

May 12, 2023

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

[Japanese GAAP]

Company name: Japan System Techniques Co., Ltd. Listing: Tokyo Stock Exchange  
 Stock code: 4323 URL: https://www.jast.jp  
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 Scheduled date of Annual General Meeting of Shareholders: June 28, 2023  
 Scheduled date of payment of dividend: June 9, 2023  
 Scheduled date of filing of Annual Security Report: June 29, 2023  
 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 12, 2023 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, 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	23,519	9.9	2,385	19.3	2,450	19.4	1,772	33.2
Fiscal year ended Mar. 31, 2022	21,399	-	2,000	-	2,052	-	1,330	-

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2023: 1,868 (up 39.2%)

Fiscal year ended Mar. 31, 2022: 1,342 (-%)

	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, 2023	144.50	-	17.8	14.9	10.1
Fiscal year ended Mar. 31, 2022	112.32	-	16.7	14.5	9.3

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2023: - Fiscal year ended Mar. 31, 2022: -

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 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 fiscal year ended March 31, 2022 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 Mar. 31, 2023	17,413	10,816	61.8	878.07
As of Mar. 31, 2022	15,539	9,194	58.9	746.86

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 10,768 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 have been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2022.

(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, 2023	1,073	(541)	(280)	6,793
Fiscal year ended Mar. 31, 2022	1,162	(80)	486	6,463

### 2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2022	Yen -	Yen 0.00	Yen -	Yen 40.00	Yen 40.00	Million yen 248	% 17.8	% 2.9
Fiscal year ended Mar. 31, 2023	-	0.00	-	32.00	32.00	397	22.1	3.9
Fiscal year ending Mar. 31, 2024 (forecasts)	-	0.00	-	40.00	40.00		26.1	

Notes: 1. Breakdown of the year-end dividend for the fiscal year ended 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 ended March 31, 2023 are the amount after the stock split.

### 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	25,300	7.6	2,540	6.5	2,600	6.1	1,880	6.1	153.29

## \* 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

(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, 2023: 12,418,460 shares As of Mar. 31, 2022: 12,418,460 shares

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

As of Mar. 31, 2023: 154,268 shares As of Mar. 31, 2022: 153,932 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2023: 12,264,292 shares Fiscal year ended Mar. 31, 2022: 11,845,742 shares

Notes: 1. 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.

2. The Company's stock held by the Board Benefit Trust (BBT) is included in the number of treasury shares (149,200 shares as of March 31, 2023 and 149,200 shares as of March 31, 2022), 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, 2023 (April 1, 2022 – March 31, 2023)

(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, 2023	18,552	8.6	1,801	11.2	2,134	21.9	1,630	63.1
Fiscal year ended Mar. 31, 2022	17,082	12.4	1,620	61.7	1,751	58.3	999	149.1

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2023	132.94	-
Fiscal year ended Mar. 31, 2022	84.39	-

Note: 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) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	15,504	10,202	65.8	831.86
As of Mar. 31, 2022	13,974	8,805	63.0	717.93

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 10,202 As of Mar. 31, 2022: 8,805

Note: JAST conducted a 2-for-1 common stock split on October 1, 2022. Net assets per share have 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 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 4 for forecast assumptions and notes of caution for usage.

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## 1. Overview of Results of Operations

### (1) Results of Operations

Consumer behavior slowly began returning to normal during the fiscal year that ended in March 2023 as pandemic restrictions ended as people received vaccinations. Despite this positive trend, the outlook for the economy is still unclear because of the high cost of resources due to the Ukraine crisis, monetary policies in the United States and Japan, big foreign exchange rate movements caused by differences in the economies of various countries, and other reasons.

The JAST Group, which is Japan System Techniques (JAST) and its consolidated subsidiaries, operate in the IT services industry. The outlook for the business climate and performance of companies in this industry is uncertain because of the yen's depreciation, inflation and other reasons. However, the volume of IT investments by companies is firm primarily for digital transformation projects. There is a persistent shortage of people with IT skills and this shortage is expected to continue.

Consolidated sales of the JAST Group were 23,519 million yen (up 9.9% year on year). Operating income was 2,385 million yen (up 19.3% year on year), ordinary income was 2,450 million yen (up 19.4% year on year), and profit attributable to owners of parent was 1,772 million yen (up 33.2% year on year). Business segment performance was as follows. In the current fiscal year, JAST revised its reportable segments and the method used for calculating segment profit and loss. Fiscal year comparisons and analysis of results of operations are based on the revised segments and profit and loss calculation method.

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

Segment sales increased 11.1% from one year earlier to 14,335 million yen and the operating income increased 33.3% to 2,078 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 2.4% from one year earlier to 4,489 million yen and the operating income was down 18.2% to 1,250 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. Overall, this segment is performing well, with a larger volume of orders than at the end of the previous fiscal year.

#### (Medical big data business)

Segment sales increased 11.9% from one year earlier to 2,021 million yen and the operating income was up 19.9% to 457 million yen. The profitability of this business improved mainly because of the growth of analysis services, support services for insurance organizations and other highly profitable services.

#### (Global business)

Sales increased 28.1% from one year earlier to 2,673 million yen and the operating income increased 448.5% to 271 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 10.0% from one year earlier to 1,671 million yen mainly because of higher personnel expenses as more people were hired.

**(2) Financial Position**

The balance of current assets at the end of the current fiscal year was 14,187 million yen, up 14.5% over the end of the previous fiscal year. This was mainly due to increases in cash and deposits, and accounts receivable-trade and contract assets. The balance of non-current assets were 3,226 million yen at the end of the current fiscal year, up 2.4% over the end of the previous fiscal year.

The balance of current liabilities at the end of the current fiscal year was 4,703 million yen, up 1.8% over the end of the previous fiscal year. This was mainly due to increases in accounts payable-trade and provision for bonuses, and a decrease in income taxes payable. The balance of non-current liabilities was 1,893 million yen at the end of the current fiscal year, up 9.8% over the end of the previous year.

The balance of total net assets was 10,816 million yen at the end of the current fiscal year, up 17.6% over the end of the previous fiscal year.

**(3) Cash Flows**

Cash and cash equivalents increased 329 million yen from 6,463 million yen at the beginning of the current fiscal year to 6,793 million yen at the end of the current fiscal year.

Cash flows by category were as follows.

Net cash provided by operating activities totaled 1,073 million yen, compared with 1,162 million yen provided in the previous fiscal year. This difference was mainly due to an increase in trade payables.

Net cash used in investing activities totaled 541 million yen, compared with 80 million yen used in the previous fiscal year. This difference was mainly due to an increase in payments into time deposits.

Net cash used in financing activities totaled 280 million yen, compared with 486 million yen provided in the previous fiscal year. This difference was mainly due to decreases in proceeds from issuance of shares and proceeds from disposal of treasury shares.

Reference: Cash flow indicators

	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
Equity ratio (%)	46.8	47.7	53.0	58.9	61.8
Equity ratio based on market value (%)	55.5	42.1	64.2	101.9	128.3
Interest-bearing debt to cash flow ratio (years)	1.2	3.6	0.2	0.0	0.0
Interest coverage ratio (times)	478.5	94.1	615.0	1,009.9	1,730.2

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 business climate for the JAST Group is expected to remain uncertain because of concerns about the economic outlook due to the Ukraine crisis and other sources of geopolitical risk, rising prices of raw materials and energy, foreign exchange rate movements, and other reasons. In the IT industry, where the business climate is extremely volatile, JAST understands that it will be difficult to achieve growth if it remains overly dependent on outsourced development projects, 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 JAST 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 the fiscal year ending in March 2024, we will continue to take many actions in order to accomplish the goals of the current medium-term plan.

The central theme of the JAST Group in the fiscal year ending in March 2024 is "use JAST's strengths to create new value backed by speedy and bold initiatives underpinned by sound thinking and by using the co-creation process at all group companies." In the digital transformation and system integration (DX&SI) business, our goal is to enlarge business domains as our largest core business as we increase earnings by using alliances and further improving our proposal and negotiation skills. In the package, medical big data and other businesses using our own brands, we will further upgrade the quality of every flagship product and move faster for the creation and utilization of new technologies and products. The objectives are making our brands more powerful and capturing the largest market share in every business sector where we operate. Furthermore, in the global business, our goal is consistent growth of sales and earnings by further upgrading products, targeting broader spectrums of customer segments and markets, and strengthening governance.

Based on this outlook, we expect increases in sales and earnings in the fiscal year ending March 31, 2024. We forecast net sales of 25,300 million yen (up 7.6% year on year), operating income of 2,540 million yen (up 6.5% year on year), ordinary income of 2,600 million yen (up 6.1% year on year), and profit attributable to owners of parent of 1,880 million yen (up 6.1% 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)	
	FY3/22	FY3/23
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	6,464,852	7,206,690
Notes and accounts receivable-trade, and contract assets	5,533,330	6,532,385
Merchandise and finished goods	147,538	172,554
Work in process	99,301	100,612
Raw materials and supplies	5,761	8,239
Other	144,293	174,586
Allowance for doubtful accounts	(5,875)	(7,924)
Total current assets	12,389,203	14,187,144
Non-current assets		
Property, plant and equipment		
Buildings and structures	842,406	958,056
Accumulated depreciation	(548,763)	(589,641)
Buildings and structures, net	293,643	368,415
Land	142,361	142,361
Other	565,150	607,152
Accumulated depreciation	(454,587)	(485,935)
Other, net	110,562	121,216
Total property, plant and equipment	546,567	631,994
Intangible assets		
Goodwill	102,785	88,499
Customer-related assets	83,113	71,561
Software	80,909	74,913
Other	7,626	7,626
Total intangible assets	274,435	242,601
Investments and other assets		
Investment securities	542,531	612,807
Retirement benefit asset	705,144	674,681
Deferred tax assets	536,929	539,732
Guarantee deposits	457,167	435,927
Other	89,934	93,485
Allowance for doubtful accounts	(1,925)	(4,577)
Total investments and other assets	2,329,781	2,352,057
Total non-current assets	3,150,785	3,226,652
Total assets	15,539,989	17,413,797

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,380,056	1,495,532
Short-term borrowings	8,518	-
Income taxes payable	563,468	498,990
Contract liabilities	430,851	354,018
Provision for bonuses	1,194,536	1,270,424
Provision for bonuses for directors (and other officers)	77,530	110,250
Provision for loss on construction contracts	52,960	6,801
Other	913,152	967,961
<b>Total current liabilities</b>	<b>4,621,074</b>	<b>4,703,978</b>
<b>Non-current liabilities</b>		
Provision for share awards for directors (and other officers)	120,728	141,759
Provision for retirement benefits for directors (and other officers)	6,646	-
Retirement benefit liability	1,058,791	1,110,713
Deferred tax liabilities	24,655	28,464
Other	513,608	612,640
<b>Total non-current liabilities</b>	<b>1,724,430</b>	<b>1,893,578</b>
<b>Total liabilities</b>	<b>6,345,505</b>	<b>6,597,556</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,535,409	1,535,409
Capital surplus	1,703,991	1,702,732
Retained earnings	5,865,484	7,389,420
Treasury shares	(175,264)	(175,703)
<b>Total shareholders' equity</b>	<b>8,929,621</b>	<b>10,451,859</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	121,768	137,114
Foreign currency translation adjustment	(2,240)	119,184
Remeasurements of defined benefit plans	110,706	60,618
<b>Total accumulated other comprehensive income</b>	<b>230,234</b>	<b>316,917</b>
<b>Non-controlling interests</b>	<b>34,628</b>	<b>47,463</b>
<b>Total net assets</b>	<b>9,194,483</b>	<b>10,816,240</b>
<b>Total liabilities and net assets</b>	<b>15,539,989</b>	<b>17,413,797</b>

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

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	21,399,553	23,519,516
Cost of sales	15,711,508	17,143,676
Gross profit	5,688,045	6,375,839
Selling, general and administrative expenses	3,687,543	3,990,171
Operating income	2,000,501	2,385,668
Non-operating income		
Interest income	12,020	16,012
Dividend income	6,391	8,937
Rental income	2,483	3,086
Commission income	1,971	2,100
Foreign exchange gains	14,225	12,286
Subsidy income	14,937	20,792
Other	9,268	5,535
Total non-operating income	61,298	68,752
Non-operating expenses		
Interest expenses	1,199	620
Provision of allowance for doubtful accounts	-	2,345
Commission expenses	1,899	758
Share issuance costs	5,773	-
Other	415	547
Total non-operating expenses	9,287	4,271
Ordinary income	2,052,512	2,450,148
Extraordinary losses		
Impairment losses	87,398	-
Total extraordinary losses	87,398	-
Profit before income taxes	1,965,114	2,450,148
Income taxes-current	773,626	658,607
Income taxes-deferred	(140,936)	13,513
Total income taxes	632,689	672,121
Profit	1,332,424	1,778,027
Profit attributable to non-controlling interests	1,866	5,816
Profit attributable to owners of parent	1,330,558	1,772,210

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY3/22	FY3/23
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Profit	1,332,424	1,778,027
Other comprehensive income		
Valuation difference on available-for-sale securities	(65,007)	15,346
Foreign currency translation adjustment	79,646	125,124
Remeasurements of defined benefit plans, net of tax	(4,860)	(50,087)
Total other comprehensive income	9,779	90,382
Comprehensive income	1,342,203	1,868,410
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,339,796	1,858,894
Comprehensive income attributable to non-controlling interests	2,407	9,516

**(3) Consolidated Statement of Changes in Equity**

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,076,669	1,128,115	4,605,874	(218,515)	6,592,143
Cumulative effects of changes in accounting policies			81,080		81,080
Restated balance	1,076,669	1,128,115	4,686,954	(218,515)	6,673,223
Changes during period					
Issuance of new shares	458,739	458,739			917,479
Dividends of surplus			(152,028)		(152,028)
Profit attributable to owners of parent			1,330,558		1,330,558
Purchase of treasury shares				(87,750)	(87,750)
Disposal of treasury shares		116,125		131,002	247,127
Change in ownership interest of parent due to transactions with non-controlling interests		1,011			1,011
Net changes in items other than shareholders' equity					
Total changes during period	458,739	575,876	1,178,529	43,251	2,256,397
Balance at end of period	1,535,409	1,703,991	5,865,484	(175,264)	8,929,621

	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	186,775	(81,346)	115,566	220,996	5,530	31,705	6,850,375
Cumulative effects of changes in accounting policies							81,080
Restated balance	186,775	(81,346)	115,566	220,996	5,530	31,705	6,931,456
Changes during period							
Issuance of new shares							917,479
Dividends of surplus							(152,028)
Profit attributable to owners of parent							1,330,558
Purchase of treasury shares							(87,750)
Disposal of treasury shares							247,127
Change in ownership interest of parent due to transactions with non-controlling interests							1,011
Net changes in items other than shareholders' equity	(65,007)	79,105	(4,860)	9,238	(5,530)	2,923	6,630
Total changes during period	(65,007)	79,105	(4,860)	9,238	(5,530)	2,923	2,263,027
Balance at end of period	121,768	(2,240)	110,706	230,234	-	34,628	9,194,483

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,535,409	1,703,991	5,865,484	(175,264)	8,929,621
Cumulative effects of changes in accounting policies					-
Restated balance	1,535,409	1,703,991	5,865,484	(175,264)	8,929,621
Changes during period					
Issuance of new shares					-
Dividends of surplus			(248,274)		(248,274)
Profit attributable to owners of parent			1,772,210		1,772,210
Purchase of treasury shares				(439)	(439)
Disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		(1,258)			(1,258)
Net changes in items other than shareholders' equity					
Total changes during period	-	(1,258)	1,523,936	(439)	1,522,238
Balance at end of period	1,535,409	1,702,732	7,389,420	(175,703)	10,451,859

	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	121,768	(2,240)	110,706	230,234	-	34,628	9,194,483
Cumulative effects of changes in accounting policies							-
Restated balance	121,768	(2,240)	110,706	230,234	-	34,628	9,194,483
Changes during period							
Issuance of new shares							-
Dividends of surplus							(248,274)
Profit attributable to owners of parent							1,772,210
Purchase of treasury shares							(439)
Disposal of treasury shares							-
Change in ownership interest of parent due to transactions with non-controlling interests							(1,258)
Net changes in items other than shareholders' equity	15,346	121,425	(50,087)	86,683	-	12,835	99,518
Total changes during period	15,346	121,425	(50,087)	86,683	-	12,835	1,621,756
Balance at end of period	137,114	119,184	60,618	316,917	-	47,463	10,816,240

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY3/22	FY3/23
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	1,965,114	2,450,148
Depreciation	114,387	118,347
Amortization of software	23,215	25,110
Amortization of goodwill	31,361	23,599
Amortization of customer-related assets	20,279	19,083
Amortization of trademark	976	-
Amortization of technology assets	1,733	-
Impairment loss	87,398	-
Increase (decrease) in provision for bonuses	308,751	74,896
Decrease (increase) in retirement benefit asset	(38,329)	30,463
Increase (decrease) in retirement benefit liability	41,363	48,816
Interest and dividend income	(18,411)	(24,950)
Interest expenses	1,199	620
Decrease (increase) in trade receivables and contract assets	(1,316,502)	(937,570)
Increase (decrease) in contract liabilities	35,117	(79,016)
Decrease (increase) in inventories	309,800	(28,805)
Increase (decrease) in trade payables	339,136	101,276
Other, net	(72,578)	(52,232)
Subtotal	1,834,014	1,769,788
Interest and dividends received	38,519	24,950
Interest paid	(1,151)	(620)
Income taxes paid	(708,462)	(720,202)
Net cash provided by (used in) operating activities	1,162,919	1,073,916
Cash flows from investing activities		
Proceeds from sale of membership	690	-
Decrease (increase) in time deposits	-	(412,493)
Purchase of property, plant and equipment	(51,486)	(80,953)
Proceeds from sale of property, plant and equipment	6,483	1,481
Purchase of software	(32,391)	(16,724)
Purchase of investment securities	(1,532)	(46,994)
Proceeds from sale of investment securities	22,601	-
Loan advances	(51,812)	(15,906)
Proceeds from collection of loans receivable	45,405	8,571
Payments of guarantee deposits	(19,111)	(2,631)
Proceeds from refund of guarantee deposits	1,194	24,945
Other, net	(952)	(950)
Net cash provided by (used in) investing activities	(80,912)	(541,656)

	(Thousands of yen)	
	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(400,000)	(9,047)
Repayments of lease liabilities	(28,185)	(25,115)
Repayments of long-term borrowings	(2,800)	-
Proceeds from issuance of shares	914,768	-
Dividends paid	(152,028)	(248,274)
Purchase of treasury shares	(87,750)	(439)
Proceeds from share issuance to non-controlling shareholders	-	3,740
Dividends paid to non-controlling interests	-	(1,680)
Proceeds from disposal of treasury shares	242,854	-
Net cash provided by (used in) financing activities	486,858	(280,816)
Effect of exchange rate change on cash and cash equivalents	41,262	77,782
Net increase (decrease) in cash and cash equivalents	1,610,127	329,226
Cash and cash equivalents at beginning of period	4,853,695	6,463,823
Cash and cash equivalents at end of period	6,463,823	6,793,050

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

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 149,200 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 149,200 shares with a book value of 171,700 thousand yen as of the end 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

#### 1. Overview of reportable segment

Segments used for financial reporting are JAST and its subsidiaries 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: the digital transformation and system integration (DX&SI) business, package business, medical big data business and global business. Each segment conducts its business in line with the comprehensive strategy it has devised for products and services in Japan and other countries.

The DX&SI business uses its distinctive strengths to supply a diverse array of information systems and services in a large number of business sectors. The package business develops and sells products that use JAST's own brands and provides associated environment and system development services, chiefly consulting for the use of these products. The medical big data business has several healthcare businesses that make it a one-stop source of services for the use of medical data and business process reform at health insurance organizations. The global business develops and sells enterprise resource planning (ERP) and human resource management (HRM) products outside Japan, provides consulting for the use of these products and develops IT systems.

#### (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 fiscal year ended 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 provide information more accurately 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 FY3/22 is based on the new reportable segments.

#### 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.

#### (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 fiscal year that ended in March 2023, these expenses are instead

recognized as corporate expenses that are part of the adjustment to segment profit.

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

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

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	DX&SI business	Package business	Medical big data business	Global business	Total	Adjustment (Note 1) (Note 2)	Amounts shown on consolidated financial statements (Note 3)
Net sales							
1. External sales	12,903,742	4,601,631	1,806,430	2,087,749	21,399,553	-	21,399,553
2. Inter-segment sales and transfers	71,860	6,339	-	15,966	94,166	(94,166)	-
Total	12,975,603	4,607,970	1,806,430	2,103,716	21,493,719	(94,166)	21,399,553
Segment profit	1,559,400	1,529,924	381,205	49,408	3,519,939	(1,519,437)	2,000,501
Segment assets	7,404,851	3,257,245	1,238,156	1,884,289	13,784,541	1,755,447	15,539,989
Other items							
Depreciation	57,186	27,937	15,938	59,530	160,593	-	160,593
Increase in property, plant and equipment and intangible assets	36,284	23,214	12,690	39,874	112,063	-	112,063

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 assets in the above adjustment consist mainly of corporate assets that cannot be attributed to any of the reportable segments.

3. Segment profit is adjusted with operating income shown on the consolidated statement of income.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	DX&SI business	Package business	Medical big data business	Global business	Total	Adjustment (Note 1) (Note 2)	Amounts shown on consolidated financial statements (Note 3)
Net sales							
1. External sales	14,335,487	4,489,345	2,021,231	2,673,452	23,519,516	-	23,519,516
2. Inter-segment sales and transfers	89,922	42,155	-	50,312	182,390	(182,390)	-
Total	14,425,409	4,531,501	2,021,231	2,723,765	23,701,906	(182,390)	23,519,516
Segment profit	2,078,787	1,250,729	457,107	271,017	4,057,641	(1,671,973)	2,385,668
Segment assets	8,087,574	3,551,540	1,639,504	2,126,797	15,405,417	2,008,379	17,413,797
Other items							
Depreciation	61,306	27,620	19,214	54,400	162,541	-	162,541
Increase in property, plant and equipment and intangible assets	41,635	19,034	29,855	32,268	122,793	-	122,793

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 assets in the above adjustment consist mainly of corporate assets that cannot be attributed to any of the reportable segments.

3. Segment profit is adjusted with operating income shown on the consolidated statement of income.

## Related information

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

## 1. Information by product or service

This information is omitted because the same information is presented 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

(Thousands of yen)

Japan	Overseas	Total
479,692	66,875	546,567

## 3. Information by major client

(Thousands of yen)

Company name	Net sales	Business segment
TIS Inc.	1,520,224	DX&SI business

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

## 1. Information by product or service

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

## 2. Information by region

## (1) Net sales

(Thousands of yen)

Japan	Overseas	Total
20,831,987	2,687,528	23,519,516

## (2) Property, plant and equipment

(Thousands of yen)

Japan	Overseas	Total
579,046	52,747	631,994

## 3. Information by major client

(Thousands of yen)

Company name	Net sales	Business segment
NTT COMWARE CORPORATION	2,102,664	DX&SI business

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

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	DX&SI business	Package business	Medical big data business	Global business	Elimination or corporate	Total
Impairment losses	-	-	-	87,398	-	87,398

Note: In the software business, there were impairment losses of 55,939 thousand yen for goodwill, 11,129 thousand yen for customer-related assets, 7,325 thousand yen for trademark rights and 13,004 thousand yen for technology assets.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

Not applicable.

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

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	DX&SI business	Package business	Medical big data business	Global business	Elimination or corporate	Total
Amortization for the period	2,264	-	-	29,097	-	31,361
Balance at end of period	-	-	-	102,785	-	102,785

Note: In the Global business, there was an impairment loss of 55,939 thousand yen for goodwill.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	DX&SI business	Package business	Medical big data business	Global business	Elimination or corporate	Total
Amortization for the period	-	-	-	23,599	-	23,599
Balance at end of period	-	-	-	88,499	-	88,499

Information related to gain on bargain purchase for each reportable segment

Not applicable.

**Per-share Information**

(Yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	746.86	878.07
Net income per share	112.32	144.50

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive securities.

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

3. The basis of calculation is as follows.

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Net assets per share		
Total net assets on balance sheet	9,194,483	10,816,240
Deduction on total net assets	34,628	47,463
(Non-controlling interests)	(34,628)	(47,463)
Net assets applicable to common shares	9,159,855	10,768,776
Number of common shares used in calculation of net assets per share	12,264,528 shares	12,264,192 shares

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net income per share		
Profit attributable to owners of parent	1,330,558	1,772,210
Amount not available to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	1,330,558	1,772,210
Average number of shares outstanding during period	11,845,742 shares	12,264,292 shares

Note: JAST has established a new Board Benefit Trust (BBT). The Company's stock remaining in the BBT (149,200 shares as of March 31, 2022 and 149,200 as of March 31, 2023) 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 (149,200 shares in FY3/22 and 149,200 shares in FY3/23) 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 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.*