

**Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ending March 31, 2023
(Nine Months Ended December 31, 2022)**

[Japanese GAAP]

Company name: Japan System Techniques Co., Ltd. Listing: Tokyo Stock Exchange
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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 February 10, 2023 at 16:00 (GMT +9).

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

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2022

(April 1, 2022 – December 31, 2022)

(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	%
Nine months ended Dec. 31, 2022	16,635	11.0	1,559	20.3	1,605	20.6	1,167	27.7
Nine months ended Dec. 31, 2021	14,985	-	1,297	-	1,331	-	914	-

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2022: 1,363 (up 51.3%)

Nine months ended Dec. 31, 2021: 901 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	95.16	-
Nine months ended Dec. 31, 2021	78.07	-

Notes: 1. JAST conducted a 2-for-1 common stock split on October 1, 2022. Net income per share has been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2022.

2. Beginning with the first quarter of the fiscal year ended 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 nine months ended December 31, 2021 incorporate this accounting standard and comparisons with 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 Dec. 31, 2022	15,610	10,311	65.7	836.49
As of Mar. 31, 2022	15,539	9,194	58.9	746.86

Reference: Shareholders' equity (million yen) As of Dec. 31, 2022: 10,258 As of Mar. 31, 2022: 9,159

Note: JAST conducted a 2-for-1 common stock split on October 1, 2022. Net assets per share are the amount after the stock split, as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2022.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	-	0.00	-	40.00	40.00
Fiscal year ending Mar. 31, 2023	-	0.00	-		
Fiscal year ending Mar. 31, 2023 (forecasts)				32.00	32.00

Notes: 1. Revisions to the most recently announced dividend forecast: Yes

Breakdown of the year-end dividend for the fiscal year ending March 31, 2023:

Commemorative dividend: 5.00 yen; Ordinary dividend: 27.00 yen

2. JAST conducted a 2-for-1 common stock split on October 1, 2022. The dividend per share forecasts for the fiscal year ending March 31, 2023 are the amount after the stock split.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	22,400	4.7	2,120	6.0	2,160	5.2	1,370	3.0	111.70

Notes: 1. Revisions to the most recently announced consolidated earnings forecasts: None

2. JAST conducted a 2-for-1 common stock split on October 1, 2022. The net income share forecast is the amount after the stock split.

*** 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: None

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 Dec. 31, 2022:	12,418,460 shares	As of Mar. 31, 2022:	12,418,460 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2022:	154,268 shares	As of Mar. 31, 2022:	153,932 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2022:	12,264,324 shares	Nine months ended Dec. 31, 2021:	11,708,625 shares
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Note: JAST conducted a 2-for-1 common stock split on October 1, 2022. The number of shares outstanding at the end of the period has been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2022.

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

Consolidated sales of the Japan System Techniques Group (Japan System Techniques Co., Ltd. (JAST) and its consolidated subsidiaries, hereafter “the Group”) in the first nine months of the current fiscal year were 16,635 million yen (up 11.0% year on year). Operating income was 1,559 million yen (up 20.3% year on year), ordinary income was 1,605 million yen (up 20.6% year on year), and profit attributable to owners of parent was 1,167 million yen (up 27.7% year on year).

Business segment performance was as follows.

In the first quarter of the current fiscal year, JAST revised its reportable segments and the method used for calculating segment profit and loss. Comparisons and analysis of results of operations for the first nine months are based on the revised segments and profit and loss calculation method.

(Digital transformation and system integration (DX&SI) business)

Segment sales increased 10.6% from one year earlier to 10,392 million yen and the operating income increased 33.0% to 1,614 million yen. The number of large orders received directly from existing and new customers was higher than one year earlier. As a result, the overall profitability of the business increased.

(Package business)

Segment sales decreased 0.9% from one year earlier to 2,996 million yen and the operating income was down 23.6% to 736 million yen. Sales of program products for BankNeo, an information systems integration package for financial institutions, were higher. However, there was a decline in sales, installation and support services, and other activities involving the GAKUEN Series, a strategic university management system consisting of GAKUEN RX and GAKUEN UNIVERSAL PASSPORT RX. Orders in the package business are firm.

(Medical big data business)

Segment sales increased 4.2% from one year earlier to 1,185 million yen and the operating income was down 18.8% to 171 million yen. Earnings decreased primarily because of the large volume of sales of highly profitable analysis and other services during the first nine months of the previous fiscal year. However, orders in this business as a whole remained firm. The performance of this business during the first nine months of the current fiscal year is ahead the plan. We expect fiscal year sales to be solid.

(Global business)

Sales increased 44.5% from one year earlier to 2,060 million yen and the operating income increased 606.1% to 277 million yen. This was primarily the result of the growth in Malaysia of support services at new and existing customers for the use of SAP software and the positive effect of foreign exchange rate movements on the performance of this business, mainly at subsidiaries outside Japan with strong sales and earnings.

(General and administrative expenses not allocated to a reportable segment)

Corporate general and administrative expenses increased 9.6% from one year earlier to 1,239 million yen mainly because of higher personnel expenses as more people were hired.

(2) Explanation of Financial Position

1) Balance sheet

Current assets at the end of the third quarter were 12,661 million yen, up 272 million yen from the end of the previous fiscal year. This was mainly due to increases in cash and deposits due to collection of accounts receivable-trade and higher contract liabilities. Non-current assets were 2,949 million yen, down 201 million yen from the end of the previous fiscal year.

Current liabilities at the end of the third quarter were 3,520 million yen, down 1,100 million yen from the end of the previous fiscal year. This was mainly due to decreases in accrued consumption taxes, which is included in other, and income taxes payable. Non-current liabilities were 1,779 million yen, up 54 million yen from the end of the previous fiscal year.

Net assets at the end of the third quarter were 10,311 million yen, up 1,117 million yen from the end of the previous fiscal year.

2) Cash flows

Cash and cash equivalents increased 243 million yen from 6,463 million yen at the beginning of the current fiscal year to 6,707 million yen at the end of the first nine months of the current fiscal year.

Cash flows by category were as follows.

Net cash provided by operating activities totaled 482 million yen, an increase of 130 million yen from 351 million yen provided in the same period of the previous fiscal year. This was mainly due to an increase in proceeds from the collection of trade receivables.

Net cash used in investing activities totaled 72 million yen, an increase of 15 million yen from 88 million yen used in the same period of the previous fiscal year. This was due to a decrease in loan advances.

Net cash used in financing activities totaled 275 million yen, a decrease of 790 million yen from 514 million yen provided in the same period of the previous fiscal year. This was due to decreases 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, 2022 forecasts for the fiscal year ending March 31, 2023: net sales of 22,400 million yen (up 4.7% year on year), operating income of 2,120 million yen (up 6.0% year on year), ordinary income of 2,160 million yen (up 5.2% year on year), and profit attributable to owners of parent of 1,370 million yen (up 3.0% year on year).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	6,464,852	6,708,623
Notes and accounts receivable-trade, and contract assets	5,533,330	5,300,279
Merchandise and finished goods	147,538	205,250
Work in process	99,301	146,151
Raw materials and supplies	5,761	7,176
Other	144,293	304,899
Allowance for doubtful accounts	(5,875)	(10,830)
Total current assets	12,389,203	12,661,550
Non-current assets		
Property, plant and equipment		
Buildings and structures	842,406	856,825
Accumulated depreciation	(548,763)	(569,316)
Buildings and structures, net	293,643	287,508
Land	142,361	142,361
Other	565,150	608,855
Accumulated depreciation	(454,587)	(492,391)
Other, net	110,562	116,464
Total property, plant and equipment	546,567	546,334
Intangible assets		
Goodwill	102,785	98,006
Customer-related assets	83,113	79,250
Software	80,909	76,509
Other	7,626	7,626
Total intangible assets	274,435	261,393
Investments and other assets		
Investment securities	542,531	624,093
Retirement benefit asset	705,144	707,584
Deferred tax assets	536,929	283,883
Guarantee deposits	457,167	435,948
Other	89,934	96,739
Allowance for doubtful accounts	(1,925)	(6,689)
Total investments and other assets	2,329,781	2,141,558
Total non-current assets	3,150,785	2,949,286
Total assets	15,539,989	15,610,836

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,380,056	1,002,146
Short-term borrowings	8,518	-
Income taxes payable	563,468	81,082
Contract liabilities	430,851	896,029
Provision for bonuses	1,194,536	465,188
Provision for bonuses for directors (and other officers)	77,530	54,339
Provision for loss on construction contracts	52,960	49,214
Other	913,152	972,093
Total current liabilities	4,621,074	3,520,095
Non-current liabilities		
Provision for share awards for directors (and other officers)	120,728	137,381
Provision for retirement benefits for directors (and other officers)	6,646	-
Retirement benefit liability	1,058,791	1,084,353
Deferred tax liabilities	24,655	30,464
Other	513,608	526,869
Total non-current liabilities	1,724,430	1,779,068
Total liabilities	6,345,505	5,299,164
Net assets		
Shareholders' equity		
Share capital	1,535,409	1,535,409
Capital surplus	1,703,991	1,702,732
Retained earnings	5,865,484	6,784,313
Treasury shares	(175,264)	(175,703)
Total shareholders' equity	8,929,621	9,846,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	121,768	142,830
Foreign currency translation adjustment	(2,240)	173,232
Remeasurements of defined benefit plans	110,706	96,032
Total accumulated other comprehensive income	230,234	412,095
Non-controlling interests	34,628	52,825
Total net assets	9,194,483	10,311,672
Total liabilities and net assets	15,539,989	15,610,836

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

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	14,985,989	16,635,219
Cost of sales	11,068,084	12,188,064
Gross profit	3,917,904	4,447,155
Selling, general and administrative expenses	2,620,693	2,887,203
Operating income	1,297,211	1,559,952
Non-operating income		
Interest income	9,349	12,101
Dividend income	6,391	8,937
Rental income	1,904	2,314
Foreign exchange gains	4,063	12,094
Subsidy income	11,116	10,319
Other	9,441	5,058
Total non-operating income	42,266	50,825
Non-operating expenses		
Interest expenses	901	377
Provision of allowance for doubtful accounts	-	4,185
Share acquisition rights issuance costs	5,148	-
Other	1,970	918
Total non-operating expenses	8,020	5,481
Ordinary income	1,331,457	1,605,296
Profit before income taxes	1,331,457	1,605,296
Income taxes	412,562	427,866
Profit	918,894	1,177,429
Profit attributable to non-controlling interests	4,764	10,325
Profit attributable to owners of parent	914,130	1,167,103

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

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Profit	918,894	1,177,429
Other comprehensive income		
Valuation difference on available-for-sale securities	(46,397)	21,061
Foreign currency translation adjustment	46,903	179,947
Remeasurements of defined benefit plans, net of tax	(17,855)	(14,673)
Total other comprehensive income	(17,349)	186,335
Comprehensive income	901,545	1,363,764
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	897,506	1,348,886
Comprehensive income attributable to non-controlling interests	4,038	14,878

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	1,331,457	1,605,296
Depreciation	81,958	83,335
Amortization of software	17,603	18,849
Amortization of goodwill	23,394	18,376
Amortization of customer-related assets	14,733	14,859
Amortization of trademark	707	-
Amortization of technology assets	1,255	-
Increase (decrease) in provision for bonuses	(405,471)	(731,123)
Increase (decrease) in retirement benefit liability	15,819	22,057
Decrease (increase) in retirement benefit asset	(2,607)	(2,440)
Interest and dividend income	(15,741)	(21,039)
Interest expenses	901	377
Decrease (increase) in trade receivables and contract assets	(151,182)	323,483
Increase (decrease) in contract liabilities	416,870	462,097
Decrease (increase) in inventories	111,652	(105,976)
Increase (decrease) in trade payables	(153,652)	(397,433)
Other, net	(215,366)	(140,567)
Subtotal	1,072,335	1,150,152
Interest and dividends received	16,644	22,988
Interest paid	(808)	(376)
Income taxes paid	(736,576)	(690,485)
Net cash provided by (used in) operating activities	351,595	482,279

	(Thousands of yen)	
	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,577)	(38,209)
Proceeds from sale of property, plant and equipment	6,283	1,080
Purchase of software	(29,971)	(9,491)
Purchase of investment securities	(1,229)	(48,418)
Proceeds from sale of investment securities	22,601	-
Loan advances	(47,279)	(3,491)
Proceeds from collection of loans receivable	3,066	5,071
Proceeds from refund of guarantee deposits	821	25,035
Payments of guarantee deposits	(933)	(2,659)
Proceeds from sale of membership	690	-
Other, net	(712)	(1,650)
Net cash provided by (used in) investing activities	(88,241)	(72,733)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(382,710)	(9,047)
Repayments of lease liabilities	(20,438)	(20,011)
Repayments of long-term borrowings	(2,800)	-
Proceeds from issuance of shares	914,768	-
Proceeds from share issuance to non-controlling shareholders	-	3,740
Purchase of treasury shares	(89,957)	(439)
Proceeds from disposal of treasury shares	248,042	-
Dividends paid	(152,028)	(248,274)
Dividends paid to non-controlling interests	-	(1,680)
Net cash provided by (used in) financing activities	514,875	(275,712)
Effect of exchange rate change on cash and cash equivalents	24,354	109,804
Net increase (decrease) in cash and cash equivalents	802,583	243,638
Cash and cash equivalents at beginning of period	4,853,695	6,463,823
Cash and cash equivalents at end of period	5,656,279	6,707,462

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

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 74,600 shares of JAST with a book value of 171,700 thousand yen as of the end of the previous fiscal year, and the BBT held 74,600 shares with a book value of 171,700 thousand yen as of the end of the third quarter of the current fiscal year.

Note: JAST conducted a 2-for-1 common stock split on October 1, 2022. The number of shares has been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2022.

Segment and Other Information

Segment information

I. First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	DX&SI business	Package business	Medical big data business	Global business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales							
1. External sales	9,397,811	3,024,645	1,137,571	1,425,960	14,985,989	-	14,985,989
2. Inter-segment sales and transfers	51,178	2,691	-	12,075	65,945	(65,945)	-
Total	9,448,990	3,027,337	1,137,571	1,438,035	15,051,934	(65,945)	14,985,989
Segment profit	1,214,177	964,738	210,635	39,264	2,428,814	(1,131,603)	1,297,211

Notes: 1. Segment profit in the above adjustment represents includes corporate expenses. These corporate expenses mainly include general and administration expenses that cannot be attributed to any of the reportable segments.

2. Segment profit 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 nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	DX&SI business	Package business	Medical big data business	Global business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales							
1. External sales	10,392,405	2,996,685	1,185,412	2,060,715	16,635,219	-	16,635,219
2. Inter-segment sales and transfers	65,946	42,200	-	35,299	143,446	(143,446)	-
Total	10,458,352	3,038,886	1,185,412	2,096,015	16,778,665	(143,446)	16,635,219
Segment profit	1,614,877	736,708	171,071	277,242	2,799,900	(1,239,948)	1,559,952

Notes: 1. Segment profit in the above adjustment represents includes corporate expenses. These corporate expenses mainly include general and administration expenses that cannot be attributed to any of the reportable segments.

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

(Revisions to reportable segments)

During the past several years, the scale and composition of business operations of the JAST Group as well as the types of services provided have changed significantly along with dramatic shifts in the social and business environment. In response to these changes, the JAST Group started using new business segments in the first quarter of the fiscal year ending in March 2023. The purposes of the new segments are to facilitate more accurate and thorough management and decision-making concerning growth strategies and other items and to disclose information to investors in a more suitable format. In previous fiscal years, the reportable segments were the software business, GAKUEN business, system sales business and medical big data business. The new segments are the digital transformation and system integration (DX&SI) business, package business, medical big data business and global business.

The former software business has been renamed the DX&SI business for the purpose of clearly expressing the commitment of this business to providing even more added value and creating seeds for new businesses. This business aims to continue the steady growth of system integration, currently the largest source of JAST's earnings, while shifting emphasis to co-creation digital transformation activities. The goal of these activities with customers is to use digital technologies for business process innovation and for making customers and the JAST Group more competitive. The DX&SI business includes former system sales business. The former GAKUEN business has been renamed the package business because this business uses package systems with JAST brands to provide comprehensive digital transformation services and aim for growth. The package business includes the BankNeo financial

institution information systems integration package that was in the software business in prior years. The activities of the global business were included in the former software business in prior years. Beginning with this fiscal year, global operations are a separate business segment to more accurately provide information about the distinctive characteristics and growth strategies of the JAST Group's businesses, such as solutions and wide-area activities in the ASEAN region and China.

Segment information for the first nine months of FY3/22 is based on the new reportable segments.

(Change in method for calculating segment profit and loss)

In recent years, the scale and characteristics of the business activities of the JAST Group have changed and the importance of properly managing these activities has increased. To more appropriately evaluate the performance of the group's reportable segments, the allocation of expenses for head office functions has been reexamined. In prior years, general and administrative expenses that could not be allocated to a reportable segment were allocated in accordance with expense allocation standards. Beginning with the first quarter of the current fiscal year, these expenses are instead recognized as corporate expenses that are part of the adjustment to segment profit.

Segment profit and loss for the first nine months of FY3/22 is based on the new calculation method.

Business Combinations

This information is omitted due to immateriality.

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.