

**Summary of Consolidated Financial Results
for the First Quarter of Fiscal Year Ending March 31, 2025
(Three Months Ended June 30, 2024)**

[Japanese GAAP]

Company name: Japan System Techniques Co., Ltd.
Stock code: 4323
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Listing: Tokyo Stock Exchange
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Scheduled date of payment of dividend: -
Preparation of supplementary materials for financial results: None
Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on August 13, 2024 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, 2024 (April 1, 2024 – June 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	%
Three months ended Jun. 30, 2024	6,298	11.7	284	132.9	318	137.0	181	192.4
Three months ended Jun. 30, 2023	5,640	10.2	122	(53.3)	134	(53.6)	61	(72.4)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2024: 240 (up 169.0%)
Three months ended Jun. 30, 2023: 89 (down 70.0%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended Jun. 30, 2024	7.38	-
Three months ended Jun. 30, 2023	2.52	-

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 Jun. 30, 2024	21,082	12,391	58.5	502.78
As of Mar. 31, 2024	20,022	12,712	63.2	516.08

Reference: Shareholders' equity (million yen) As of Jun. 30, 2024: 12,332 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	-	-	-	-	-
Fiscal year ending Mar. 31, 2025 (forecasts)	-	0.00	-	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: 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, 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 Jun. 30, 2024:	308,768 shares	As of Mar. 31, 2024:	308,768 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2024:	24,528,152 shares	Three months ended Jun. 30, 2023:	24,528,228 shares
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Note 1: Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

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 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 6,298 million yen (up 11.7% year on year). Operating profit was 284 million yen (up 132.9% year on year), ordinary profit was 318 million yen (up 137.0% year on year), and profit attributable to owners of parent was 181 million yen (up 192.4% year on year).

Business segment performance was as follows.

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

Segment sales increased 13.8% from one year earlier to 3,935 million yen and operating profit increased 31.9% to 636 million yen. Sales increased as the number of large orders received was high mainly in the telecommunications, service/retail and manufacturing industries.

(Package business)

Segment sales increased 24.2% from one year earlier to 1,192 million yen and operating profit increased 61.2% to 237 million yen. There were increases in sales of end user computing (EUC: individualized contracted development of related systems) and IT equipment 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 22.1% from one year earlier to 507 million yen and operating profit was down 53.7% to 7 million yen. Sales of highly profitable development projects, services for the utilization of data, and other services decreased, although sales of receipt inspection services were higher than one year earlier. As a result, the profitability of this business was lower than one year earlier.

(Global business)

Segment sales decreased 17.8% from one year earlier to 663 million yen and operating profit decreased 81.3% to 19 million yen. 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 1.8% from one year earlier to 616 million yen.

(2) Explanation of Financial Position

1) Balance sheet

Current assets at the end of the first quarter were 16,353 million yen, up 642 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits relating to collection of accounts receivable-trade and an increase in contract liabilities (advances received for business activities). Non-current assets were 4,729 million yen, up 417 million yen from the end of the previous fiscal year. This was mainly due to purchase of investment securities and an increase in deferred tax assets.

Current liabilities at the end of the first quarter were 6,631 million yen, up 1,408 million yen from the end of the previous fiscal year. This was mainly due to increases in accrued expenses, which are included in other, and contract liabilities, and decreases in provision for bonuses and accounts payable-trade. Non-current liabilities were 2,060 million yen, down 27 million yen from the end of the previous fiscal year.

Net assets at the end of the first quarter were 12,391 million yen, down 320 million yen from the end of the previous fiscal year.

2) Cash flows

Cash and cash equivalents increased 2,070 million yen from 7,515 million yen at the beginning of the current fiscal year to 9,585 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 2,891 million yen, an increase of 572 million yen from 2,319 million yen provided in the same period of the previous fiscal year. This increase was mainly due to increases in proceeds from the collection of trade receivables and from an increase in contract liabilities.

Net cash used in investing activities totaled 254 million yen, an increase of 117 million yen from 137 million yen used in the same period of the previous fiscal year. This was mainly due to a decrease in payments of guarantee deposits and an increase in purchase of investment securities.

Net cash used in financing activities totaled 575 million yen, an increase of 170 million yen from 404 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. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	7,974,566	10,060,052
Notes and accounts receivable-trade, and contract assets	7,175,022	5,390,273
Merchandise and finished goods	149,333	186,531
Work in process	202,606	228,931
Raw materials and supplies	5,339	3,314
Other	212,222	490,369
Allowance for doubtful accounts	(8,096)	(5,744)
Total current assets	15,710,994	16,353,728
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,395,009	1,422,244
Accumulated depreciation	(673,682)	(693,204)
Buildings and structures, net	721,326	729,039
Land	142,361	142,361
Other	663,931	674,818
Accumulated depreciation	(462,397)	(477,038)
Other, net	201,534	197,779
Total property, plant and equipment	1,065,222	1,069,180
Intangible assets		
Goodwill	267,027	258,160
Customer-related intangible assets	53,821	50,704
Software	161,891	224,952
Other	8,141	7,704
Total intangible assets	490,881	541,522
Investments and other assets		
Investment securities	647,560	863,257
Retirement benefit asset	887,689	878,169
Deferred tax assets	508,642	669,776
Guarantee deposits	501,402	496,915
Other	250,789	253,051
Allowance for doubtful accounts	(40,487)	(42,780)
Total investments and other assets	2,755,595	3,118,390
Total non-current assets	4,311,699	4,729,094
Total assets	20,022,694	21,082,822

	(Thousands of yen)	
	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,429,832	1,151,311
Current portion of long-term borrowings	12,480	11,445
Income taxes payable	570,362	322,411
Contract liabilities	520,178	1,736,951
Provision for bonuses	1,313,103	570,465
Provision for bonuses for directors (and other officers)	133,649	27,847
Provision for loss on construction contracts	14,510	10,539
Other	1,228,837	2,800,452
Total current liabilities	5,222,954	6,631,424
Non-current liabilities		
Long-term borrowings	65,960	63,185
Provision for share awards for directors (and other officers)	155,990	158,977
Retirement benefit liability	1,087,676	1,083,154
Asset retirement obligations	273,506	280,798
Deferred tax liabilities	29,824	27,541
Other	474,674	446,542
Total non-current liabilities	2,087,632	2,060,199
Total liabilities	7,310,586	8,691,624
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	8,701,555
Treasury shares	(175,947)	(175,947)
Total shareholders' equity	12,141,325	11,763,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	158,376	167,140
Foreign currency translation adjustment	162,373	214,927
Remeasurements of defined benefit plans	196,499	186,379
Total accumulated other comprehensive income	517,248	568,447
Non-controlling interests	53,533	59,000
Total net assets	12,712,107	12,391,197
Total liabilities and net assets	20,022,694	21,082,822

(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 FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Net sales	5,640,211	6,298,813
Cost of sales	4,280,524	4,711,881
Gross profit	1,359,686	1,586,931
Selling, general and administrative expenses	1,237,668	1,302,769
Operating profit	122,018	284,161
Non-operating income		
Interest income	8,230	6,741
Dividend income	4,172	5,163
Rental income	791	779
Foreign exchange gains	7,078	10,294
Insurance claim income	14,700	-
Subsidy income	2,398	12,209
Other	10,828	2,592
Total non-operating income	48,200	37,779
Non-operating expenses		
Interest expenses	72	428
Provision of allowance for doubtful accounts	35,510	2,164
Other	195	657
Total non-operating expenses	35,777	3,250
Ordinary profit	134,440	318,691
Profit before income taxes	134,440	318,691
Income taxes	71,554	130,014
Profit	62,886	188,676
Profit attributable to non-controlling interests	983	7,654
Profit attributable to owners of parent	61,902	181,021

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

(Thousands of yen)

	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Profit	62,886	188,676
Other comprehensive income		
Valuation difference on available-for-sale securities	18,473	8,764
Foreign currency translation adjustment	11,200	53,233
Remeasurements of defined benefit plans, net of tax	(3,121)	(10,119)
Total other comprehensive income	26,551	51,878
Comprehensive income	89,437	240,555
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	87,309	232,220
Comprehensive income attributable to non-controlling interests	2,128	8,334

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	134,440	318,691
Depreciation	32,119	41,529
Amortization of software	6,183	7,198
Amortization of goodwill	5,935	11,282
Amortization of customer-related intangible assets	4,799	5,070
Increase (decrease) in provision for bonuses	(708,385)	(743,068)
Increase (decrease) in retirement benefit liability	(12,455)	(4,791)
Decrease (increase) in retirement benefit asset	(635)	9,519
Interest and dividend income	(12,402)	(11,904)
Interest expenses	72	428
Decrease (increase) in accounts receivable-trade, and contract assets	1,497,910	1,813,446
Increase (decrease) in contract liabilities	1,078,813	1,216,172
Decrease (increase) in inventories	(127,045)	(61,497)
Increase (decrease) in trade payables	(417,950)	(283,262)
Other, net	1,295,333	1,071,575
Subtotal	2,776,733	3,390,388
Interest and dividends received	12,129	14,448
Interest paid	(73)	(428)
Income taxes paid	(469,659)	(512,876)
Net cash provided by (used in) operating activities	2,319,130	2,891,531
Cash flows from investing activities		
Payments into time deposits	(338,348)	(338,000)
Proceeds from withdrawal of time deposits	327,401	338,720
Purchase of property, plant and equipment	(11,530)	(20,923)
Purchase of software	(8,763)	(39,120)
Purchase of investment securities	(302)	(200,297)
Loan advances	(38,252)	(559)
Proceeds from collection of loans receivable	631	399
Proceeds from refund of guarantee deposits	-	6,364
Payments of guarantee deposits	(83,100)	(1,302)
Other, net	14,686	-
Net cash provided by (used in) investing activities	(137,577)	(254,717)

	(Thousands of yen)	
	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Cash flows from financing activities		
Repayments of lease liabilities	(5,531)	(9,944)
Repayments of long-term borrowings	-	(3,810)
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	(404,669)	(575,219)
Effect of exchange rate change on cash and cash equivalents	3,287	8,635
Net increase (decrease) in cash and cash equivalents	1,780,171	2,070,230
Cash and cash equivalents at beginning of period	6,793,050	7,515,186
Cash and cash equivalents at end of period	8,573,221	9,585,417

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. 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 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 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 FY3/25 (Apr. 1, 2024 – Jun. 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 quarterly consolidated statement of income (Note 2)
Net sales							
1. External sales	3,935,608	1,192,380	507,274	663,550	6,298,813	-	6,298,813
2. Inter-segment sales and transfers	17,160	256	2,766	11,740	31,923	(31,923)	-
Total	3,952,768	1,192,636	510,041	675,290	6,330,736	(31,923)	6,298,813
Segment profit	636,258	237,419	7,400	19,502	900,580	(616,419)	284,161

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 is consistent with operating profit 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.

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.