

**Summary of Consolidated Financial Results  
for the First Quarter of Fiscal Year Ending March 31, 2024  
(Three Months Ended June 30, 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 filing of Quarterly Report: August 14, 2023

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 10, 2023 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, 2023**

(April 1, 2023 – June 30, 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	%
Three months ended Jun. 30, 2023	5,640	10.2	122	(53.3)	134	(53.6)	61	(72.4)
Three months ended Jun. 30, 2022	5,119	4.5	261	(23.6)	289	(16.8)	223	(5.8)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2023: 89 (down 70.0%)

Three months ended Jun. 30, 2022: 297 (up 4.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2023	5.05	-
Three months ended Jun. 30, 2022	18.26	-

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, 2023.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2023	18,300	10,506	57.2	852.79
As of Mar. 31, 2023	17,413	10,816	61.8	878.07

Reference: Shareholders' equity (million yen) As of Jun. 30, 2023: 10,458 As of Mar. 31, 2023: 10,768

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	-	0.00	-	32.00	32.00
Fiscal year ending Mar. 31, 2024	-	-	-	-	-
Fiscal year ending Mar. 31, 2024 (forecasts)	-	0.00	-	40.00	40.00

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

**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

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: 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 Jun. 30, 2023:	12,418,460 shares	As of Mar. 31, 2023:	12,418,460 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2023:	154,398 shares	As of Mar. 31, 2023:	154,268 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2023:	12,264,114 shares	Three months ended Jun. 30, 2022:	12,264,476 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

Consolidated sales of the Japan System Techniques Group (Japan System Techniques Co., Ltd. (JAST) and its consolidated subsidiaries, hereafter “the Group”) in the first quarter of the current fiscal year were 5,640 million yen (up 10.2% year on year). Operating income was 122 million yen (down 53.3% year on year), ordinary income was 134 million yen (down 53.6% year on year), and profit attributable to owners of parent was 61 million yen (down 72.4% year on year). The order backlog has increased consistently year-on-year across all segments. Nonetheless, the decrease in earnings, as mentioned earlier, is attributed to anticipated cost escalations linked to up-front investments, outlined in the section titled “General and administrative expenses not allocated to a reportable segment” on the same page. As a result, we maintain confidence in our ability to meet the projected consolidated earnings forecast for the fiscal year ending on March 31, 2024.

Business segment performance was as follows.

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

Segment sales increased 6.3% from one year earlier to 3,457 million yen and the operating income decreased 5.8% to 482 million yen. The primary factor behind the decline was that while revenue witnessed growth owing to brisk project inquiries from both current and new clients, the decrease in profit stemmed from elevated unit labor costs and subcontracting expenses.

(Package business)

Segment sales increased 11.0% from one year earlier to 960 million yen and the operating income was up 11.4% to 147 million yen. Sales of program products for BankNeo, an information systems integration package for financial institutions, were slightly lower. However, there was an increase 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.

(Medical big data business)

Segment sales increased 30.0% from one year earlier to 415 million yen and the operating income was up 52.0% to 15 million yen. The performance of this business improved primarily due to increased sales of analysis services, support services, and other highly profitable services.

(Global business)

Sales increased 18.4% from one year earlier to 806 million yen and the operating income decreased 12.6% to 104 million yen. This can be largely attributed to reduced sales in SI development projects and ERP package sales and installation consulting in Thailand, even though there were robust sales of SAP installation support services in Malaysia.

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

Corporate general and administrative expenses increased 22.5% from one year earlier to 627 million yen. This was mainly because of higher personnel expenses as more people were hired, in addition to an increase in various expenses associated with enhanced training and recruitment, and other events specific to the first quarter.

### (2) Explanation of Financial Position

#### 1) Balance sheet

Current assets at the end of the first quarter were 14,817 million yen, up 629 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 3,483 million yen, up 256 million yen from the end of the previous fiscal year.

Current liabilities at the end of the first quarter were 5,914 million yen, up 1,210 million yen from the end of the previous fiscal year. This was mainly due to increases in accrued expenses, which is included in other, and contract liabilities, and decreases in provision for bonuses and income taxes payable. Non-current liabilities were 1,878 million yen, down 14 million yen from the end of the previous fiscal year.

Net assets at the end of the first quarter were 10,506 million yen, down 309 million yen from the end of the previous fiscal year.

## 2) Cash flows

Cash and cash equivalents increased 1,780 million yen from 6,793 million yen at the beginning of the current fiscal year to 8,573 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 2,319 million yen, an increase of 219 million yen from 2,099 million yen provided in the same period of the previous fiscal year. This increase was mainly due to an increase in proceeds from the collection of trade receivables and a decrease in payments of other payables, primarily accounts payable.

Net cash used in investing activities totaled 137 million yen, a decrease of 73 million yen from 63 million yen used in the same period of the previous fiscal year. This was due to increases in payments of guarantee deposits and loan advances, and a decrease in purchase of investment securities.

Net cash used in financing activities totaled 404 million yen, a decrease of 139 million yen from 265 million yen used in the same period of the previous fiscal year. This was due to an increase in dividends paid.

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

There are no revisions to the May 12, 2023 forecasts for the fiscal year ending March 31, 2024: 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. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	7,206,690	9,002,256
Notes and accounts receivable-trade, and contract assets	6,532,385	5,036,460
Merchandise and finished goods	172,554	295,716
Work in process	100,612	106,688
Raw materials and supplies	8,239	6,047
Other	174,586	374,436
Allowance for doubtful accounts	(7,924)	(4,463)
Total current assets	14,187,144	14,817,140
Non-current assets		
Property, plant and equipment		
Buildings and structures	958,056	959,889
Accumulated depreciation	(589,641)	(609,208)
Buildings and structures, net	368,415	350,681
Land	142,361	142,361
Other	607,152	621,267
Accumulated depreciation	(485,935)	(491,556)
Other, net	121,216	129,711
Total property, plant and equipment	631,994	622,753
Intangible assets		
Goodwill	88,499	83,093
Customer-related assets	71,561	67,190
Software	74,913	101,883
Other	7,626	7,626
Total intangible assets	242,601	259,793
Investments and other assets		
Investment securities	612,807	640,488
Retirement benefit asset	674,681	675,316
Deferred tax assets	539,732	689,170
Guarantee deposits	435,927	518,436
Other	93,485	112,972
Allowance for doubtful accounts	(4,577)	(35,910)
Total investments and other assets	2,352,057	2,600,474
Total non-current assets	3,226,652	3,483,022
Total assets	17,413,797	18,300,162

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,495,532	1,078,682
Income taxes payable	498,990	258,132
Contract liabilities	354,018	1,433,267
Provision for bonuses	1,270,424	562,238
Provision for bonuses for directors (and other officers)	110,250	21,015
Provision for loss on construction contracts	6,801	33,910
Other	967,961	2,527,415
<b>Total current liabilities</b>	4,703,978	5,914,662
<b>Non-current liabilities</b>		
Provision for share awards for directors (and other officers)	141,759	145,668
Retirement benefit liability	1,110,713	1,099,056
Deferred tax liabilities	28,464	25,972
Other	612,640	608,262
<b>Total non-current liabilities</b>	1,893,578	1,878,960
<b>Total liabilities</b>	6,597,556	7,793,623
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,535,409	1,535,409
Capital surplus	1,702,732	1,702,732
Retained earnings	7,389,420	7,054,094
Treasury shares	(175,703)	(175,861)
<b>Total shareholders' equity</b>	10,451,859	10,116,375
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	137,114	155,587
Foreign currency translation adjustment	119,184	129,239
Remeasurements of defined benefit plans	60,618	57,496
<b>Total accumulated other comprehensive income</b>	316,917	342,323
<b>Non-controlling interests</b>	47,463	47,840
<b>Total net assets</b>	10,816,240	10,506,539
<b>Total liabilities and net assets</b>	17,413,797	18,300,162

**(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 FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Net sales	5,119,276	5,640,211
Cost of sales	3,826,933	4,280,524
Gross profit	1,292,342	1,359,686
Selling, general and administrative expenses	1,030,962	1,237,668
Operating income	261,380	122,018
Non-operating income		
Interest income	3,656	8,230
Dividend income	4,401	4,172
Rental income	604	791
Foreign exchange gains	13,683	7,078
Insurance claim income	-	14,700
Subsidy income	4,231	2,398
Other	3,559	10,828
Total non-operating income	30,137	48,200
Non-operating expenses		
Interest expenses	172	72
Provision of allowance for doubtful accounts	1,011	35,510
Other	369	195
Total non-operating expenses	1,554	35,777
Ordinary income	289,963	134,440
Profit before income taxes	289,963	134,440
Income taxes	58,768	71,554
Profit	231,194	62,886
Profit attributable to non-controlling interests	7,305	983
Profit attributable to owners of parent	223,888	61,902



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

(Thousands of yen)

	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Profit	231,194	62,886
Other comprehensive income		
Valuation difference on available-for-sale securities	1,928	18,473
Foreign currency translation adjustment	67,699	11,200
Remeasurements of defined benefit plans, net of tax	(2,974)	(3,121)
Total other comprehensive income	66,653	26,551
Comprehensive income	297,847	89,437
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	288,131	87,309
Comprehensive income attributable to non-controlling interests	9,716	2,128

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	289,963	134,440
Depreciation	26,906	32,119
Amortization of software	6,044	6,183
Amortization of goodwill	5,713	5,935
Amortization of customer-related assets	4,620	4,799
Increase (decrease) in provision for bonuses	(751,675)	(708,385)
Increase (decrease) in retirement benefit liability	4,933	(12,455)
Decrease (increase) in retirement benefit asset	(734)	(635)
Interest and dividend income	(8,057)	(12,402)
Interest expenses	172	72
Decrease (increase) in trade receivables and contract assets	1,399,913	1,497,910
Increase (decrease) in contract liabilities	1,104,121	1,078,813
Decrease (increase) in inventories	(128,579)	(127,045)
Increase (decrease) in trade payables	(326,413)	(417,950)
Other, net	981,150	1,295,333
Subtotal	2,608,080	2,776,733
Interest and dividends received	10,024	12,129
Interest paid	(174)	(73)
Income taxes paid	(517,984)	(469,659)
Net cash provided by (used in) operating activities	2,099,947	2,319,130
Cash flows from investing activities		
Payments into time deposits	-	(338,348)
Proceeds from withdrawal of time deposits	-	327,401
Purchase of property, plant and equipment	(18,291)	(11,530)
Purchase of software	(2,273)	(8,763)
Purchase of investment securities	(44,009)	(302)
Loan advances	(673)	(38,252)
Proceeds from collection of loans receivable	2,073	631
Proceeds from refund of guarantee deposits	1,383	-
Payments of guarantee deposits	(713)	(83,100)
Other, net	(1,111)	14,686
Net cash provided by (used in) investing activities	(63,615)	(137,577)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,047)	-
Repayments of lease liabilities	(6,467)	(5,531)
Purchase of treasury shares	(195)	(157)
Dividends paid	(248,274)	(397,228)
Dividends paid to non-controlling interests	(1,680)	(1,752)
Net cash provided by (used in) financing activities	(265,665)	(404,669)
Effect of exchange rate change on cash and cash equivalents	37,925	3,287
Net increase (decrease) in cash and cash equivalents	1,808,591	1,780,171
Cash and cash equivalents at beginning of period	6,463,823	6,793,050
Cash and cash equivalents at end of period	8,272,414	8,573,221

#### **(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 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 first 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, 2023.

## Segment and Other Information

### Segment information

#### I. First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 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	3,253,221	864,897	319,470	681,687	5,119,276	-	5,119,276
2. Inter-segment sales and transfers	19,620	67	-	6,173	25,860	(25,860)	-
Total	3,272,842	864,965	319,470	687,860	5,145,137	(25,860)	5,119,276
Segment profit	512,139	132,186	10,519	119,125	773,971	(512,590)	261,380

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.

#### II. First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)

##### 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	3,457,736	960,279	415,418	806,776	5,640,211	-	5,640,211
2. Inter-segment sales and transfers	27,997	407	-	18,511	46,917	(46,917)	-
Total	3,485,734	960,687	415,418	825,288	5,687,128	(46,917)	5,640,211
Segment profit	482,334	147,286	15,987	104,134	749,743	(627,725)	122,018

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.

## 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.*