

Summary of Consolidated Financial Results
for the Second Quarter of Fiscal Year Ending March 31, 2025
(Six Months Ended September 30, 2024)

[Japanese GAAP]

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Scheduled date of filing of Semi-annual Report:

November 12, 2024

Scheduled date of payment of dividend:

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Preparation of supplementary materials for financial results:

None

Holding of financial results meeting:

Yes (for analysts)

Note: The original disclosure in Japanese was released on November 11, 2024 at 16:00 (GMT +9).

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

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2024
(April 1, 2024 – September 30, 2024)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2024	13,260	9.3	1,045	4.2	1,077	6.8	671	3.2
Six months ended Sep. 30, 2023	12,132	10.3	1,003	(0.0)	1,008	(2.7)	651	(11.7)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: 858 (up 22.8%)

Six months ended Sep. 30, 2023: 699 (down 23.1%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended Sep. 30, 2024	27.38		-	
Six months ended Sep. 30, 2023	26.55		-	

Note: JAST conducted a 2-for-1 common stock split on April 1, 2024.

Earnings per share has been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2024.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2024	20,032	13,030	64.7	528.00
As of Mar. 31, 2024	20,022	12,712	63.2	516.08

Reference: Shareholders' equity (million yen) As of Sep. 30, 2024: 12,970 As of Mar. 31, 2024: 12,658

Note: JAST conducted a 2-for-1 common stock split on April 1, 2024.

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, 2024.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	-	0.00	-	45.00	45.00
Fiscal year ending Mar. 31, 2025	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2025 (forecasts)	-	-	-	27.00	27.00

Note 1: Revisions to the most recently announced dividend forecast: None

Note 2: JAST conducted a 2-for-1 common stock split on April 1, 2024.

The dividend per share forecasts for the fiscal year ending March 31, 2025 are the amount after the stock split.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	28,570	9.1	3,150	12.9	3,200	11.8	2,300	10.2	93.77

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: Virtual Calibre IT Solutions L.L.C

Excluded: ISR Co., Ltd.

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

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

As of Sep. 30, 2024:	24,836,920 shares	As of Mar. 31, 2024:	24,836,920 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2024:	271,868 shares	As of Mar. 31, 2024:	308,768 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	24,536,420 shares	Six months ended Sep. 30, 2023:	24,528,256 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 described in these materials are based on assumptions 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 Interim 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.

Contents of Attachments

1. Qualitative Information on Interim Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements	3
2. Interim Consolidated Financial Statements and Notes	4
(1) Interim Consolidated Balance Sheet	4
(2) Interim Consolidated Statements of Income and Comprehensive Income	6
Interim Consolidated Statement of Income	6
Interim Consolidated Statement of Comprehensive Income	7
(3) Interim Consolidated Statement of Cash Flows	8
(4) Notes to Interim Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Changes in Accounting Policies	9
Application of Special Accounting Methods for Presenting Interim Consolidated Financial Statements	9
Segment and Other Information	10

1. Qualitative Information on Interim 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 half of the current fiscal year were 13,260 million yen (up 9.3% year on year). Operating profit was 1,045 million yen (up 4.2% year on year), ordinary profit was 1,077 million yen (up 6.8% year on year), and profit attributable to owners of parent was 671 million yen (up 3.2% year on year).

Business segment performance was as follows.

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

Segment sales increased 12.9% from one year earlier to 8,239 million yen and operating profit increased 17.8% to 1,355 million yen. Sales increased as the number of large orders received was high mainly in the finance/insurance/brokerage industry and manufacturing industries.

(Package business)

Segment sales increased 13.8% from one year earlier to 2,567 million yen and operating profit increased 6.6% to 641 million yen. There were increases in sales of end user computing (EUC: individualized contracted development of related systems) and program products involving the GAKUEN Series, a strategic university management system, and program products for BankNeo, an information systems integration package for financial institutions.

(Medical big data business)

Segment sales increased 23.5% from one year earlier to 1,132 million yen and operating profit was down 25.6% to 77 million yen. There were increases in sales of receipt inspection services, insurer business support services, and a cloud-based health insurance claims management system for welfare public assistance, and other services. The profit decline resulted from higher personnel expenses and strategic investments aimed at fostering mid- to long-term growth, including the integration of K-SHIP Co., Ltd. into the business portfolio beginning with the current fiscal year.

(Global business)

Segment sales decreased 20.4% from one year earlier to 1,321 million yen and there was an operating loss of 51 million yen (vs. operating profit of 204 million yen in the same period of the previous fiscal year). The number of orders received for SAP installation support services in Malaysia was lower than one year earlier.

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

Corporate general and administrative expenses decreased 7.5% from one year earlier to 976 million yen.

(2) Explanation of Financial Position

1) Balance sheet

Current assets at the end of the second quarter were 15,468 million yen, down 242 million yen from the end of the previous fiscal year. This was mainly due to increases in prepaid expenses, which is included in other, and work in process, and decreases in cash and deposits and accounts receivable-trade and contract assets. Non-current assets were 4,563 million yen, up 251 million yen from the end of the previous fiscal year. This was mainly due to an increase in software.

Current liabilities at the end of the second quarter were 4,951 million yen, down 271 million yen from the end of the previous fiscal year. This was mainly due to an increase in contract liabilities and decreases in provision for bonuses and accrued consumption taxes, which is included in other. Non-current liabilities were 2,050 million yen, down 36 million yen from the end of the previous fiscal year.

Net assets at the end of the second quarter were 13,030 million yen, up 317 million yen from the end of the previous fiscal year.

2) Cash flows

Cash and cash equivalents decreased 384 million yen from 7,515 million yen at the beginning of the current fiscal year to 7,130 million yen at the end of the first half of the current fiscal year.

Cash flows by category were as follows.

Net cash provided by operating activities totaled 587 million yen, a decrease of 341 million yen from 929 million yen provided in the same period of the previous fiscal year. This decrease was mainly due to an increase in proceeds from the collection of accounts receivables, and increases in trade payables –and payments of other payables.

Net cash used in investing activities totaled 432 million yen, a decrease of 213 million yen from 219 million yen used in the same period of the previous fiscal year. This was mainly due to an increase in purchase of investment securities.

Net cash used in financing activities totaled 588 million yen, a decrease of 178 million yen from 409 million yen used in the same period of the previous fiscal year. This was mainly due to an increase in dividends paid.

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

There are no revisions to the May 13, 2024 forecasts for the fiscal year ending March 31, 2025: net sales of 28,570 million yen (up 9.1% year on year), operating profit of 3,150 million yen (up 12.9% year on year), ordinary profit of 3,200 million yen (up 11.8% year on year), and profit attributable to owners of parent of 2,300 million yen (up 10.2% year on year).

2. Interim Consolidated Financial Statements and Notes**(1) Interim Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	7,974,566	7,672,692
Notes and accounts receivable-trade, and contract assets	7,175,022	6,883,179
Merchandise and finished goods	149,333	151,820
Work in process	202,606	281,538
Raw materials and supplies	5,339	4,546
Other	212,222	479,686
Allowance for doubtful accounts	(8,096)	(4,607)
Total current assets	15,710,994	15,468,856
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,395,009	1,472,420
Accumulated depreciation	(673,682)	(702,931)
Buildings and structures, net	721,326	769,488
Land	142,361	142,361
Other	663,931	686,229
Accumulated depreciation	(462,397)	(491,186)
Other, net	201,534	195,043
Total property, plant and equipment	1,065,222	1,106,894
Intangible assets		
Goodwill	267,027	250,743
Customer-related intangible assets	53,821	48,759
Software	161,891	264,346
Other	8,141	7,704
Total intangible assets	490,881	571,553
Investments and other assets		
Investment securities	647,560	881,079
Retirement benefit asset	887,689	869,084
Deferred tax assets	508,642	424,695
Guarantee deposits	501,402	503,204
Other	250,789	249,960
Allowance for doubtful accounts	(40,487)	(43,287)
Total investments and other assets	2,755,595	2,884,737
Total non-current assets	4,311,699	4,563,185
Total assets	20,022,694	20,032,041

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,429,832	1,231,656
Current portion of long-term borrowings	12,480	11,000
Income taxes payable	570,362	377,591
Contract liabilities	520,178	1,288,150
Provision for bonuses	1,313,103	1,110,670
Provision for bonuses for directors (and other officers)	133,649	61,894
Provision for loss on construction contracts	14,510	13,729
Other	1,228,837	856,444
Total current liabilities	5,222,954	4,951,137
Non-current liabilities		
Long-term borrowings	65,960	60,510
Provision for share awards for directors (and other officers)	155,990	142,206
Provision for retirement benefits for directors (and other officers)	-	400
Retirement benefit liability	1,087,676	1,092,681
Asset retirement obligations	273,506	281,708
Deferred tax liabilities	29,824	28,068
Other	474,674	445,303
Total non-current liabilities	2,087,632	2,050,877
Total liabilities	7,310,586	7,002,015
Net assets		
Shareholders' equity		
Share capital	1,535,409	1,535,409
Capital surplus	1,702,732	1,702,732
Retained earnings	9,079,131	9,192,376
Treasury shares	(175,947)	(154,715)
Total shareholders' equity	12,141,325	12,275,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	158,376	175,639
Foreign currency translation adjustment	162,373	342,729
Remeasurements of defined benefit plans	196,499	176,259
Total accumulated other comprehensive income	517,248	694,628
Non-controlling interests	53,533	59,594
Total net assets	12,712,107	13,030,026
Total liabilities and net assets	20,022,694	20,032,041

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

(Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Net sales	12,132,581	13,260,660
Cost of sales	8,875,494	9,811,908
Gross profit	3,257,086	3,448,752
Selling, general and administrative expenses	2,253,519	2,403,074
Operating profit	1,003,566	1,045,678
Non-operating income		
Interest income	11,276	13,538
Dividend income	4,599	5,778
Rental income	1,588	1,569
Foreign exchange gains	8,842	635
Insurance claim income	14,700	-
Subsidy income	10,472	12,337
Other	7,395	6,094
Total non-operating income	58,874	39,954
Non-operating expenses		
Interest expenses	163	862
Provision of allowance for doubtful accounts	52,871	2,491
Loss on retirement of non-current assets	17	4,655
Other	462	467
Total non-operating expenses	53,514	8,476
Ordinary profit	1,008,926	1,077,156
Profit before income taxes	1,008,926	1,077,156
Income taxes	359,844	399,916
Profit	649,082	677,240
Profit (loss) attributable to non-controlling interests	(2,176)	5,397
Profit attributable to owners of parent	651,258	671,842

Interim Consolidated Statement of Comprehensive Income

(Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Profit	649,082	677,240
Other comprehensive income		
Valuation difference on available-for-sale securities	5,556	17,553
Foreign currency translation adjustment	50,631	183,887
Remeasurements of defined benefit plans, net of tax	(6,243)	(20,239)
Total other comprehensive income	49,944	181,201
Comprehensive income	699,026	858,441
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	698,322	849,512
Comprehensive income attributable to non-controlling interests	704	8,929

(3) Interim Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	1,008,926	1,077,156
Depreciation	66,710	85,979
Amortization of software	12,242	18,173
Amortization of goodwill	12,141	23,423
Amortization of customer-related intangible assets	9,817	10,835
Increase (decrease) in provision for bonuses	(293,659)	(203,509)
Increase (decrease) in retirement benefit liability	(18,280)	2,941
Decrease (increase) in retirement benefit asset	(1,490)	18,604
Interest and dividend income	(15,875)	(19,316)
Interest expenses	163	862
Decrease (increase) in accounts receivable-trade, and contract assets	170,679	381,729
Increase (decrease) in contract liabilities	974,137	766,771
Decrease (increase) in inventories	(331,649)	(80,624)
Increase (decrease) in trade payables	71,599	(211,913)
Other, net	(256,832)	(772,516)
Subtotal	1,408,628	1,098,594
Interest and dividends received	14,827	11,526
Interest paid	(163)	(862)
Income taxes paid	(494,026)	(521,539)
Net cash provided by (used in) operating activities	929,265	587,718
Cash flows from investing activities		
Payments into time deposits	(365,278)	(429,340)
Proceeds from withdrawal of time deposits	354,031	395,307
Purchase of property, plant and equipment	(33,525)	(79,341)
Proceeds from sale of property, plant and equipment	80	28
Purchase of software	(54,785)	(116,740)
Purchase of investment securities	(962)	(201,121)
Loan advances	(59,589)	(1,213)
Proceeds from collection of loans receivable	8,913	774
Proceeds from refund of guarantee deposits	-	6,554
Payments of guarantee deposits	(83,132)	(7,481)
Other, net	14,686	-
Net cash provided by (used in) investing activities	(219,564)	(432,571)
Cash flows from financing activities		
Repayments of lease liabilities	(10,216)	(19,830)
Repayments of long-term borrowings	-	(6,930)
Purchase of treasury shares	(157)	-
Dividends paid	(397,228)	(558,597)
Dividends paid to non-controlling interests	(1,752)	(2,868)
Net cash provided by (used in) financing activities	(409,355)	(588,225)
Effect of exchange rate change on cash and cash equivalents	19,588	48,815
Net increase (decrease) in cash and cash equivalents	319,933	(384,263)
Cash and cash equivalents at beginning of period	6,793,050	7,515,186
Cash and cash equivalents at end of period	7,112,983	7,130,923

(4) Notes to Interim Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Application of Accounting Standard for Current Income Taxes, etc.

The Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) beginning with the first half of the fiscal year ending March 31, 2025.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of this revised accounting standard and with Paragraph 65-2, Item 2 of Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). The application of this standard has no effect on the interim consolidated financial statements.

For the revision concerning the change in the treatment in the consolidated financial statements of the tax deferral of gains or losses on sales of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Implementation Guidance on Accounting Standard for Tax Effect Accounting beginning with the first half of the current fiscal year. This change has been applied retrospectively and the first half and fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement. This change in accounting policies has no effect on the first half and fiscal year consolidated financial statements in the previous fiscal year.

Application of Special Accounting Methods for Presenting Interim Consolidated Financial Statements

With the exception of certain consolidated subsidiaries, tax expenses are calculated by first determining a reasonable estimate of the effective tax rate after the application of tax effect accounting for profit before income taxes for the fiscal year that includes the first half of the fiscal year ending March 31, 2025. Profit before income taxes are then multiplied by the estimated effective tax rate. However, statutory effective tax rate is used instead when the method using an estimated effective tax rate results in tax expenses that differ significantly from a reasonable amount. Income taxes-deferred were included and displayed with income taxes.

Segment and Other Information

Segment information

I. First six months of FY3/24 (Apr. 1, 2023 – Sep. 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 interim consolidated statement of income (Note 2)
Net sales							
1. External sales	7,299,159	2,255,060	917,161	1,661,199	12,132,581	-	12,132,581
2. Inter-segment sales and transfers	54,142	407	-	34,317	88,867	(88,867)	-
Total	7,353,302	2,255,468	917,161	1,695,517	12,221,449	(88,867)	12,132,581
Segment profit	1,150,438	601,490	103,986	204,206	2,060,122	(1,056,556)	1,003,566

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 profit shown on the interim consolidated statement of income.

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

Not applicable.

II. First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)

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 interim consolidated statement of income (Note 2)
Net sales							
1. External sales	8,239,108	2,567,198	1,132,858	1,321,495	13,260,660	-	13,260,660
2. Inter-segment sales and transfers	22,210	1,361	104	23,941	47,616	(47,616)	-
Total	8,261,318	2,568,559	1,132,962	1,345,436	13,308,276	(47,616)	13,260,660
Segment profit (loss)	1,355,416	641,194	77,417	(51,423)	2,022,604	(976,926)	1,045,678

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

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

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

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.