 forecasts for the fiscal year ending March 31, 2022: 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. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	First quarter of FY3/22 (As of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	4,854,727	6,619,017
Notes and accounts receivable-trade	3,953,965	-
Notes and accounts receivable-trade, and contract assets	-	3,403,614
Merchandise and finished goods	185,543	148,728
Work in process	527,715	111,254
Raw materials and supplies	2,544	3,424
Other	184,859	320,540
Allowance for doubtful accounts	(13,034)	(13,116)
Total current assets	9,696,321	10,593,464
Non-current assets		
Property, plant and equipment		
Buildings and structures	829,063	830,767
Accumulated depreciation	(533,263)	(544,115)
Buildings and structures, net	295,799	286,651
Land	142,361	142,361
Other	518,695	523,135
Accumulated depreciation	(414,255)	(423,956)
Other, net	104,440	99,178
Total property, plant and equipment	542,601	528,192
Intangible assets		
Goodwill	175,722	174,527
Customer-related assets	106,056	105,828
Trademark right	7,602	7,783
Technology assets	13,496	13,818
Software	68,329	66,608
Other	7,626	7,626
Total intangible assets	378,834	376,193
Investments and other assets		
Investment securities	632,126	622,113
Retirement benefit asset	666,814	667,529
Deferred tax assets	416,291	499,121
Guarantee deposits	439,769	441,039
Other	104,010	97,885
Allowance for doubtful accounts	(15,208)	(10,196)
Total investments and other assets	2,243,803	2,317,493
Total non-current assets	3,165,239	3,221,878
Total assets	12,861,561	13,815,343

(Thousands of yen)

	FY3/21 (As of Mar. 31, 2021)	First quarter of FY3/22 (As of Jun. 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,021,837	910,585
Short-term borrowings	407,800	108,228
Current portion of long-term borrowings	2,800	700
Income taxes payable	473,761	228,271
Advances received	605,148	-
Contract liabilities	-	1,317,082
Provision for bonuses	885,138	361,163
Provision for bonuses for directors (and other officers)	62,319	7,068
Provision for loss on construction contracts	12,797	26,395
Other	916,547	1,793,083
Total current liabilities	4,388,151	4,752,578
Non-current liabilities		
Provision for share awards for directors (and other officers)	84,228	80,209
Provision for retirement benefits for directors (and other officers)	4,239	4,832
Retirement benefit liability	1,017,504	1,023,355
Deferred tax liabilities	34,890	30,575
Other	482,171	480,614
Total non-current liabilities	1,623,034	1,619,587
Total liabilities	6,011,185	6,372,165
Net assets		
Shareholders' equity		
Share capital	1,076,669	1,144,829
Capital surplus	1,128,115	1,312,400
Retained earnings	4,605,874	4,772,715
Treasury shares	(218,515)	(90,493)
Total shareholders' equity	6,592,143	7,139,451
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	186,775	178,849
Foreign currency translation adjustment	(81,346)	(28,085)
Remeasurements of defined benefit plans	115,566	109,615
Total accumulated other comprehensive income	220,996	260,379
Share acquisition rights	5,530	3,545
Non-controlling interests	31,705	39,801
Total net assets	6,850,375	7,443,177
Total liabilities and net assets	12,861,561	13,815,343

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Three-month Period)**

(Thousands of yen)

	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	3,746,215	4,900,462
Cost of sales	3,017,984	3,629,283
Gross profit	728,230	1,271,179
Selling, general and administrative expenses	929,725	929,042
Operating income (loss)	(201,495)	342,136
Non-operating income		
Interest income	5,718	1,541
Dividend income	3,469	2,766
Rental income	803	806
Foreign exchange gains	2,599	-
Subsidy income	3,139	1,801
Other	3,428	1,973
Total non-operating income	19,158	8,888
Non-operating expenses		
Interest expenses	722	408
Foreign exchange losses	-	603
Share issuance costs	-	864
Rental expenses	127	-
Other	206	644
Total non-operating expenses	1,056	2,519
Ordinary income (loss)	(183,393)	348,505
Profit (loss) before income taxes	(183,393)	348,505
Income taxes	(46,862)	103,503
Profit (loss)	(136,531)	245,001
Profit attributable to non-controlling interests	4,396	7,211
Profit (loss) attributable to owners of parent	(140,928)	237,790

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

(Thousands of yen)

	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Profit (loss)	(136,531)	245,001
Other comprehensive income		
Valuation difference on available-for-sale securities	32,308	(7,925)
Foreign currency translation adjustment	(62,289)	54,145
Remeasurements of defined benefit plans, net of tax	1,492	(5,951)
Total other comprehensive income	(28,488)	40,268
Comprehensive income	(165,020)	285,269
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(167,614)	277,173
Comprehensive income attributable to non-controlling interests	2,594	8,095

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(183,393)	348,505
Depreciation	16,124	26,578
Amortization of software	3,969	5,695
Amortization of goodwill	14,274	9,296
Amortization of customer-related assets	6,634	4,902
Amortization of trademark	925	235
Amortization of technology assets	1,642	418
Increase (decrease) in provision for bonuses	(424,142)	(524,262)
Increase (decrease) in retirement benefit liability	7,089	5,850
Decrease (increase) in retirement benefit asset	(195)	(715)
Interest and dividend income	(9,188)	(4,307)
Interest expenses	722	408
Decrease (increase) in trade receivables	1,694,552	-
Decrease (increase) in trade receivables and contract assets	-	808,673
Increase (decrease) in advances received	672,828	-
Increase (decrease) in contract liabilities	-	922,770
Decrease (increase) in inventories	(227,887)	297,574
Increase (decrease) in trade payables	(235,938)	(114,634)
Other, net	853,300	484,015
Subtotal	2,191,318	2,271,004
Interest and dividends received	8,980	4,307
Interest paid	(739)	(444)
Income taxes paid	(274,813)	(466,466)
Net cash provided by (used in) operating activities	1,924,746	1,808,401
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,995)	(14,604)
Proceeds from sale of property, plant and equipment	-	6,269
Purchase of software	(10,530)	(7,439)
Purchase of investment securities	(18,360)	(298)
Proceeds from sale of investment securities	-	22,601
Proceeds from refund of guarantee deposits	1,908	-
Payments of guarantee deposits	(1,027)	(921)
Proceeds from sale of membership	-	282
Other, net	(237)	(237)
Net cash provided by (used in) investing activities	(45,241)	5,652
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,815	(300,000)
Repayments of lease obligations	(2,188)	(6,647)
Repayments of long-term borrowings	(2,100)	(2,100)
Proceeds from issuance of shares	-	135,625
Proceeds from disposal of treasury shares	-	242,854
Dividends paid	(151,509)	(152,028)
Net cash provided by (used in) financing activities	(151,982)	(82,295)
Effect of exchange rate change on cash and cash equivalents	(38,122)	32,501
Net increase (decrease) in cash and cash equivalents	1,689,399	1,764,259
Cash and cash equivalents at beginning of period	3,908,254	4,853,695
Cash and cash equivalents at end of period	5,597,654	6,617,955

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

JAST started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) at the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. As a result, the major change involves some contracts where sales were recognized when a final acceptance inspection was performed in accordance with the applicable inspection standards. For contracts where JAST has fulfilled its obligation to the customer over a specified period, the amount of progress of fulfilling the obligation is estimated, except when the period is extremely short, and revenue based on the progress is recognized for that period. In addition, the total payment received from customers for a product or service was recognized as revenue in prior years. Now, for transactions where the Group functions as an agent for the provision of a product or service to a customer, the amount paid to the supplier of the product or service is deducted from the payment received from a customer and the resulting net amount is recognized as revenue.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings. In addition, JAST has applied the method prescribed in Paragraph 86, Article 1 of the Accounting Standard for Revenue Recognition, and accounted for contract changes made prior to the beginning of the first quarter of the current fiscal year based on the contract terms after reflecting all contract changes, and added or subtracted the cumulative effect of such changes to retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, the application of the new standard resulted in reductions of 179,179 thousand yen in sales, 149,270 thousand yen in cost of sales, and 29,909 thousand yen each in operating income, ordinary income and profit before income taxes. In addition, the new standard increased retained earnings at the beginning of the first quarter by 81,080 thousand yen.

“Notes and accounts receivable-trade” that was presented in the current assets section of the consolidated balance sheet in the previous fiscal year is presented as “Notes and accounts receivable-trade, and contract assets,” and “Advances received” that was presented in the current liabilities section is presented as “Contract liabilities” from the first quarter of the current fiscal year. In accordance with the transitional measures prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year’s consolidated financial statements to conform to the new presentation. Furthermore, in accordance with the transitional measures prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), JAST has not presented information on revenue from contracts with customers broken down for the first quarter of the previous fiscal year.

Application of the Accounting Standard for Measurement of Fair Value

JAST has applied the Accounting Standard for Measurement of Fair Value (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the current fiscal year.

JAST has applied the new accounting policies set forth by the Accounting Standard for Measurement of Fair

Value prospectively in accordance with the transitional measures in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

There is no effect of the application of these standards on the quarterly consolidated financial statements.

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 with a book value of 87,713 thousand yen as of the end of the first quarter of the current fiscal year.

Segment and Other Information

Segment information

I. First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Software business	GAKUEN business	System sales business	Medical big data business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales							
1. External sales	2,716,187	553,450	236,135	240,441	3,746,215	-	3,746,215
2. Inter-segment sales and transfers	14,683	495	1,727	-	16,906	(16,906)	-
Total	2,730,871	553,945	237,863	240,441	3,763,121	(16,906)	3,746,215
Segment profit (loss)	(148,012)	(11,478)	6,621	(54,265)	(207,134)	5,639	(201,495)

Notes: 1. Segment profit (loss) in the above adjustment represents eliminations for inter-segment transactions.

2. Segment profit (loss) is consistent with operating loss shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

II. First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Software business	GAKUEN business	System sales business	Medical big data business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales							
1. External sales	3,425,608	787,916	328,200	358,736	4,900,462	-	4,900,462
2. Inter-segment sales and transfers	14,353	67	180	-	14,601	(14,601)	-
Total	3,439,962	787,984	328,380	358,736	4,915,063	(14,601)	4,900,462
Segment profit	161,272	169,647	1,625	9,334	341,878	258	342,136

Notes: 1. Segment profit in the above adjustment represents eliminations for inter-segment transactions.
2. Segment profit is consistent with operating income shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

3. Information related to revisions for reportable segments

As described in Changes in Accounting Policies, JAST has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of FY3/22 and changed the accounting method for revenue recognition. Accordingly, the method for calculating segment profit has been changed as well.

The effect of this change was to decrease net sales and segment profit for the first three months of FY3/22 in the software business by 40,233 thousand yen and 5,921 thousand yen, respectively, and by 89,661 thousand yen and 27,664 thousand yen, respectively, in the GAKUEN business. Furthermore, net sales and segment profit decreased 61,802 thousand yen and 4,487 thousand yen, respectively, in the system sales business, and increased 12,518 thousand yen and 8,164 thousand yen, respectively, in the medical big data business.

Business Combinations

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.