

# Annual Securities Report

The 52nd period

April 1, 2023 to March 31, 2024

Japan System Techniques Co., Ltd.

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# Annual Securities Report

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- 1 This document is a printed version of the Annual Securities Report filed in accordance with Article 24, paragraph (1) of the Financial Instruments and Exchange Act via the Electronic Data Processing System for Disclosure (Electronic Disclosure for Investors' NETwork [EDINET]) as set forth in Article 27-30-2 of the same act, with a table of contents and page numbers added.
- 2 This document includes, at the end, the audit report attached to the Annual Securities Report submitted in the manner described above, and the internal control report and confirmation letter submitted in conjunction with the Annual Securities Report.

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Submitted document	Annual Securities Report
Statutory basis	Article 24, paragraph (1) of the Financial Instruments and Exchange Act of Japan
Agency receiving submission	Director-General of the Kinki Local Finance Bureau
Submission date	June 26, 2024
Fiscal year	52nd period (from April 1, 2023 through March 31, 2024)
Corporate name	Japan System Techniques Kabushiki-gaisha
Name in English	Japan System Techniques Co., Ltd.
Name and position of representative	Takeaki Hirabayashi, President
Location of headquarters	2-3-18 Nakanoshima, Kita-ku, Osaka
Phone	+81-6-4560-1000 (main switchboard)
Name of contact person	Taku Hirabayashi, Director and Senior Officer
Closest contact address	2-3-18 Nakanoshima, Kita-ku, Osaka
Phone	+81-6-4560-1000 (main switchboard)
Name of contact person	Taku Hirabayashi, Director and Senior Officer
Place available for public inspection	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Section 1. Company Information

### I. Company Overview

#### 1. Transition of Significant Business Indicators, etc.

##### (1) Consolidated Business Indicators, etc.

Term	48th Period	49th Period	50th Period	51st Period	52nd Period
Fiscal year ended	March 2020	March 2021	March 2022	March 2023	March 2024
Net sales (Thousand yen)	18,019,792	18,789,152	21,399,553	23,519,516	26,183,521
Ordinary profit (Thousand yen)	1,021,581	1,310,486	2,052,512	2,450,148	2,861,415
Profit (loss) attributable to owners of parent (Thousand yen)	(30,675)	578,879	1,330,558	1,772,210	2,086,939
Comprehensive income (Thousand yen)	(119,317)	749,216	1,342,203	1,868,410	2,295,092
Net assets (Thousand yen)	6,218,217	6,850,375	9,194,483	10,816,240	12,712,107
Total assets (Thousand yen)	12,988,341	12,861,561	15,539,989	17,413,797	20,022,694
Net assets per share (Yen)	288.52	316.49	373.43	439.03	516.08
Earnings (loss) per share (Yen)	(1.44)	26.99	56.16	72.25	85.08
Diluted earnings per share (Yen)	-	26.98	-	-	-
Ratio of shareholders' equity (%)	47.7	53.0	58.9	61.8	63.2
Return on equity (ROE) (%)	(0.5)	8.9	16.7	17.8	17.8
Price-earnings ratio (Times)	(175.3)	14.1	11.4	12.5	21.2
Net cash from operating activities (Thousand yen)	417,265	2,131,466	1,162,919	1,073,916	1,888,438
Net cash from investing activities (Thousand yen)	(527,162)	87,030	(80,912)	(541,656)	(761,475)
Net cash from financing activities (Thousand yen)	(185,027)	(1,247,242)	486,858	(280,816)	(424,085)
Cash and cash equivalents at the end of fiscal year (Thousand yen)	3,908,254	4,853,695	6,463,823	6,793,050	7,515,186
Number of employees	1,164	1,320	1,448	1,687	1,847

Notes: 1. The number of employees is the number of full-time employees.

2. Diluted earnings per share for the 48th period and for the 50th period and after are not shown because Japan System Techniques Co., Ltd. ("JAST" or the "Company") had no outstanding dilutive securities.
3. JAST established a new Board Benefit Trust (BBT) in the 47th period. JAST stock remaining in the BBT (192,708 shares for the 48th, 191,200 shares for the 49th, 298,400 shares for the 50th, 298,400 shares for the 51st, and 298,400 shares for the 52nd) is included in treasury shares in shareholders' equity and deducted from the number of shares issued to calculate the average number of shares outstanding during the period for the calculation of earnings (loss) per share.
4. JAST conducted a 2-for-1 common stock split on October 1, 2022 and April 1, 2024. Net assets per share, earnings (loss) per share, and diluted earnings per share have been calculated as if these stock splits have taken place at the beginning of the 48th period. The share price at the end of the 52nd period is the ex-rights price after the 2-for-1 stock split on April 1, 2024. Therefore, the price-earnings ratio for the 52nd period is the share price after the split divided by earnings per share adjusted to incorporate this split.
5. Beginning with the 50th period, JAST has applied Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). All figures for the 50th period and afterward incorporate this accounting standard.

(2) Non-consolidated Business Indicators, etc., of JAST

Term	48th Period	49th Period	50th Period	51st Period	52nd Period
Fiscal year ended	March 2020	March 2021	March 2022	March 2023	March 2024
Net sales (Thousand yen)	14,427,659	15,203,765	17,082,806	18,552,222	20,431,311
Ordinary profit (Thousand yen)	1,121,163	1,106,164	1,751,066	2,134,219	2,184,722
Profit (Thousand yen)	21,658	401,246	999,643	1,630,462	1,614,423
Share capital (Thousand yen)	1,076,669	1,076,669	1,535,409	1,535,409	1,535,409
Number of issued shares (Shares)	5,612,230	5,612,230	6,209,230	12,418,460	12,418,460
Net assets (Thousand yen)	6,539,989	6,897,566	8,805,037	10,202,132	11,440,344
Total assets (Thousand yen)	12,109,632	11,785,585	13,974,559	15,504,289	17,347,911
Net assets per share (Yen)	304.85	320.15	358.96	415.93	466.42
Dividend per share (Yen)	28.00	28.00	40.00	32.00	45.00
[Interim dividend per share]	(-)	(-)	(-)	(-)	(-)
Earnings per share (Yen)	1.02	18.71	42.19	66.47	65.82
Diluted earnings per share (Yen)	-	18.70	-	-	-
Ratio of shareholders' equity (%)	54.0	58.5	63.0	65.8	65.9
Return on equity (ROE) (%)	0.3	6.0	12.7	17.2	14.9
Price-earnings ratio (Times)	248.3	20.3	15.1	13.5	27.3
Dividend payout ratio (%)	688.4	37.4	23.7	24.1	34.2
Number of employees	753	827	871	926	1,009
Shareholder return (%)	73.5	111.6	187.4	266.3	530.5
[Comparison with TOPIX] (%)	(88.2)	(122.8)	(122.3)	(125.9)	(174.0)
Highest share price (Yen)	1,878	2,150	3,255	1,826 (2,820)	4,250 (1,877)
Lowest share price (Yen)	696	1,016	1,417	1,153 (2,111)	1,755 (1,778)

Notes: 1. The number of employees is the number of full-time employees.

2. Diluted earnings per share for the 48th period and for the 50th period and after are not shown because JAST had no outstanding dilutive securities.

3. JAST established a new Board Benefit Trust (BBT) in the 47th period. JAST stock remaining in the BBT (192,708 shares for the 48th, 191,200 shares for the 49th, 298,400 shares for the 50th, 298,400 shares for the 51st, and 298,400 shares for the 52nd) is included in treasury shares in shareholders' equity and deducted from the number of shares issued to calculate the average number of shares outstanding during the period for the calculation of earnings per share.

4. JAST conducted a 2-for-1 common stock split on October 1, 2022 and April 1, 2024. Net assets per share, earnings per share, diluted earnings per share, and shareholder return have been calculated as if these stock splits have taken place at the beginning of the 48th period. For the 51st period, the highest and lowest share prices are the prices after incorporating the stock splits, and the prices before the stock split are shown in parentheses. The share price at the end of the 52nd period is the ex-rights price after the 2-for-1 stock split on April 1, 2024. Therefore, the price-earnings ratio for the 52nd period is the share price after the split divided by earnings per share adjusted to incorporate this split.

5. The highest and lowest share prices are prices on the Tokyo Stock Exchange Prime Market beginning on April 4, 2022, and prices on the First Section of the Tokyo Stock Exchange before that date. For the 52nd period, the share prices in parentheses are the highest and lowest ex-rights prices after the stock split on April 1, 2024.

6. Beginning with the 50th period, JAST has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures for the 50th period and afterward incorporate this accounting standard.

7. The dividend per share of 32 yen for the 51st period includes a commemorative dividend of 5 yen.

## 2. Company History

Month & Year	Events
March 1973	Founded Japan System Techniques Co., Ltd. for the purpose of software development at 55, Uchihonmachi Hashizumecho, Higashi-ku (currently Chuo-ku), Osaka
July 1977	Established the Tokyo Branch Office in Minato-ku, Tokyo
February 1980	Relocated the Head Office to Sumitomo Nakanoshima Building, 2-18 Nakanoshima 3-chome, Kita-ku, Osaka
September 1982	Established JAST TECHNIQUES PTE. LTD., a system development company in Singapore
April 1987	Established a dual head office system, with headquarters in Osaka and Tokyo
February 1991	Registered as a “systems integrator” company with the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
March 1993	Relocated the Head Office to Dojima Axis Building, 2-28 Dojimahama 2-chome, Kita-ku, Osaka Relocated the Tokyo Branch Office to Koishikawa MI Building, 10-20 Koishikawa 5-chome, Bunkyo-ku, Tokyo
October 1994	Launched software package GAKUEN series, a school office work support integrated system
March 1997	Certified as a “systems integrator” company by the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
August 1998	Launched GAKUEN REVOLUTION (academic affairs), a large-scale integrated school office work support system for universities
April 1999	Started to provide outsourcing services
February 2000	Launched UNIVERSAL PASSPORT, a software package that enables university staff and students to exchange information over a web-based environment
March 2000	Acquired all shares of JASTEC (THAILAND) CO., LTD., a system development company in Thailand owned by JAST TECHNIQUES PTE. LTD.
May 2001	Obtained the PrivacyMark certification from the Japan Information Technology Services Industry Association
November 2001	Listed on the JASDAQ market
March 2002	Launched GAKUEN REVOLUTION (corporations), a large-scale integrated school office work support system for universities
February 2003	Listed on the Second Section of the Tokyo Stock Exchange
April 2003	Relocated the Tokyo Head Office to Taiyo Seimei Shinagawa Building, 16-2 Konan 2-chome, Minato-ku, Tokyo
December 2003	Communication Business Division obtained ISO14001 certification
April 2004	Solutions Division No. 1 at Tokyo Head Office obtained ISMS certification
August 2005	Relocated the Osaka Head Office to Nakanoshima Central Tower, 2-7 Nakanoshima 2-chome, Kita-ku, Osaka
August 2006	Acquired all shares of Alpha Computer Co., Ltd. (marketer of IT systems to educational institutions), making it a subsidiary
September 2006	Launched GAKUEN UNIVERSAL PASSPORT EX
March 2007	Launched GAKUEN REVOLUTION EX series and GAKUEN EX series related to academic affairs
June 2008	Launched GAKUEN REVOLUTION EX (accounting and finance)
October 2008	Tokyo Systems Headquarters obtained ISO27001 (ISMS) certification
February 2010	Launched corporation-related GAKUEN EX series (accounting and finance)
August 2010	Launched JMICS, automated electronic health insurance claims checking system service
December 2010	Entire Tokyo Head Office obtained ISO27001 (ISMS) certification
January 2012	Medical Information Service Division obtained ISO9001 and ISO27001 certifications
July 2012	Acquired shares of NewNeeds Co., Ltd., SafeNeeds Co., Ltd. and GuiLin Anxin Software Co., Ltd., making them subsidiaries Entire Osaka Head Office obtained ISO9001, ISO14001 and ISO27001 certifications
February 2013	Relocated the Osaka Head Office to Nakanoshima Festival Tower, 3-18 Nakanoshima 2-chome, Kita-ku, Osaka
March 2014	The whole company obtained ISO9001, ISO14001 and ISO27001 certifications
April 2014	Launched GAKUEN EduTrack an integrated e-learning system
November 2014	Relocated and expanded the Tokyo Head Office to the upper floors in the same building
September 2015	Investment in Shanghai Jiafeng Information Technology Co., Ltd. completed, making it a subsidiary
May 2016	Acquired shares of ISR Co., Ltd., making it a subsidiary
June 2017	Stock listing moved to the First Section of the Tokyo Stock Exchange
November 2017	Had a stake in CO-WELL Co., Ltd., and strengthened this collaboration
April 2018	Established JAST Asia Pacific Co., Ltd., a system development company as ASEAN regional headquarters in Thailand
July 2018	Launched GAKUEN UNIVERSAL PASSPORT RX

Month & Year	Events
August 2018	Healthcare Innovation Business Division Western Japan Region obtained ISO20000 (ITSMS) certification
November 2018	Acquired shares of Virtual Calibre Group, making it a subsidiary
January 2019	Entire Healthcare Innovation Business Division Region obtained ISO20000 (ITSMS) certification
May 2019	Acquired shares of AG NET PTE.LTD., making it a subsidiary
September 2019	Established a capital and business alliance with TerraSky Co., Ltd.
April 2020	Launched GAKUEN RX
September 2020	Launched GAKUEN Subscription
October 2020	Launched mieHR, a human resource management service
October 2020	Launched iBss, a business support system for insurers in the JMICS Service of Medical big data business
May 2021	Launched SMART BankNeo
July 2021	Established JAST Health Insurance Association
July 2021	Released Coromiru, a coronavirus information application service through the joint development
October 2021	Launched Office DX, a facial recognition product
April 2022	Moved to the Prime Market due to the restructuring of the market classification of the Tokyo Stock Exchange
August 2022	Established Bright & Better Co., Ltd., a system development company in Thailand
December 2022	Established Virtual Calibre Consulting India Pvt. Ltd., a system development company in India
March 2023	50th anniversary of JAST's establishment
May 2023	Received DX business operator certification from the Ministry of Economy, Trade and Industry
January 2024	Acquired shares of K-SHIP Co., Ltd., making it a subsidiary
April 2024	Absorbed ISR Co., Ltd.



### 3. Description of Businesses

JAST and its 14 consolidated subsidiaries (collectively, the “Group”) engages in four businesses: the digital transformation and system integration (DX&SI) business, package business, medical big data business, and global business. 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.

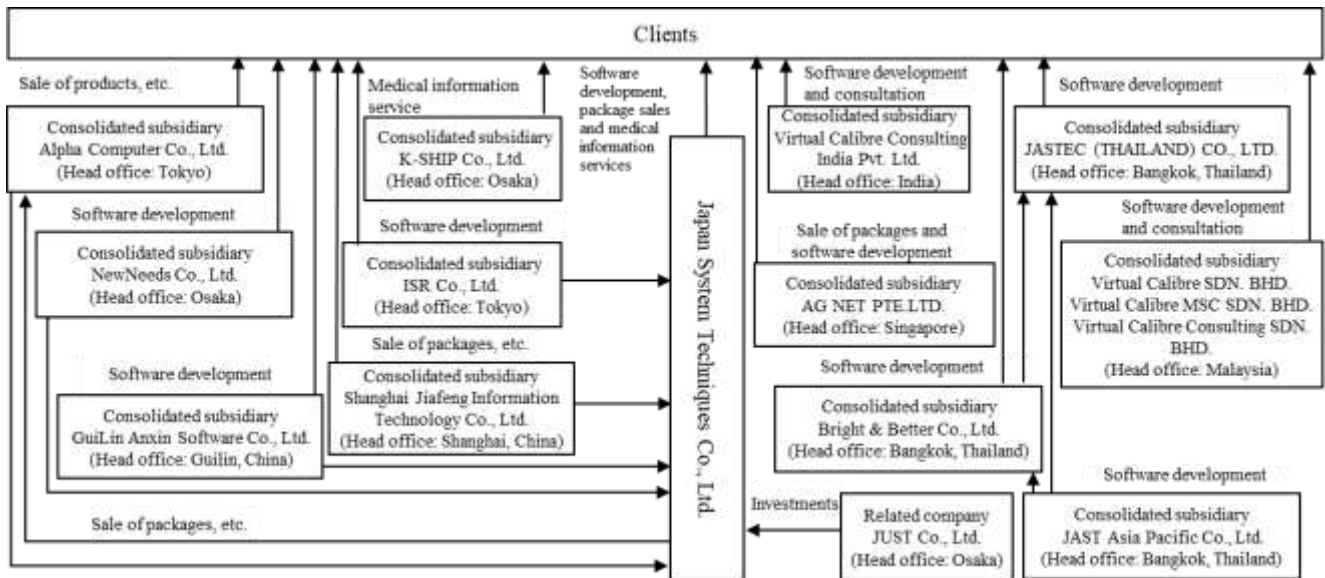
The following is the classification by business segment.

Segment	Sector	Main Business	Company Name
DX&SI business	Business applications (office work processing system)	<ul style="list-style-type: none"> <li>• Systems for the manufacturing industry including production management, logistics management, and order management</li> <li>• Systems for the retail and service industries including store information, procurement, shipment management, virtual shopping malls, area marketing analysis using GIS (Geographic Information System), vehicle dispatch and sales support systems</li> <li>• Systems for financial institutions including accounts, information, global operations, business administration, and card loans</li> <li>• Systems for the securities industry including equity trading, investment trusts, dealing, and Internet securities trading</li> <li>• Systems for the insurance industry including contract management and non-life new reserves</li> <li>• Systems for the public sector including phone billing, tax revenue management, resident information, postal accounts, and highway ETC (Electronic Toll Collection)</li> <li>• Systems for application and acceptance of tests and education support services</li> <li>• Systems for website production, smartphone app development, and related network businesses</li> <li>• Accounting, personnel, ERP package introduction support, customer relations management (CRM) systems, data warehousing construction, data analysis services, and other office work processing systems</li> <li>• Office DX solutions using facial recognition technology (reception system, marketing system, work attendance record-keeping system)</li> <li>• Cashless system for internal use</li> <li>• Human resource management service “mieHR”</li> <li>• Oil and gas related business support systems</li> <li>• Cloud-based order and inventory management system for retailers</li> <li>• Sale and maintenance of computers, network equipment, and software packages</li> </ul>	Japan System Techniques Co., Ltd. Alpha Computer Co., Ltd. NewNeeds Co., Ltd. ISR Co., Ltd.

Segment	Sector	Main Business	Company Name
DX&SI business	Engineering applications (communications, control, technology systems)	<ul style="list-style-type: none"> <li>Embedded software for smart devices, digital audio-visual equipment, and car mounted systems</li> <li>IT/telecom systems for terrestrial digital broadcasts, mobile communications, car navigation, and simulators</li> <li>Driving support system, Home Energy Management System (HEMS), IoT-based system, and other systems</li> </ul>	Japan System Techniques Co., Ltd. Alpha Computer Co., Ltd. NewNeeds Co., Ltd. ISR Co., Ltd.
Package business	Strategic university management system	<ul style="list-style-type: none"> <li>Development, sales, maintenance, and introduction support for school office work support integrated system GAKUEN RX series, and contract development of related systems</li> <li>Development, sales, maintenance, and introduction support for university integrated web service system GAKUEN UNIVERSAL PASSPORT RX and contract development of related systems</li> <li>School operations system consultation, End User Computing (EUC) support, and Business Process Reengineering (BPR) support and operation services</li> <li>Provision of GAKUEN QlikView, a decision support system for university management</li> <li>Development, sales, maintenance, and introduction support for GAKUEN EduTrack, an online educational support system, and contracted development of related systems</li> <li>Provision of UNIPAPay, an electronic money issuance and settlement platform and related services and hardware, including ticket vending machines and POS registers</li> <li>Development, sale, and maintenance of hardware products such as Certificate-Issuing Kiosk and IC attendance management terminals</li> <li>Provision of cloud-based infrastructure services for universities</li> <li>Provision of software services to universities by subscription</li> </ul>	Japan System Techniques Co., Ltd. Alpha Computer Co., Ltd. Shanghai Jiafeng Information Technology Co., Ltd.
	Information systems integration package for financial institutions	<ul style="list-style-type: none"> <li>Development, sales, maintenance, and introduction support for BankNeo, a data integration package for financial institutions, and contracted development of related systems</li> <li>Cloud BankNeo Management System using a public cloud platform for the management by financial institutions of goods and cash received from customers</li> </ul>	

Segment	Sector	Main Business	Company Name
Medical big data business	Inspections, analysis and related services for medical information data	<ul style="list-style-type: none"> <li>Provision of automated inspection services for health insurance claims JMICS (JAST Medical Insurance Checking System)</li> <li>Cloud services for checking service providers</li> <li>Medical cost optimization services such as generic drug price difference notification and appropriate drug guide</li> <li>Data health plan implementation support services, including medical expenditure analysis and analysis-based consulting</li> <li>Support for health business for health insurance associations using systems and business process outsourcing (BPO)</li> <li>Provision of one-stop Insurers Business Support System (iBss)</li> <li>Service planning &amp; development and help desk for RezeptPlus<sup>*1</sup>, a cloud-based health insurance claims management system for welfare public assistance</li> <li>Services utilizing anonymously processed health insurance claims and special medical examination data</li> <li>Development of a model for predicting the risk of severe COVID-19 symptoms in collaboration with academia, provision of Coromiru <sup>*2</sup>, an app for predicting COVID-19 infection risk</li> </ul> <p><sup>*1</sup> RezeptPlus is a joint venture with Fujitsu Japan Limited <sup>*2</sup> Coromiru was jointly developed with Data4cs K.K.</p>	Japan System Techniques Co., Ltd. NewNeeds Co., Ltd. K-SHIP Co., Ltd.
Global business	IT services for overseas offices	<ul style="list-style-type: none"> <li>Consulting and related services for integrated ERP implementation</li> <li>Consulting and related services for accounting ERP implementation</li> <li>Development, sale, maintenance, and implementation support of HRM solution AFHRM, and contract development of related systems</li> <li>Implementation of settlement-related systems and development of related services for the manufacturing industry</li> <li>Provision of offshore development services at overseas development sites</li> <li>Contracted development of various business applications</li> </ul>	JASTEC (THAILAND) CO., LTD. JAST Asia Pacific Co., Ltd. Bright & Better Co., Ltd. GuiLin Anxin Software Co., Ltd. Virtual Calibre SDN. BHD. Virtual Calibre MSC SDN. BHD. Virtual Calibre Consulting SDN. BHD. Virtual Calibre Consulting India Pvt. Ltd. AG NET PTE.LTD.

The diagram below provides a visual representation of the positioning and relationships of businesses within the Group.



#### 4. Affiliated Companies

Name of Company	Location	Share Capital	Main Line of Business	Holding/Held Ratio of Voting Rights (%)	Relationship
(Consolidated subsidiary) Alpha Computer Co., Ltd. (Note 4)	Shinagawa-ku, Tokyo	Million yen 80	DX&SI business (Sales of computer systems)	100	Client of our packages and other products
(Consolidated subsidiary) NewNeeds Co., Ltd.	Kita-ku, Osaka	Million yen 10	DX&SI business (Development and sales of software)	100	Subcontractor of software development Debt guarantee
(Consolidated subsidiary) ISR Co., Ltd.	Chiyoda-ku, Tokyo	Million yen 24	DX&SI business (Development and sales of software)	100	Subcontractor of software development
(Consolidated subsidiary) K-SHIP Co., Ltd.	Toyonaka City, Osaka	Million yen 55	Medical big data business (Health insurance invoice processing and verifications)	100	
(Consolidated subsidiary) JASTEC(THAILAND) CO.,LTD. (Note 1)	Thailand	1,000 Thai Baht 3,000	Global business (Development and sales of software)	49	Concurrent directors
(Consolidated subsidiary) JAST Asia Pacific CO., Ltd.	Thailand	1,000 Thai Baht 10,000	Global business (Development and sales of software)	99.97	Concurrent directors
(Consolidated subsidiary) Bright & Better Co., Ltd. (Note 2)	Thailand	1,000 Thai Baht 2,000	Global business (Development and sales of software)	48.90	Concurrent directors
(Consolidated subsidiary) GuiLin Anxin Software Co., Ltd.	China	10,000 yuan 210	Global business (Development and sales of software)	90	Subcontractor of software development
(Consolidated subsidiary) Shanghai Jiafeng Information Technology Co., Ltd.	China	10,000 yuan 440	Package business (Sales and development of software)	94.45	Concurrent directors
(Consolidated subsidiary) Virtual Calibre SDN. BHD.	Malaysia	1,000 Malaysian Ringgit 1,000	Global business (Development and sales of software)	100	Concurrent directors
(Consolidated subsidiary) Virtual Calibre MSC SDN.BHD.	Malaysia	1,000 Malaysian Ringgit 3,000	Global business (Development and sales of software)	100	Concurrent directors

Name of Company	Location	Share Capital	Main Line of Business	Holding/Held Ratio of Voting Rights (%)	Relationship
(Consolidated subsidiary) Virtual Calibre Consulting SDN.BHD. (Note 3)	Malaysia	1,000 Malaysian Ringgit 1,500	Global business (Development and sales of software)	30 [30]	Secondment of directors
(Consolidated subsidiary) Virtual Calibre Consulting India Pvt. Ltd.	India	1,000 Indian rupees 20,000	Global business (Development and sales of software)	100 [100]	
(Consolidated subsidiary) AG NET PTE.LTD. (Note 4)	Singapore	1,000 Singapore dollars 2,774	Global business (Development and sales of software)	100	Concurrent directors
(Related company) JUST Co., Ltd.	Nishi-ku, Sakai, Osaka	Million yen 50	Real estate management	Held (23.36)	Concurrent directors

- Notes: 1. Although JAST's voting rights are less than 50/100, it is considered a JAST's subsidiary because it is substantially controlled by JAST due to secondment of directors and concurrent directors.
2. Although JAST's voting rights are less than 50/100, it is considered a JAST's subsidiary because it is substantially controlled by JAST due to concurrent directors.
3. Although JAST's voting rights are less than 50/100, it is considered a JAST's subsidiary because Virtual Calibre MSC SDN. BHD. owns 30/100 of this company and JAST substantially controls this company through secondment of directors.
4. This company is a specified subsidiary.
5. There are no companies reporting securities filings or annual reports.
6. Figures in parentheses in the holding ratio of voting rights represent the percentage of indirectly held votes.

## 5. Employees

### (1) Consolidated basis

As of March 31, 2024

Segment	Number of employees
DX&SI business	723
Package business	228
Medical big data business	157
Global business	617
Corporate (common)	122
Total	1,847

- Notes: 1. The number of employees represents the number of full-time employees. The number of temporary employees (including seasonal workers, part-timers, and temporary workers from agencies, excluding permanent part-timers) is omitted because their total number is less than 10/100 of the number of employees.
2. The number of corporate (common) employees represents the number of employees belonging to administrative departments, etc., which cannot be classified into any particular segment.

### (2) Non-consolidated basis

As of March 31, 2024

Number of employees	Average age	Average years of service	Average annual salary (Thousand yen)
1,009	35.4	9.6	6,213

Segment	Number of employees
DX&SI business	589
Package business	223
Medical big data business	93
Corporate (common)	104
Total	1,009

- Notes: 1. Average annual salaries are actual figures for the fiscal year ended March 31, 2024, and include bonuses and non-standard wages.
2. The number of employees represents the number of full-time employees. The number of temporary employees (including seasonal workers, part-timers, and temporary workers from agencies, excluding permanent part-timers) is omitted because their total number is less than 10/100 of the number of employees.
3. The number of corporate (common) employees represents the number of employees belonging to administrative departments, etc., which cannot be classified into any particular segment.

### (3) Labor union

No labor union has been formed, but labor-management relations are amicable.

### (4) Percentage of female workers in managerial positions, percentage of male workers taking childcare leave, and gender wage gap

#### (i) Non-consolidated basis

FY3/24				
Percentage of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Gender wage gap (%) (Note 1)		
		All workers	Permanent full-time workers	Part-time and fixed-term workers
7.7	33.3	77.4	77.3	66.3

- Notes: 1. Gender wage gap is calculated in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. Percentage of workers taking childcare leave is stipulated in Article 71-4, paragraph (1) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No.25, 1991), and calculated in accordance with the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991)

## II. Business Overview

### 1. Management Policy, Business Environment and Issues to be Addressed

#### (1) Management policy

JAST, since its inception, has maintained its complete independence by keeping itself unaffiliated with other corporate groups, based on the corporate philosophy of “making society a better place by creating and providing new types of IT services.” While consistently pursuing the latest technologies, JAST has remained free to take on development projects in a wide variety of areas, unconstrained by industry, technology, or platform. We have achieved long-term, stable growth in business performance by combining unchanging principles that never cease being true even as the years pass and flexible management that is adapted to match the times or surroundings.

#### (2) Management strategies, etc.

Although the Japanese economy is showing a recovery trend with the support of consumer spending and an improvement in the labor market, the outlook is expected to remain uncertain due to high prices of materials and energy worldwide, exchange rate volatility, and other reasons. In the IT industry, there is rapid progress involving AI and other digital technologies, increasing diversification of software development methods, including no-code and low-code platforms, and many digital transformation activities at companies. As a result, growth of the IT market is expected to continue. Furthermore, this growth will be accompanied by challenges concerning labor shortages and increasingly heated competition on a global scale.

For more progress in this business climate, the Group has examined additional measures for accomplishing the goals of the current medium-term plan and established an action plan. In addition, as we celebrate our 50th anniversary, we are taking action to enable our group to continue creating value for many more years. Actions include the establishment of a new long-term vision and medium-term plan concerning our corporate image, business portfolio, scale of operations and other aspects of the Group’s activities.

The central theme of the Group in the fiscal year ending in March 2025 is “use JAST’s DNA for more progress during the next 50 years.” In the DX&SI business, which is our largest core business, we plan to focus on services, solutions and other value-added business activities. In addition, we plan to build a new business model in order to make this business highly profitable and to expand operations to more business domains. In the package, medical big data and other businesses using our own brands, our goals are more upgrades of the functions and quality of all flagship products. To make our brand even more powerful, we also plan to create new businesses and services and move faster for their growth, make strategic R&D investments, and establish alliances with other companies. By taking these actions, we are also aiming to continue to grow in every business domain where we operate. In the global business, our goals are expanding the SAP business to more markets, upgrading the performance of current products and providing a broad range of solutions. In addition, we plan to use alliances for the development and sale of new products for the sustained growth of the global business.

#### (3) Objective indicators used to assess if management targets have been achieved

JAST understands the importance of achieving the sales and profit targets it announces every fiscal year. Based on the standpoint of increasing corporate value by earning returns on shareholders’ equity, JAST’s basic policy is a steady, long-term growth in line with results of operations while taking into consideration the cost of capital. Return on equity (consolidated), which had declined in recent years due to extraordinary losses and other factors, has also improved significantly to 17.8% in the fiscal year ended March 31, 2024. This was attributable to new business development and improved project quality due to strengthening of sales and management promotion departments, as well as to the strengthening of management systems at overseas subsidiaries.

#### (4) Business environment

Although the Japanese economy is showing a recovery trend with the support of consumer spending and an improvement in the labor market, the outlook remains uncertain due to high prices of materials and energy worldwide,



exchange rate volatility, and other reasons.

In the IT industry in Japan, according to the latest statistics in the “Survey of Selected Service Industries” by the Ministry of Economy, Trade and Industry (the final March 2024 figures), net sales continued to climb, rising 6.7% year on year for 2023 compared with 3.8% annual growth in 2022. Despite this growth, the outlook for the IT industry is extremely uncertain.

#### (5) Business and financial issues to be prioritized

First, in the DX&SI business, we divide our business portfolio into the following three areas and plan to increase earnings by using alliances and further improving our proposal and negotiation skills to expand the scale of operations as a core business: “SI” to expand in high-value-added business domains by using proposal-based DX collaborative development, “Solution” to propose solutions based on advanced technologies to help resolve customers’ issues; and “Service” to provide a wide range of digital services, from operation and maintenance to data science and consulting.

Second, the package business deals in the GAKUEN series package—with the mainstays of GAKUEN, an integrated school office work support system and UNIVERSAL PASSPORT, an integrated web service system for universities—and the BankNeo, a data integration package that provides total support for financial institution operations. We will expand sales of the current businesses by leveraging the powerful GAKUEN brand that we have established and at the same time, provide and expand new learning environments by developing comprehensive services for education DX that go beyond the education big data business and IT services. With the BankNeo package, we will promote cloud computing, continuously create niche solutions, and take on challenges such as creation of new products and collaborations with other companies to expand into the regional DX market and increase business performance.

Next, in the medical big data business, our ultimate goal is goal is to become a comprehensive provider of health care DX services. Toward that goal, we aim to expand our one-stop service lineup for insurers that is centered on the JMICS automated electronic health insurance claims checking system and the iBss business support system for insurers. We also plan to build a new business model for data utilization services, reinforce consulting operations by using a team with specialized knowledge, and take other actions in order to enlarge the base for generating earnings. Furthermore, we use alliances with academic institutions to create new ideas and M&A and business alliances to enter new markets and expand our presence in these markets.

In our global business, we have development and sales bases in major regions of China and South Asia, primarily in ASEAN countries where economic growth rates are high. In this business, our goal is to accelerate our growth along with the expansion of the DX market, chiefly in the world’s most digitally advanced countries. One initiative is the use of consultation services for using mcframe<sup>\*1</sup>, SAP<sup>\*2</sup> and other ERP products with the goals of helping customers with the DX of their operations and of expanding sales channels to the Pacific Rim, Middle East and other regions where we do not yet operate. We are also upgrading and expanding functions of AGHRM, a cloud personnel management solution, and using alliances to create and launch new products faster.

\*1. mcframe is a registered trademark of Business Engineering Corporation and a generic name for a product group consisting mainly of SCM/ERP software.

\*2. SAP is a registered trademark of SAP SE, and is a group of business applications that are typical of enterprise core system packages consisting of an accounting system, logistics system, sales system, human resource system, etc. in a company.

## 2. Approach to Sustainability and Initiatives

The Group’s approach to sustainability and its initiatives are as follows. Forward-looking statements are based on the judgment of the Group as of the end of the current fiscal year.

### (1) Governance







Based on the corporate philosophy of “making society a better place by creating and providing new types of IT services,” the Group strives to do what is best for our four key stakeholders: customers, shareholders, employees and society. We hope to maximize value for all stakeholders and achieve medium- and long-term growth of corporate value with the sustainable growth of business operations.













As a longstanding corporate social responsibility (CSR) initiative, we have incorporated the Seven Key Principles and Seven Core Subjects of the ISO26000, an international standard that defines the principles and subjects of social responsibility of organizations through their core business, into our business operations. Moreover, we have obtained environmental management system-related ISO14001 certification (international standard for environmental management systems) and are, thus, continually implementing the PDCA cycle.

In July 2021, we announced the SDGs Declaration and view the achievement of the sustainable development goals (SDGs) as a shared challenge for all Japan System Techniques employees. We are also working to ensure the continuation and improvement of sustainability priority issue initiatives within the PDCA cycle.

The Group has designated these core subjects and priority issues as materialities (material issues) involving sustainability and is organizing a structure and implementing specific initiatives in order to integrate these issues with its business activities.

ISO26000 Core subjects	JAST Group Initiatives
Organizational governance	Strengthening of corporate governance Continuous operation and improvement of internal control systems Establishment of a risk management system Dialog with stakeholders Multistakeholder policy
Human rights	Respect for human rights and prohibition of discrimination
Environment	Management activities conforming to ISO14001 Energy-saving programs in offices
Labor practices	Proper work-life balance Support for diversity Regular improvement activities by the Occupational Safety and Health Committee Health and productivity management initiatives
Fair operating practices	Fostering a compliance-oriented mindset (regular awareness-raising training)
Consumer issues	Obtaining ISO9001 and personal information protection management system (P mark) certification
Community involvement and development	Community cleanup activities Bell mark, eco-cap collection activities Donations (money and materials) Volunteer activities (support for disaster-affected areas)

Sustainability priority issues	JAST Group Initiatives
 Industry and ICT innovation	Making society a better place by creating and providing new types of IT services Supporting structure transformation of industry with ITC Contribution to co-creation and collaboration system establishment and ecosystem transformation Working in solidarity with Group and partner companies
   Support for ICT-driven learning activities	Providing a comprehensive solution in building the future of universities ICT-driven, high-quality classroom support and technology-based education Facilitating improved educational quality through the use of educational big data Realization of recurrent education (lifelong learning) environment AI and IoT research development aimed at the digitalization of education Providing new services for the Generation Z
  Contribution to health care cost optimization and health promotion	Using medical big data to contribute to health care cost optimization for insurers and promotion of the health of the insured Joint research efforts with academia and others to help find solutions to address disease, including infectious diseases, and medical challenges Open-sourcing medical big data

	Efficiency enhancement of financial operations based on information systems integration package	Contributing to society via information systems integration package business aimed at financial institutions
 	Contribution to enterprise transformation via digitalization promotion	Cashless service for employee cafeterias and offices “mieHR” human resources data platform Office DX—Facial recognition-based attendance recording
 	Health and productivity management initiatives	Health and productivity management promotion Promotion of regular health examinations and multiphasic health screenings Elimination of long working hours Communication promotion initiatives (e.g., events) Physical and mental health promotion
	Provision of learning opportunities	A robust in-house training system (e.g., in-house professional certification programs) Internships (providing students with systems engineering work experience) Supporting education and learning through systems development
  	Diversity initiatives	Hiring and fair treatment without consideration of race, nationality, gender, etc. A variety of in-house systems for supporting a variety of work styles Contract with “Work Happiness Farm” run by S-POOL Plus Inc.
  	Environmental load mitigation	Initiatives to promote paperless offices via DX promotion Initiatives to address environmental issues in our offices, data centers and elsewhere

## (2) Strategies

Regarding the various strategies related to the Group’s materialities stated in “(1) Governance” above, the divisions in charge of each theme have established policies and plans to resolve the issues and are continuously implementing the PDCA cycle. Among the Group’s materialities, the policy on human resource development, which includes ensuring diversity in human resources, and the policy on internal environment improvement are shown below.

Policies on human resource development and internal environment improvement:

Through the JCPL (JAST Certified Project Leader) system, an in-house certification system, we develop IT engineers with the knowledge and skills necessary for project management and provide a training curriculum aimed at developing DX personnel, as well as conduct working group activities with selected management-level personnel.

In order to improve employee engagement, wellbeing, and employee retention, we strive to establish a system that allows each employee to fully demonstrate their abilities with a sense of fulfillment in their work while maintaining a good work-life balance, a comfortable work environment where employees can continue working with peace of mind, and settings that enable employees to work without restrictions on time and place. Specific measures are as follows.

(i) Measures to improve engagement

Aiming to maintain and improve organizational strength over the medium term, we conduct surveys to objectively identify organizational issues. Based on the understanding of engagement levels through this survey, we implement engagement improvement activities.

(ii) Health and productivity management promotion and perspectives on well-being

We are strategically and systematically working on health and productivity management, positioning efforts to understand and continuously improve the health status of employees as an essential investment in enhancing individual and organizational performance.

(iii) Telework program

We have realized a location-independent work style by development of operational rules, digitization, paperless work, or other measures with the aim of maintaining and improving organizational and individual productivity, thereby achieving both diversification of work styles and a favorable work-life balance.

(3) Risk management

The Group is making company-wide efforts to manage risk related to sustainability activities by comprehensively identifying and responding to issues and assessments from CSR activities and SDGs promotion activities, as well as requests and expectations from stakeholders. The Group is striving to enhance its risk management system and has established a system to report the status and results of its efforts to the Board of Directors as appropriate. For details of risk management, please refer to “3. Business Risks.”

(4) Indicators and targets

Among the indicators and targets relating to the Group’s materialities stated in “(1) Governance” above, the policy on human resource development, which includes ensuring diversity in human resources, and the policy on internal environment improvement are shown below.

With regard to the indicators relating to the policy on human resource development, which includes ensuring diversity in human resources, and the policy on internal environment improvement stated in “(2) Strategies” above, although specific efforts are being made at JAST, along with data management of related indicators, it is difficult to present them on a consolidated basis because not all companies in the consolidated group are doing so. For this reason, the targets and results for the following indicators are those of the reporting company, which operates the main business in the consolidated group.

Indicators relating to policies on human resource development and internal environment improvement, and targets and results thereof:

Indicator	Target	Result (FY3/24)
Percentage of female workers in managerial positions	20% by March 2028	7.7%
Percentage of male workers taking childcare leave	80% by March 2028	33.3%
Gender wage gap	85% by March 2028	77.4%

Note: The actual figures of the percentage of female workers in managerial positions, percentage of male workers taking childcare leave, and gender wage gap are disclosed in “I. Company Overview, 5. Employees, (4) Percentage of female workers in managerial positions, percentage of male workers taking childcare leave, and gender wage gap.”

### 3. Business Risks

Of the matters related to Business Overview and Financial Information stated in this Annual Securities Report, the management has recognized that the items listed below constitute major risk factors that may have a material impact on the financial position, operating results, and cash flows of consolidated companies. This section contains forward-looking statements based on the Group's estimates and assumptions made as of the filing date of this Annual Securities Report.

(i) Risks related to unprofitable projects and defects in products and services

The progress of digital technologies, including AI, big data and blockchain, diversification of development methods such as low-code/no-code, and the rapid progress and increase in utilization of new information processing technologies represented by the cloud, have made the information systems we are involved in developing more and more complex. As a result, there is an increasing risk of unprofitable projects due to the need to go back and redo certain steps, the result of inadequate definitions of system specifications and incompatibilities, and the inability to determine accurate estimates. Moreover, the demands of clients regarding quality have become stricter as public interest in quality and defect issues related to IT products and services increases, given the growing impact of these defects on society. The Group is thoroughly educating employees about improving and stabilizing the quality of products and services, strengthening screening functions during the quote and order process, improving quote technology, and reinforcing project management. Nevertheless, the Group cannot rule out the possibility of unprofitable projects and defects that could cause higher costs due to client indemnities and product repairs, and with credit deterioration. These risk factors may result in a material impact on the Group's business performance.

(ii) Risks related to information management, misuse, and negligence

Because the Group handles critical information, including medical data, it has formulated internal guidelines, trained employees, and holds regular inspections conducted by professional organizations to thoroughly prevent the leak of confidential or personal information involving clients or employees, as well as accidents due to negligence of all kinds, and misuse. Moreover, cyber-security risks have become a serious management issue as cyber-attacks become increasingly sophisticated. For this reason, we have established the JAST-SIRT as a CSIRT<sup>\*1</sup> to monitor and analyze cyber security threats and strengthen our response capabilities. In addition, we have purchased information leak liability insurance to be prepared for worst-case scenarios. However, accidents and fraud may occur because no preventive measures are absolutely reliable, and the occurrence of these problems could lower the Group's creditworthiness, require indemnities, and result in a material impact on the Group's business performance.

\*1. Stands for Computer Security Incident Response Team, which is a generic name for a group of professionals that responds to computer security incidents.

(iii) Risks related to litigation

The Group is subject to the risk of litigation related to its operations in all business areas. Litigation or other legal actions may result in an order to pay an unexpectedly large amount of damages that, depending on the amount, could have a significant impact on the Group's performance and financial position.

(iv) Risks related to maintaining a development infrastructure

Due to factors such as the diversification of digital technology and the increasing sophistication of expertise, the industry faces difficulties in securing excellent human resources. Our group maintains a development infrastructure by hiring new graduates and mid-career employees and obtaining people from subcontractors. However, if the volume of orders changes and we are unable to hire a sufficient number of people, the Group's operations may be disrupted. Furthermore, if the unit price of outsourcing orders rises due to a breakdown in the supply-demand balance, inflation or other factors, the Group's business performance may be affected. We are working on reducing exposure to these risk factors by strengthening our internal structure for relationships with excellent partner companies and recruiting engineers through overseas offshoring and nearshoring in Japan. Furthermore, we are increasing employee engagement activities to improve retention, working on health and productivity management, and using other measures that benefit employees.

(v) Risks in technological innovation and new product development

The Group makes substantial investments in R&D to develop products and discover new business seeds. However, in a rapidly changing industry, it is not always possible to accurately forecast future demand and constantly develop and supply new products and services that result in appropriate earnings. If there is a significant difference between the scale of prior investments and the subsequent monetization of these investments, the forecast of future performance and growth of the Group may be affected.

(vi) Risks of corporate acquisitions, etc.

When conducting corporate acquisitions and other activities, the Group performs thorough preliminary assessments of the financial position and business of the target company and collects and examines the necessary and sufficient information for decision-making. However, it is not always possible to identify and resolve all concerns in every project through this preliminary research. Sales and earnings due to the acquisition or other action may be far below expectations after the acquisition or other action has been completed because of issues that the Group was not aware of occur or the inability to capture synergies as anticipated because of a change in the business climate or business operations or some other reason. If any of these problems occur, the business performance of JAST and the Group may be affected by the impairment of goodwill or other intangible assets in the consolidated financial statements or a decrease in the valuation of shares of affiliated companies in the non-consolidated financial statements. Besides, although we are working to strengthen the development and sales systems and governance of subsidiaries in order to contribute to the growth of the corporate value of the Group, a downturn in the business performance of a subsidiary or deterioration in the geopolitical environment could affect the business performance and financial position of the Group.

(vii) Risks associated with large-scale disasters and pandemics

To be prepared for a natural disaster, such as a major earthquake or a global outbreak of an infectious disease (pandemic) that would make it difficult to conduct business, the Group has established a business continuity plan and guidelines. Furthermore, the Group has a system and environment to enable an initial response and the rapid restoration of business operations. The main offices of the Group have advanced disaster prevention capabilities to ensure business continuity. The data center used by the Group has high standards regarding security measures and disaster countermeasures such as earthquake resistance. In addition, we have established the necessary plans and systems to ensure business continuity during a pandemic and are taking thorough measures to prevent infections. Consequently, at this time, these risks do not have a significant impact on the Group's business. However, if an event or situation beyond a company's control were to occur and business interruption became unavoidable, the Group's performance and financial position could be affected.

(viii) Risk of economic downturn

The Group has taken full advantage of having no affiliations with other companies to operate businesses without depending on specific industries, technology fields, or manufacturers. This characteristic makes the Group relatively unaffected by economic trends. However, if the Japanese economy or overseas economy slumps for a prolonged period of time, the Group's performance may be affected as client companies curtail system development investments due to declining profitability.

(ix) Risks associated with the concentration of earnings near the end of each fiscal year

A unique feature of the Group's businesses is that customers' inspections of SI development, solutions, services, packaged products, and other items tend to take place mainly in March, the last month of the fiscal year for most clients. Since most of our orders are recognized as revenue based on the progress of fulfilling the performance obligations, quarterly sales and operating profit are generally leveled out. However, for some projects not subject to revenue recognition based on the degree of completion, sales and earnings still tend to be recognized at the end of the fiscal year.

Quarterly sales and operating profit for the fiscal years ended March 31, 2023 and 2024:

(Million yen)

FY3/23					
	Q1	Q2	Q3	Q4	Total
Sales	5,119	5,884	5,631	6,884	23,519
Operating profit	261	742	556	825	2,385

(Million yen)

FY3/24					
	Q1	Q2	Q3	Q4	Total
Sales	5,640	6,492	6,395	7,655	26,183
Operating profit	122	881	610	1,176	2,791

(x) Risk of product obsolescence

The products handled by the Group are procured from manufacturers and distributors, but some products have large minimum order quantities and are subject to the risk of inventory obsolescence. The Group exercises care to accurately forecast required quantities while monitoring sales conditions. However, if procured products become obsolete or if procurement is delayed due to stagnation in the supply chain caused by raw material shortages or other reasons, resulting in the inability to supply customers promptly and the loss of business opportunities, the Group's business results may be adversely affected. In addition, if product defects or other problems occur, the Group's business results may be affected due to compensation to customers, product repairs, and other expenditures.

(xi) Risks associated with the valuation of assets

The Group owns marketable securities and other assets under investments and other assets. The amount of these assets is considerably smaller than current assets, which can be easily converted to cash. Nevertheless, unpredictable or rapid changes in market prices or the bankruptcy of issuers, while difficult to forecast, could reduce the value of these assets, impacting the Group's performance.

(xii) Risks associated with the global business

The Group has several subsidiaries in China, ASEAN, and South Asia. All of these companies are vulnerable to suspensions of the provision of systems and services and the effects of exchange rate movements caused by revisions in policies and laws resulting from political, economic or social changes in countries and regions they operate as well as by international conflicts and other events. These risk factors may affect the Group's business performance and financial position.

(xiii) Risks related to revenue recognition

Revenues from contracts with customers of JAST and its consolidated subsidiaries mainly consist of software made-to-order. For contracts where the performance obligation is fulfilled over a specified period, the progress of fulfilling the performance obligation is estimated, except when the period is extremely short, and revenue based on the progress is recognized for that period. When estimating the total cost of construction, which is the basis for the recognition of revenue based on the progress of fulfilling the performance obligation, JAST takes the utmost care and secures project management. However, errors in estimating the total cost of construction in a timely and appropriate manner could result in the misrecognition of revenues based on the progress of fulfilling the performance obligation. For projects where the estimated cost exceeds the estimated revenue, JAST strictly assesses the recoverable amount and recognizes a loss for the unrecoverable amount. If costs increase in the future, additional losses may be recognized.

## 4. Management's Analysis of Financial Status, Operating Results and Cash Flows

### (1) Overview of Operating Results

Financial status, operating results and cash flows (hereafter "Operating Results") of JAST and its consolidated subsidiaries, hereafter "the Group") in the current fiscal year are as follows.

#### (i) Financial Status

Balance sheet of the Group at the end of the current fiscal year is as follows.

##### (Assets)

The balance of current assets at the end of the current fiscal year was 15,710 million yen (up 10.7% year on 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 4,311 million yen at the end of the current fiscal year (up 33.6% year on year).

##### (Liabilities)

The balance of current liabilities at the end of the current fiscal year was 5,222 million yen (up 11.0% year on year). This was mainly due to increases in contract liabilities (advances received for business activities), accrued expenses and income taxes payable. The balance of non-current liabilities was 2,087 million yen at the end of the current fiscal year (up 10.2% year on year).

##### (Net assets)

The balance of total net assets was 12,712 million yen at the end of the current fiscal year (up 17.5% year on year).

#### (ii) Status of Operating Results

Consolidated sales of the Group were 26,183 million yen (up 11.3% year on year). Operating profit was 2,791 million yen (up 17.0% year on year), ordinary profit was 2,861 million yen (up 16.8% year on year), and profit attributable to owners of parent was 2,086 million yen (up 17.8% year on year). Business segment performance was as follows.

##### (DX&SI business)

Segment sales increased 6.4% from one year earlier to 15,251 million yen and the operating profit increased 8.3% to 2,250 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 increased 9.9% from one year earlier to 4,933 million yen and the operating profit increased 10.6% to 1,383 million yen. There was an increase in sales of program products, installation and support services, and IT equipment involving the GAKUEN series, a strategic university management system. Sales of program products for BankNeo, an information systems integration package for financial institutions, were lower than one year earlier.

##### (Medical big data business)

Segment sales increased 30.8% from one year earlier to 2,644 million yen and the operating profit was up 50.2% to 686 million yen. The performance of this business improved primarily due to increased sales of highly profitable analysis services, a cloud-based health insurance claims management system for welfare public assistance, and other services.

##### (Global business)

Segment sales increased 25.5% from one year earlier to 3,354 million yen and the operating profit increased 48.4% to 402 million yen. This can be largely attributed to higher sales resulting from the large number of orders received for SAP installation support services in Malaysia, even though there were lower sales in SI development projects in China.

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

Corporate general and administrative expenses increased 15.5% from one year earlier to 1,931 million yen. This increase was attributable mainly to more education and training programs as the number of employees increased, more recruiting



activities, and expenditures involving the addition of office space and upgrading the IT infrastructure.

(iii) Status of Cash Flows

Cash and cash equivalents increased 722 million yen from 6,793 million yen at the beginning of the current fiscal year to 7,515 million yen at the end of the current fiscal year.

Cash flows by category were as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities totaled 1,888 million yen, compared with 1,073 million yen provided in the previous fiscal year. This difference was mainly due to an increase in profit before income taxes and a decrease in payments of other payables.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled 761 million yen, compared with 541 million yen used in the previous fiscal year. This difference was mainly due to increases in purchase of property, plant and equipment and loan advances while there were proceeds from purchase of shares of a subsidiary resulting in change in scope of consolidation.

(Cash Flows from Financing Activities)

Net cash used in financing activities totaled 424 million yen, compared with 280 million yen used in the previous fiscal year. This difference was mainly due to an increase in dividends paid.

(iv) Production, Order Entry and Sales

a. Production

Production performance in each segment in the current fiscal year is as follows:

Name of Segment	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)	Year-on-Year Comparison (%)
DX&SI business (Thousand yen)	12,166,359	105.5
Package business (Thousand yen)	2,842,899	112.2
Medical big data business (Thousand yen)	1,574,343	128.8
Global business (Thousand yen)	2,324,012	121.7
Total (Thousand yen)	18,907,615	110.0

Note: The amounts are based on cost of sales and transactions between segments are eliminated by offsets.

b. Orders Received

The status of orders received in each segment in the current fiscal year is as follows:

Name of Segment	Amount of Orders Received	Year-on-Year Comparison (%)	Balance of Orders Received	Year-on-Year Comparison (%)
DX&SI business (Thousand yen)	16,009,454	109.8	4,856,304	118.5
Package business (Thousand yen)	5,861,940	122.8	3,115,646	142.5
Medical big data business (Thousand yen)	2,391,185	113.4	561,549	68.9
Global business (Thousand yen)	3,354,411	125.5	-	-
Total (Thousand yen)	27,616,991	114.4	8,533,500	120.2

Note: The amounts are based on sales price and transactions between segments are eliminated by offsets.

c. Sales Performance

The sales performance in each segment in the current fiscal year is as follows:

Name of Segment	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)	Year-on-Year Comparison (%)
DX&SI business (Thousand yen)	15,251,285	106.4
Package business (Thousand yen)	4,933,451	109.9
Medical big data business (Thousand yen)	2,644,373	130.8
Global business (Thousand yen)	3,354,411	125.5
Total (Thousand yen)	26,183,521	111.3

Notes: 1. Transactions between segments are eliminated by offsets.

2. The following table indicates sales amounts to major customers and their ratios to total sales amount.

Customers	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)		Customers	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)	
	Amount (Thousand yen)	(%)		Amount (Thousand yen)	(%)
NTT COMWARE CORPORATION	2,102,664	8.9	NTT COMWARE CORPORATION	2,197,223	8.4
TIS Inc.	1,371,510	5.8	TIS Inc.	1,290,283	4.9
Honda Motor Co., Ltd.	1,083,936	4.6	Honda Motor Co., Ltd.	1,196,342	4.6

(2) Views and issues analyzed/discussed with regard to the status of operating results, etc. from the management's perspective

Views and issues analyzed/discussed with regard to the status of operating results, etc., from the management's perspective are as follows.

Forward-looking statements are based on the judgment as of the end of the current fiscal year.

(i) Significant accounting estimates and assumptions thereof

The Group's consolidated financial statements are prepared based on accounting principles generally accepted in Japan. In preparing these consolidated financial statements, accounting estimates are made based on reasonable criteria for matters requiring estimation.

The information on significant accounting estimates and assumptions used for preparing consolidated financial statements is disclosed in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, Significant Accounting Estimates."

(ii) Recognition, analysis and discussions of the status of financial position and operating results

a. Financial position

Recognition, analysis and discussions of financial status is stated in "II. Business Overview, 4. Management's Analysis of Financial Status, Operating Results and Cash Flows, (1) Overview of Operating Results, (i) Financial Status."

b. Operating results

Recognition, analysis and discussions of the status of operating results is stated in "II. Business Overview, 4. Management's Analysis of Financial Status, Operating Results and Cash Flows, (1) Overview of Operating Results, (ii) Status of Operating Results."

c. Cash flows

Recognition, analysis and discussions of the status of cash flows is stated in "II. Business Overview, 4. Management's Analysis of Financial Status, Operating Results and Cash Flows, (1) Overview of Operating Results, (iii) Status of Cash Flows." Trends of cash flow-related indicators are as follows:

#### Cash flow indicators

	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24
Equity ratio (%)	47.7	53.0	58.9	61.8	63.2
Equity ratio based on market value (%)	42.1	64.2	101.9	128.3	222.1
Interest-bearing debt to cash flow ratio (years)	3.6	0.2	0.0	0.0	0.0
Interest coverage ratio (times)	94.1	615.0	1,009.9	1,730.2	4,733.2

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.

#### (iii) Capital resources and funds' liquidity

##### a. Cash flows

Analysis of cash flows for the current fiscal year is stated in "II. Business Overview, 4. Management's Analysis of Financial Status, Operating Results and Cash Flows, (1) Overview of Operating Results, (iii) Status of Cash Flows."

##### b. Financial policy

The basic policy of the Group is to keep the liquidity needed for operating business and funds resources consistently.

Short-term working capital is basically financed by internal funds or short-term loans from financial institutions, while capital investment funds and long-term working capital are basically financed by long-term loans from financial institutions.

The Company has commitment line contracts with four banks, totaling 500 million yen as of the end of the current fiscal year (no outstanding balance of facilities drawn).

#### (iv) Factors that have material impacts on operating results

Factors that have material impacts on operating results are presented in "II. Business Overview, 3. Business Risks."

#### (v) Analysis of capital resources and the funds' liquidity

The Group raises funds necessary for its business activities, including working capital and capital investment, through its funds and loans from financial institutions.

We plan to finance future needs through cash flows from operating activities and loans.

#### (vi) Awareness of the issues by management and future policies

Issues for future growth are presented in "II. Business Overview, 1. Management Policy, Business Environment and Issues to be Addressed."

#### (vii) Management policy, management strategies, and objective indicators used to assess if management targets have been achieved

The Group recognizes net sales, targets for each category of earnings, and the return on equity (ROE), all on a consolidated basis, as key management indicators.

In the current fiscal year, net sales were 26,183 million yen, 3.5% higher than the forecast of 25,300 million yen announced on May 12, 2023; operating profit was 2,791 million yen, 9.9% higher than the forecast of 2,540 million yen; ordinary profit was 2,861 million yen, 10.1% higher than the forecast of 2,600 million yen; and profit attributable to owners of parent was 2,086 million yen, 11.0% higher than the forecast of 1,880 million yen. The consolidated return

on equity (ROE) was 17.8%.

On May 13, 2024, we announced the consolidated sales and earnings forecast for the fiscal year ending March 31, 2025: net sales of 28,570 million yen, operating profit of 3,150 million yen, ordinary profit of 3,200 million yen, and profit attributable to owners of parent of 2,300 million yen. We are determined to accomplish these goals while taking actions aimed at continuing to improve the consolidated return on equity (ROE).

Other priorities from a medium to long-term perspective are increasing profitability to a level that exceeds the cost of capital and maximizing corporate value. We are also aiming for a consistent increase in the return on invested capital (ROIC) and market capitalization. In the fiscal year that ended in March 2024, the ROIC was 17.2% and market capitalization was 44.9 billion yen.

## **5. Important Contracts, etc., in Operations**

Not applicable.

## **6. Research and Development Activities**

Total research and development expenses for the current fiscal year amounted to 353,128 thousand yen. Research and development activities for segments are as follows:

In the DX&SI business, research and development expenses totaled 74,952 thousand yen as a result of research and development for the creation of new businesses and the development of next-generation products for financial institutions.

In the package business, research and development expenses totaled 126,339 thousand yen mainly as a result of upgrades to the performance of BankNeo, an information systems integration package for financial institutions, and the development of new functions for the GAKUEN series, strategic university management systems.

In the medical big data business, research and development expenses totaled 98,955 thousand yen mainly due to activities to improve the performance of automated check of health insurance claims and to expand services.

Research and development expenses that do not belong to a specific business totaled 52,880 thousand yen.

### **III. Information about Facilities**

#### **1. Capital Expenditures Overview**

Capital investment of 525,672 thousand yen was made in the current fiscal year. Details in each segment are as follows:

In the DX&SI business, capital investment of 305,140 thousand yen was made to expand office space and to install equipment and build a system for stabilizing the internal system environment.

In the package business, capital investment of 116,918 thousand yen was made to expand office space and to enhance facilities and equipment for improving work efficiency.

In the medical big data business, a capital investment of 59,552 thousand yen was made to expand office space and to install equipment for automated inspection of health insurance claims and for handling the increased volume of analytical data processing.

In the global business, a capital investment of 44,060 thousand yen was made to improve work efficiency.

Note: Capital expenditures include investments in intangible assets as well as property, plant and equipment.

## 2. Major Facilities

Major facilities of the Group are as follows:

### (1) Reporting company

As of March 31, 2024

Office (location)	Segment	Description of facilities	Book value (Thousand yen)				Number of employees
			Buildings and structures	Land area (m <sup>2</sup> )	Other	Total	
Osaka Head Office (Kita-ku, Osaka-shi)	DX&SI business, package business, medical big data business	Offices and development facilities	59,467	-	124,028	183,495	439
Osaka Head Office (Kita-ku, Osaka-shi)	Not part of a specific business	Offices and office equipment	358,978	-	112,366	471,344	71
Tokyo Head Office (Minato-ku, Tokyo)	DX&SI business, package business, medical big data business	Offices and development facilities	57,221	-	19,746	76,967	438
Tokyo Head Office (Minato-ku, Tokyo)	Not part of a specific business	Offices and office equipment	32,371	-	3,006	35,378	28
Kitashinagawa Office (Shinagawa-ku, Tokyo)	Package business, medical big data business	Offices and development facilities	18,467	-	6,699	25,167	33
Kitashinagawa Office (Shinagawa-ku, Tokyo)	Not part of a specific business	Offices and office equipment	36,328	-	819	37,147	-
Training facility and company dormitory (Hirakata-shi, Osaka)	Not part of a specific business	Employee welfare facilities	37,527	142,361 [1,579.92]	457	180,346	-

- Notes: 1. The Osaka Head Office, Tokyo Head Office, and Kitashinagawa Office are rented offices in buildings. The annual rent is 586,085 thousand yen.  
2. "Other" under book value mainly includes tools, furniture and fixtures such as computers for development and software.

### (2) Domestic subsidiaries

As of March 31, 2024

Company name	Office (location)	Segment	Description of facilities	Book value (Thousand yen)				Number of employees
				Buildings and structures	Land area (m <sup>2</sup> )	Other	Total	
Alpha Computer Co., Ltd. (Notes 1, 2)	Head Office (Shinagawa-ku, Tokyo)	DX&SI business, package business	Offices and development facilities	3,349	-	1,378	4,728	50
NewNeeds Co., Ltd. (Notes 1, 3)	Head office (Kita-ku, Osaka-shi)	DX&SI business, medical big data business	Offices and development facilities	-	-	423	423	85
ISR Co., Ltd. (Notes 1, 4)	Head office (Chiyoda-ku, Tokyo)	DX&SI business	Offices and development facilities	938	-	5,961	6,899	42
K-SHIP Co., Ltd.	Head office (Toyonaka-shi, Osaka)	Medical big data business	Offices and work facilities	1,362	-	6,293	7,656	43

- Notes: 1. The head office is a rented office in a building.  
2. The number of employees includes 2 employees on loan from JAST.  
3. The number of employees includes 4 employees on loan from JAST.  
4. The number of employees includes 1 employee on loan from JAST.

(3) Overseas subsidiaries

As of March 31, 2024

Company name	Office (location)	Segment	Description of facilities	Book value (Thousand yen)				Number of employees
				Buildings and structures	Land area (m <sup>2</sup> )	Other	Total	
JASTEC (THAILAND) CO., LTD. (Note 1)	Head Office (Thailand)	Global business	Offices and development facilities	2,085	-	4,067	6,152	17
GuiLin Anxin Software Co., Ltd. (Note 1)	Head Office (China)	Global business	Offices and development facilities	-	-	1,754	1,754	34
Shanghai Jiafeng Information Technology Co., Ltd. (Note 1)	Head Office (China)	Package business	Offices	3,140	-	-	3,140	1
JAST Asia Pacific Co., Ltd. (Thailand) (Notes 1, 2)	Head Office (Thailand)	Global business	Offices and development facilities	-	-	32	32	1
Virtual Calibre SDN. BHD. (Note 1)	Head Office (Malaysia)	Global business	Offices and development facilities	36,097	-	17,391	53,488	261
Virtual Calibre MSC SDN.BHD. (Note 1)	Head Office (Malaysia)	Global business	Offices and development facilities	34,553	-	113,310	147,864	108
Virtual Calibre Consulting SDN. BHD. (Notes 1, 2)	Head Office (Malaysia)	Global business	Offices and development facilities	34,708	-	11,341	46,049	158
AG NET PTE.LTD. (Note 1)	Head Office (Singapore)	Global business	Offices and development facilities	4,728	-	415	5,144	16
Bright & Better Co., Ltd. (Note 1)	Head Office (Thailand)	Global business	Offices and development facilities	-	-	629	629	9
Virtual Calibre Consulting India Pvt. Ltd	Head Office (India)	Global business	Offices and development facilities	-	-	419	419	13

Notes: 1. The head office is a rented office in a building.  
2. The number of employees includes 1 employee on loan from JAST.

### 3. Plans for Capital Investment and Disposals of Facility

The Group formulates capital investment plans based on comprehensive consideration of economic forecasts, industry trends, investment efficiency, and other factors. In principle, each group company develops its capital expenditure plan individually, and the reporting company plays a central role in coordinating the plans.

As of March 31, 2024, significant capital investment plans (new construction and renovation) totaled 410 million yen, and the breakdown by segment is as follows:

#### (1) New construction of major facilities

Company name (Office)	Location	Segment	Description of facilities	Planned investment amount		Financing method	Schedule		Improvements after completion
				Total (Thousand yen)	Amount already paid (Thousand yen)		Commencement	Completion	
JAST (Tokyo Head Office)	Minato-ku, Tokyo	DX&SI business	In-house system integration and office facilities	18,600	-	Self-financing	April 2024	March 2025	Work efficiency
JAST (Tokyo Head Office)	Minato-ku, Tokyo	Package business	In-house system integration and office facilities	2,000	-	Self-financing	October 2024	March 2025	Work efficiency
JAST (Tokyo Head Office)	Minato-ku, Tokyo	Medical big data business	Big data infrastructure development	40,200	-	Self-financing	May 2024	March 2025	Analysis services quality
JAST (Tokyo Head Office)	Minato-ku, Tokyo	Not part of a specific business	In-house system integration and office facilities	235,022	-	Self-financing	April 2024	March 2025	Work efficiency
JAST (Osaka Head Office)	Kita-ku, Osaka-shi	Not part of a specific business	In-house system integration and office facilities	114,351	-	Self-financing	April 2024	March 2025	Work efficiency

Note: There are no material plans of retirement or sale of major facilities, except those for recurring facility renewal.

#### (2) Major renovation

Not applicable.



## IV. Information about Reporting Company

### 1. Shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common stock	64,000,000
Total	64,000,000

Note: The Board of Directors of JAST approved a resolution on February 29, 2024 for a stock split and partial revision to the Articles of Incorporation following the split. In association with this stock split, the total number of authorized shares increased by 32,000,000 shares from 32,000,000 shares to 64,000,000 shares on April 1, 2024, the effective date of the stock split.

(ii) Issued shares

Class	Number of issued shares as of March 31, 2024 (Shares)	Number of issued shares as of the filing date (June 26, 2024) (Shares)	Name of stock exchange on which the company is listed or name of authorized financial instruments firms association with which the company is registered	Description
Common stock	12,418,460	24,836,920	Prime Market of Tokyo Stock Exchange	Standard stock of JAST with no restrictions on rights. The number of shares per one unit is 100 shares.
Total	12,418,460	24,836,920	-	-

Note: In accordance with a resolution of the Board of Directors on February 29, 2024, JAST conducted a 2-for-1 stock split on April 1, 2024. As a result, the number of shares increased by 12,418,460 shares and the total number of shares issued was 24,836,920 shares.

(2) Share acquisition rights

(i) Stock option plans

Not applicable.

(ii) Right plans

Not applicable.

(iii) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in number of issued shares, share capital, and legal capital surplus

(Thousand yen, unless otherwise stated)

Date	Increase (decrease) in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Increase (decrease) in share capital	Balance of share capital	Increase (decrease) in legal capital surplus	Balance of legal capital surplus
April 1, 2021 through March 31, 2022 (Note 1)	597,000	6,209,230	458,739	1,535,409	458,739	1,497,047
April 1, 2022 through March 31, 2023 (Note 2)	6,209,230	12,418,460	-	1,535,409	-	1,497,047

- Notes: 1. From June 2, 2021 to September 22, 2021, due to the exercise of share acquisition rights, the total number of issued shares, share capital, and the legal capital surplus increased by 597,000 shares, 458 million yen and 458 million yen, respectively.
2. JAST conducted a 2-for-1 stock split on October 1, 2022.
3. On February 29, 2024, JAST announced a change in the use of funds from the exercise of share acquisition rights. The following changes were made to the specific uses and planned times of expenditures that were announced on March 5, 2021 in a release concerning the third-party allotment of the second series of warrants with an adjustable exercise price and the signing of a facility contract with a provision for designating the suspension of the exercise of these warrants.

(i) Reason for the change

Since the procurement of these funds, R&D activities for the contracted development of software and for products using JAST's brands have progressed as planned. However, the use of these funds for M&A and capital and business alliances is expected to require more time than initially planned. Activities have been delayed because the pandemic forced a long suspension of the provision of information, surveys, meetings, negotiations and other operations required for M&A and alliances. Now that the impact of the pandemic has ended, due in part to the transition of COVID-19 to Category 5 in May 2023, the volume of M&A and capital and business alliance activities has increased significantly. For example, JAST established a capital and business alliance in January 2024 with K-SHIP Co., Ltd. To continue an aggressive stance regarding M&A and alliances, JAST has extended the end of the expected period for the use of funds from the sale of the second series of warrants for M&A and alliances to March 2026.

(ii) Summary of the change

Before change

Use of funds	Amount (Millions of yen)	Timing of use
R&D for the contracted development of software	210	April 2021 to March 2023
R&D for JAST brand products (GAKUEN, JMICS, BankNeo and others)	550	April 2021 to March 2023
Expenditures for M&A and capital/business alliances	465	April 2021 to <u>March 2024</u>
Total	1,225	

After change

Use of funds	Amount (Millions of yen)	Timing of use
R&D for the contracted development of software	210	April 2021 to March 2023
R&D for JAST brand products (GAKUEN, JMICS, BankNeo and others)	550	April 2021 to March 2023
Expenditures for M&A and capital/business alliances	<u>425</u>	April 2021 to <u>March 2026</u>
Total	<u>1,185</u>	

4. JAST conducted a 2-for-1 stock split on April 1, 2024. As a result, the total number of shares issued increased by 12,418,460 shares to 24,836,920 shares.

(5) Shareholding by shareholder category

As of March 31, 2024

Category	Shareholding status (Number of shares constituting one unit: 100 shares)							Total	Odd-lot shares (Shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.	Non-individuals	Individuals and others		
Number of shareholders	-	9	19	22	79	9	2,428	2,566	-
Number of shares held (units)	-	12,933	1,475	30,700	39,151	31	39,847	124,137	4,760
Percentage of shareholdings (%)	-	10.41	1.19	24.72	31.53	0.02	32.09	100.00	-

Note: Out of 5,184 treasury shares, 51 units are included in “Individuals and others,” and 84 shares are included in “Odd-lot shares.”

(6) Major shareholders

As of March 31, 2024

Name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
JUST Corporation	5-601-1, Hamadera Showacho, Nishi-ku, Sakai-shi, Osaka	2,900,200	23.36
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing proxy: MUFG Bank, Ltd.)	240 Greenwich Street, New York, New York 10286 U.S.A. (2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	2,194,700	17.68
JAST's Employee Shareholding Association	2-3-18 Nakanoshima, Kita-ku, Osaka	951,080	7.66
Interactive Brokers LLC (Standing proxy: Interactive Brokers Securities Japan Inc.)	One Pickwick Plaza Greenwich, Connecticut 06830 USA (3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo)	819,900	6.61
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	788,200	6.35
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	313,400	2.52
Taku Hirabayashi	Nishi-ku, Sakai-shi, Osaka	278,640	2.24
Takeaki Hirabayashi	Nishi-ku, Sakai-shi, Osaka	194,000	1.56
The Bank of New York Mellon 140040 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	240 Greenwich Street, New York, NY 10286 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	166,400	1.34
Custody Bank of Japan, Ltd. (Trust Account E)	1-8-12 Harumi, Chuo-ku, Tokyo	149,200	1.20
Total	-	8,755,720	70.54

Notes: 1. JAST holds 5,184 treasury shares but is excluded from the above major shareholders. The Company has established a Board Benefit Trust (BBT), and the 149,200 shares of the JAST's stock held by Japan Custody Bank, Ltd. (Trust Account E) are not included in treasury shares above.

2. According to the Change Report that was made available for public inspection on January 12, 2024, the shares of JAST were held by MIRI Capital Management LLC as of January 4, 2024 with the detail shown below. However, JAST did not include such information in the table above because it could not confirm the number of shares effectively held by this company as of March 31, 2024. The detail of the Change Report is as follows:

Name	Address	Number of share certificates held (thousand shares)	Shareholding ratio (%)
MIRI Capital Management LLC	745 Boylston Street, Suite 301, Boston, MA 02116, USA	3,003	24.18

(7) Voting rights

(i) Issued shares

As of March 31, 2024

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common stock 5,100	-	-
Shares with full voting rights (other)	Common stock 12,408,600	124,086	-
Odd-lot shares	Common stock 4,760	-	-
Total number of issued shares	12,418,460	-	-
Voting rights held by all shareholders	-	124,086	-

- Notes: 1. “Shares with full voting rights (other)” of common stock includes 149,200 shares (1,492 voting rights) of JAST held by the Board Benefit Trust (BBT).  
2. “Odd-lot shares” includes 84 treasury shares held by JAST.

(ii) Treasury shares, etc.

As of March 31, 2024

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' name (Shares)	Total number of shares held (Shares)	Ratio against total shares issued (%)
Japan System Techniques Co., Ltd.	2-3-18 Nakanoshima, Kita- ku, Osaka-shi	5,100	-	5,100	0.04
Total	-	5,100	-	5,100	0.04

- Notes: 1. JAST stock held by the BBT (149,200 shares) is included in the number of treasury shares in consolidated and non-consolidated financial statements.  
2. In addition to the above, JAST holds 84 odd-lot shares.

(8) Explanation of the Director and Employee Stock Ownership Plan

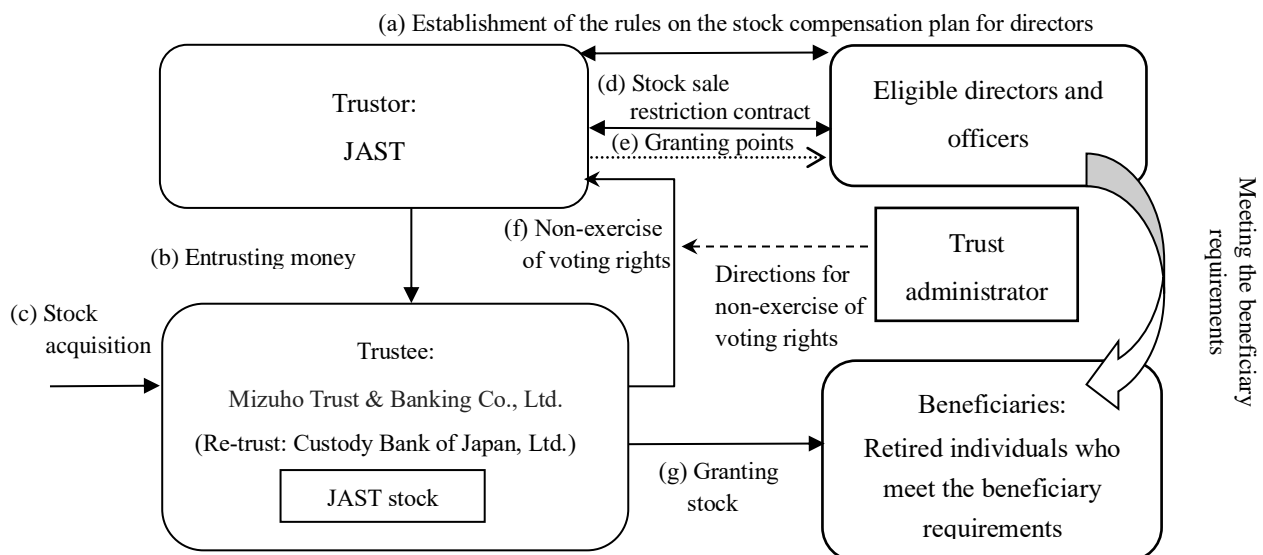
On May 23, 2024, the Board of Directors approved a resolution to submit a proposal at the 52nd Annual General Meeting of Shareholders on June 25, 2024 to establish a Board Benefit Trust-Restricted Stock (BBT-RS) remuneration plan that distributes restricted stock to eligible individuals during their time at JAST. This resolution was based on the assumption that shareholders would also approve a proposal at this shareholders meeting for the change to the Company with an Audit & Supervisory Committee corporate governance system. Both proposals were approved at the shareholders meeting. As a result, the previous remuneration authorization for the prior BBT plan for directors (excluding external directors) has been terminated. The purpose of the BBT-RS plan is to further motivate directors (excluding directors who are members of Audit & Supervisory Committee and external directors, same hereafter unless stated otherwise) and delegated executive officers (collectively the “Eligible Directors and Officers”) to contribute to the growth of corporate value.

i. Overview of the BBT-RS plan

This is a stock compensation plan in which the Eligible Directors and Officers receive stock compensation through the BBT-RS plan. The BBT-RS acquires JAST stock using cash contributions from JAST as the source of funds. The Eligible Directors and Officers receive JAST stock or a monetary amount equivalent to the market value of the JAST stock in lieu of stock compensation in accordance with the rules on the stock compensation plan for directors. In

principle, the Eligible Directors and Officers receive JAST stock once every year at a designated time and receive the monetary amount equivalent to the market value of the JAST stock when they leave JAST. In the BBT-RS plan, points received by directors under the previous BBT plan are paid to these directors as JAST stock or other means at a time designated by JAST. When the Eligible Directors and Officers receive JAST stock while they are still at JAST, these individuals must first sign a stock sale restriction contract with JAST as described in (d) below. In accordance with this contract, the Eligible Directors and Officers are not allowed to sell or transfer ownership in any other way the JAST stock they receive while at JAST.

#### BBT-RS Structure



- (a) JAST will establish the rules on the stock compensation plan for directors within the limits of the compensation approved in this proposal.
- (b) JAST will entrust money in accordance with the approval in this proposal.
- (c) The BBT-RS will acquire JAST stock using the money entrusted in (b) as the source of funds, either through the stock exchange or by subscribing to the disposal of treasury shares.
- (d) The Eligible Directors and Officers who receive JAST stock while at JAST will sign contracts restricting the sale or other transfer of ownership of this stock until an individual leaves JAST. The contract includes a provision allowing JAST to acquire the stock with no payment under certain circumstances.
- (e) JAST grants points to the Eligible Directors and Officers in accordance with the rules on the stock compensation plan for directors.
- (f) The BBT-RS will not exercise voting rights with respect to JAST stock in the trust account in accordance with the instructions of the trust administrator, which is independent from JAST.
- (g) The BBT-RS will grant JAST stock to the Eligible Directors and Officers who meet the requirements for beneficiaries in the rules on the stock compensation plan for directors at a designated time every year in accordance with the number of points granted to these beneficiaries. However, if an eligible director or officer meets the requirements in the rules, a monetary amount equivalent to the market value of the JAST stock will be paid for a certain percentage of the points when an individual leaves JAST.

#### ii. Number of shares acquired by the Trust

The number of shares acquired by the Trust is 298,400. The number of shares to be acquired by the Trust is not determined yet.

#### iii. Beneficiaries and other individuals entitled to rights under this plan

Directors and delegated executive officers of JAST, excluding directors who are Audit & Supervisory Committee members and external directors

## 2. Acquisition and Disposal of Treasury Shares

Class of shares, etc.:

Acquisition of common stock under Article 155, item (vii) of the Companies Act

(1) Acquisition by resolution of Annual General Meeting of Shareholders

Not applicable.

(2) Acquisition by resolution of the Board of Directors

Not applicable.

(3) Acquisition not based on resolution at Annual Shareholders meeting or the Board of Directors

Acquisition of common stock pursuant to Article 155, item (vii) of the Companies Act

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the fiscal year ended March 31, 2024 (Note)	116	244,290
Treasury shares acquired during the period for acquisition	-	-

- Notes: 1. The period for acquisition begins on the day after the last day of the fiscal year and ends on the day this Annual Securities Report was submitted.
2. JAST conducted a 2-for-1 stock split on April 1, 2024. The number of shares for the fiscal year ended March 31, 2024 is the number before this stock split and the number for the period for acquisition is the number after this stock split.
3. Treasury shares acquired during the period for acquisition do not include the number of odd-lot shares purchased between June 1, 2024 and the day this Annual Securities Report was submitted.

(4) Disposal of acquired treasury shares and number of shares held

Category	FY3/24		Period for Acquisition	
	Number of shares (Shares)	Total amount of disposal (Thousand yen)	Number of shares (Shares)	Total amount of disposal (Thousand yen)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares that were disposed of	-	-	-	-
Acquired treasury shares that were transferred for merger, share exchange, share issuance and company split	-	-	-	-
Other	-	-	-	-
Treasury shares held	5,184	-	10,368	-

- Notes: 1. The period for acquisition begins on the day after the last day of the fiscal year and ends on the day this Annual Securities Report was submitted.
2. JAST stock held by the BBT (149,200 shares) is included in the number of treasury shares in consolidated and non-consolidated financial statements.
3. JAST conducted a 2-for-1 stock split on April 1, 2024. The number of shares for FY3/24 is the number before this stock split and the number for the period for acquisition is the number after this stock split.

### 3. Dividend Policy

Our basic policy for dividends is to achieve stable growth over the long term like our business performance. We plan to distribute earnings to shareholders while using as the dividend guidelines a payout ratio of 30% or a dividend on equity (DOE) ratio of 4%.

We will continue our basic policy of using September 30 and March 31 as the record dates for paying dividends to shareholders of record but leave open the option of paying dividends on other dates as well. Regarding the decision-making body for these dividends, the Articles of Incorporation stipulate that dividends may be paid by a resolution of the Board of Directors.

Taking into consideration earnings in FY3/24, JAST decided to pay a dividend of 45 yen (ordinary dividend of 45 yen) on June 11, 2024, based on a resolution by the Board of Directors on April 26, 2024.

The Articles of Incorporation stipulates that JAST may pay interim dividends in accordance with Article 454, Paragraph 5 of the Companies Act of Japan.

The date of resolution by the Board of Directors, total dividends and dividend per share for the dividends with a record date belonging to FY3/24 are as follows.

Date of resolution	Total dividends (Thousand yen)	Dividend per share (Yen)
Board of Directors meeting on April 26, 2024	558,597	45

## 4. Corporate Governance

### (1) Overview of corporate governance

#### (i) Fundamental approach to corporate governance

At JAST, our focus is on management ideally suited to the current economic environment while reflecting the fundamental principles of corporate governance. To accomplish this, and in line with a philosophy which emphasizes what is best for our four key stakeholders—customers, shareholders, employees and society—we pursue win-win relationships with buyers, vendors, and investors, as well as with the public at large. Our goal is to maximize value for all stakeholders and achieve medium and long-term growth of corporate value with the sustainable growth of the Company. As we take actions to accomplish this goal, our corporate officers will sincerely consider all essential inputs as they boldly challenge the status quo and continue aiming for a corporate transformation.

#### (ii) Overview of our corporate governance structure and reasons for its use

At the Annual General Meeting of Shareholders held on June 25, 2024, shareholders approved changes to the Articles of Incorporation for changing from the Company with a Board of Auditors to the Company with an Audit & Supervisory Committee corporate governance system. The reason for this change is to further upgrade this structure by increasing management transparency and speeding up decision making regarding changes in the business climate.

#### A. Summary of our corporate governance structure

The major components of the system of internal controls are as follows.

##### Board of Directors

The Board of Directors consists of 11 members: eight directors (excluding directors who are Audit & Supervisory Committee members) and three directors who are members of the Audit & Supervisory Committee. There are five external directors, three directors and two members of the Audit & Supervisory Committee. The Board of Directors holds regular meetings once every month and meets at other times as needed to enable making decisions about management quickly.

##### Audit & Supervisory Committee

This committee, which has three members, meets once every month. Members of this committee attend meetings of the Board of Directors and other important internal meetings. They state opinions as needed and use other measures to oversee the performance of the directors. This committee is chaired by Masami Yabushita. The members of this committee are shown in section (2) Directors and Audit & Supervisory Committee members.

##### Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a voluntary unit that provides advice to the Board of Directors. The purpose is to increase the independence, objectivity and ability to provide explanations for decisions at the Board of Directors regarding decisions about nomination of director candidates, remuneration of individual directors and other matters involving directors and to further reinforce the corporate governance structure. The committee members are three directors, including two independent, external directors, one of whom chairs the committee.

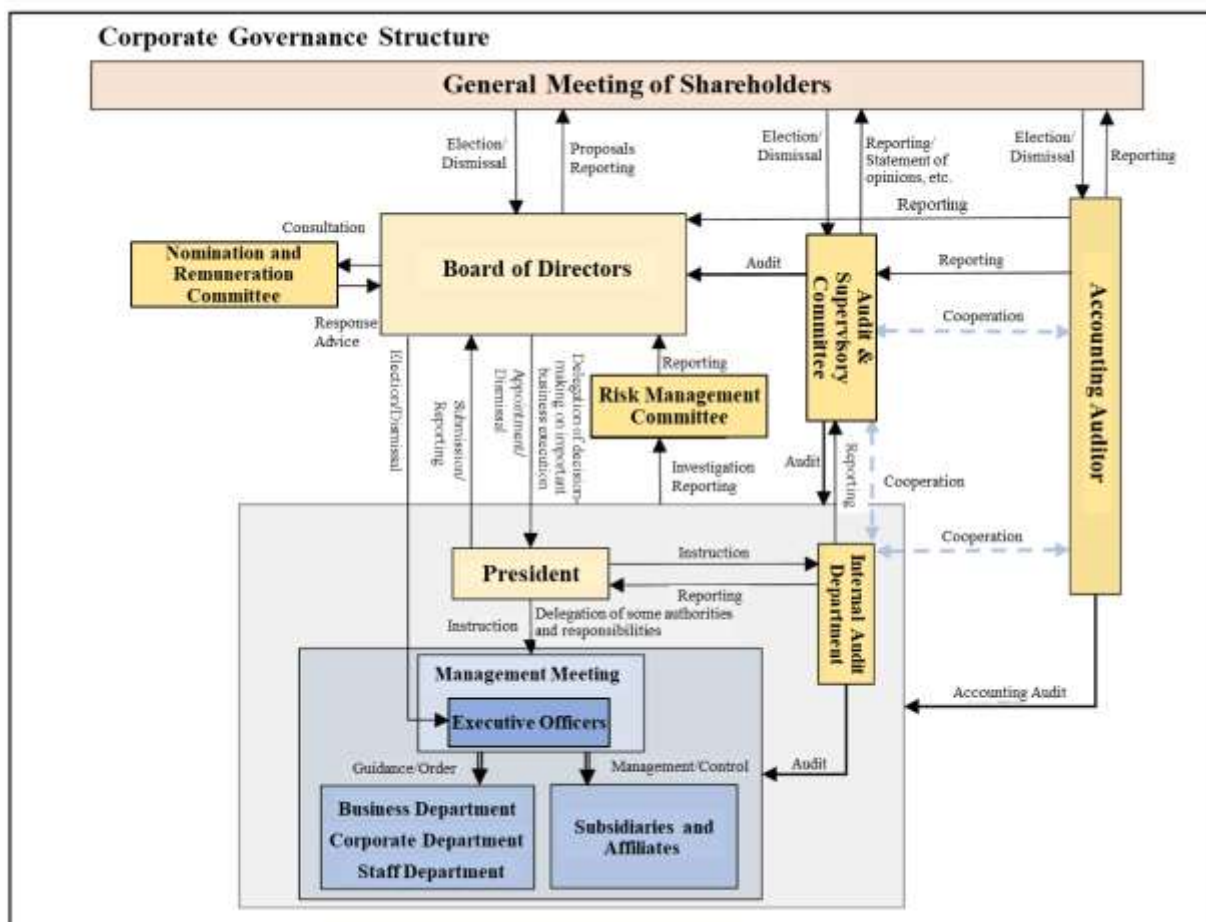
##### Management Meeting

The members of this meeting, which is chaired by the president of JAST, are 10 executive officers and one director who is a member of the Audit & Supervisory Committee. As a rule, this meeting is held twice every month. Members discuss management policies and strategies, business plans, and other important matters involving management and reach decisions. In addition, committee members monitor all types of risk and determine countermeasures and take other actions for the efficiency of managing business operations.



## B. Reasons for using this structure

The JAST corporate governance structure is shown in the following diagram.



We use this corporate governance structure for the purpose of strengthening the management oversight function as businesses are operated in accordance with decisions of the Board of Directors. In this structure, members of the Audit & Supervisory Committee perform the role of overseeing the performance of the directors and attend meetings of the Board of Directors and other important internal meetings to ensure the legality and suitability of all activities involving management and how businesses are operated. From this perspective of corporate governance, we have adopted the current structure.

### (iii) Other matters concerning corporate governance

#### A. Status of the internal control system

JAST has been working in a timely manner to maintain an internal control system mainly by establishing internal regulations, structuring organizations so that mutual checks and balances function effectively, and evaluating and improving the internal control system through internal audits. In accounting audits, the status of internal controls and their operation are reviewed as part of ordinary audit procedures. JAST aims to be fully compliant with the systems involving internal control evaluations and audits. These initiatives include documentation of related business processes, inspections of the status of controls, and evaluations through verifications using internal audits. The Board of Directors reviews the internal control system from time to time by evaluating its operational status and discussing the policy for the maintenance of this system.

#### B. Risk management system

In the event of an emergency, in accordance with our risk management rules, we will promptly perform a series of procedures for fact-checking, investigations, the establishment of a task force, and recovery from the emergency. In addition, the Board of Directors and the Management Meeting discuss risks to JAST and the

Group to take necessary actions.

C. Status of the system to ensure the suitability of business operations at subsidiaries

JAST has established a system to provide guidance and support to subsidiaries, while respecting the autonomy of their management. Subsidiaries regularly submit business and financial reports to JAST's Management Meeting and other units to enable JAST to monitor the management of individual companies. JAST's internal audit department also conducts audits of subsidiaries.

D. Overview of the liability limitation agreement

JAST's Articles of Incorporation stipulate that, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, JAST may, by resolution of the Board of Directors, exempt Directors (including former directors) from liability for damages to the extent legally allowed. This is to ensure that Directors can fully perform the expected roles in conducting their duties.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, JAST has concluded an agreement with directors (excluding directors who are JAST executives) to limit their liability to compensate for damages due to a failure to perform their duties; provided, however, that the limit of liability under this agreement is the amount prescribed by laws and regulations.

E. Overview of the directors and officers liability insurance contract

JAST has concluded a directors and officers liability insurance contract with AIG General Insurance Company, Ltd., as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insured parties of the insurance contract are directors (including two external directors who are Audit & Supervisory Committee members), executive officers and employees in management positions at JAST and its subsidiaries. This insurance contract covers damages that may occur when an insured individual assumes liability for the performance of his or her duties or receives a claim related to the pursuit of this liability. The insurance premiums are fully paid by JAST. There are some exemptions from this insurance coverage to prevent the performance of duties by an insured individual from no longer being suitable. For example, liability insurance does not cover damages resulting from behavior of an insured individual that violates a law or regulation.

JAST plans to extend the insurance contract with the same terms at the next renewal.

F. Maximum number of Directors

The JAST Articles of Incorporation stipulate that the number of directors (excluding directors who are Audit & Supervisory Committee members) is no more than 10 and the number of directors who are Audit & Supervisory Committee members is no more than 5.

G. Resolution requirements for election and dismissal of Directors

The JAST Articles of Incorporation stipulate that resolutions for the election of directors must be approved by a majority of the voting rights held by shareholders present at the meeting who account for not less than one-third of the voting rights of all shareholders entitled to vote. Furthermore, resolutions for the dismissal of directors must be approved by two-thirds or more of the voting rights held by shareholders present at the meeting who represent a majority of the voting rights of all shareholders entitled to vote.

H. Authority for making decisions on dividends of surplus, etc.

The JAST Articles of Incorporation stipulate that the matters stipulated in all items of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, are determined by a resolution of the Board of Directors, unless otherwise provided by laws and regulations. The purpose of this provision is to return profits to shareholders in a flexible manner by giving the Board of Directors the authority to distribute dividends of surplus, etc.

I. Requirements for special resolutions at General Meetings of Shareholders

The JAST Articles of Incorporation stipulate that the special resolutions at General Meetings of Shareholders provided in Article 309, Paragraph 2 of the Companies Act must be approved by two-thirds or more of the voting rights held by shareholders present at the meeting who represent not less than one-third of the voting rights of all shareholders entitled to vote. The purpose of this provision is to facilitate the efficient operation of General Meetings of Shareholders by reducing the quorum for special resolutions at General Meetings of Shareholders.

(iv) Activities of the Board of Directors

JAST held 14 meetings of the Board of Directors during the fiscal year that ended in March 2024. The attendance of individual Directors and Audit & Supervisory Board members is as follows.

Position	Name	Number of meetings held	Attendance
President	Takeaki Hirabayashi	14	14
Senior Executive Director	Hiroaki Ban	14	14
Executive Director	Noriaki Okado	14	14
Director	Yuji Tsuchiya	14	14
Director	Chiharu Muguruma	14	14
Director (Note 1)	Katsuro Sonoda	14	14
Director	Taku Hirabayashi	12	12
External Director	Yutaka Hosoe	14	13
External Director	Mitsugi Hanai	14	14
External Director	Toshiyuki Akiba	14	14
Full-time Audit & Supervisory Board member	Masami Yabushita	12	12
External Audit & Supervisory Board member	Shigeki Taenaka	14	14
External Audit & Supervisory Board member	Jiro Mogami	14	14

Note 1: Mr. Sonoda attended the meetings of the Board of Directors two times as a full-time Audit & Supervisory Board member.

The Board of Directors mainly discusses the following matters.

- Management policies and annual and medium-term management plans of the Group
- Next-generation management structure and management succession
- Development of the next generation of leaders
- Selection of the Representative Director
- Revisions to organizational structure
- Organizational structure policy
- Remuneration system and treatment of directors (and other officers)
- Shareholder return (dividend) policy
- M&A strategies
- Financial strategies
- Annual budget in financial accounting and earnings forecast disclosed
- Appropriation of surplus
- Corporate governance
- Evaluation of cross-shareholdings
- Establishment of and investment in group companies and capital increase to group companies
- Operation of General Meetings of Shareholders
- Establishment of important rules and regulations

(v) Activities of the Nomination and Remuneration Committee

JAST established a Nomination and Remuneration Committee (hereinafter, the “Committee”) on August 22, 2022.

JAST held five meetings of the Committee. The attendance of individual members is as follows.

Position	Name	Number of meetings held	Attendance
External Director	Yutaka Hosoe	5	5
External Director	Toshiyuki Akiba	5	5
External Audit & Supervisory Board member	Shigeki Taenaka	5	5
External Audit & Supervisory Board member	Jiro Mogami	5	5

The Committee deliberates mainly on the following matters, in response to inquiries from Directors, and makes recommendations to the Board of Directors.

- Matters on the election and dismissal of the Representative Director
- Matters on the election and dismissal of Directors
- Matters on remuneration for Directors (including the maximum amount of remuneration for Directors)
- Other material management matters deemed necessary by the Board of Directors

(vi) Basic policy on the control over the company

JAST believes that people who make decisions on the JAST’s business and financial policies should be able to maintain relationships with various stakeholders including shareholders and client companies, as well as to secure and enhance the JAST’s corporate value and the common interests of shareholders over the medium to long term.

On the other hand, as a company whose shares are listed on a financial instruments exchange, we respect free trading of our shares in the market and will not generally reject large-scale purchases of our shares by specific parties, as long as such purchases contribute to securing and enhancing our corporate value and the common interests of our shareholders. We also deem that the decision as to whether or not to accept a proposal for a large-scale purchase of our shares should ultimately be left to the judgment of our shareholders.

Nevertheless, among proposals for large-scale share acquisitions, there may be those that undermine our corporate value and the common interests of our shareholders mainly due to a possibility that we may not be able to maintain good relationships with our stakeholders; those that do not give our shareholders and the Board of Directors the time and information reasonably necessary for them to consider the details of the proposal and for the Board of Directors to present an alternative proposal, and those that do not fully reflect the JAST’s corporate value. For such a proposal, JAST’s Board of Directors believes that it is necessary to protect the corporate value of the Group and the common interests of shareholders by securing the necessary time and information for its shareholders and negotiating with the proposer of a large-scale acquisition of JAST’s shares, as the responsibility of those who are entrusted by shareholders.

(2) Directors and Audit & Supervisory Committee members

i. Directors

11 males, 1 female (Pct. of female officers: 9%)

Official Title	Name	Date of Birth	Brief Career History	Term of Office	Number of the Company Shares Held (Thousands)
President	Takeaki Hirabayashi	April 23, 1938	March 1973 Established the Company, Representative Director April 2005 President and CEO June 2020 President (current)	Note 4	388.00
Director	Hiroaki Ban	January 13, 1961	January 1981 Joined the Company October 2006 Managing Executive Officer, Alpha Computer Co., Ltd. (secondment) June 2010 Director and Managing Executive Officer, Alpha Computer Co., Ltd. (secondment) April 2011 Officer in Charge of Tokyo Software; and General Manager, Eastern Japan Software Division, the Company June 2012 Director in Charge of Tokyo Software; and General Manager, Eastern Japan Software Division, the Company April 2013 Director in Charge of Tokyo Region, the Company April 2014 Director in Charge of Eastern Japan Region, Medical Big Data Business, and Special Projects, the Company June 2019 Executive Director in Charge of Eastern Japan Region, Medical Big Data Business, and Tokyo New Business Promotion, the Company June 2021 Senior Executive Director in Charge of Eastern Japan Region, Medical Big Data Business, Tokyo New Business Promotion, and Global Business, the Company April 2023 Senior Executive Director in Charge of Medical Big Data Business, Tokyo New Business Promotion, Global Business, and Tokyo Management Office, the Company April 2024 Vice President in Charge of Medical Big Data Business, Tokyo New Business Promotion, Global Business, and Staff Departments, the Company (current)	Note 4	84.00

Official Title	Name	Date of Birth	Brief Career History	Term of Office	Number of the Company Shares Held (Thousands)
Director	Yuji Tsuchiya	June 8, 1962	<p>March 1983 Joined the Company</p> <p>April 2012 Officer; and General Manager, GAKUEN Division, the Company</p> <p>April 2014 Officer in Charge of GAKUEN Business, the Company</p> <p>June 2016 Director in Charge of GAKUEN Business, the Company</p> <p>April 2017 Director in Charge of GAKUEN Business and New Business Promotion, the Company</p> <p>April 2019 Director in Charge of GAKUEN Business, New Business Promotion, and BankNeo Business, the Company</p> <p>April 2021 Director in Charge of GAKUEN Business, New Business Promotion, BankNeo Business, and Western Japan System Integration Business, the Company</p> <p>June 2021 Director in Charge of Western Japan Region, GAKUEN Business, New Business Promotion, and BankNeo Business, the Company</p> <p>April 2022 Director in Charge of GAKUEN Business, New Business Promotion, BankNeo Business, and Western Japan System Integration Business, the Company</p> <p>April 2024 Director and Executive Officer in Charge of GAKUEN Business, New Business Promotion, BankNeo Business, and Western Japan System Integration Business, the Company (current)</p>	Note 4	71.40
Director	Chiharu Muguruma	October 22, 1964	<p>April 1988 Joined the Company</p> <p>April 2014 Officer; and General Manager, Eastern Japan Software Business Department, the Company</p> <p>April 2018 Officer in Charge of Eastern Japan System Integration Business, the Company</p> <p>June 2019 Director in Charge of Eastern Japan System Integration Business, the Company</p> <p>January 2020 Director in Charge of Eastern Japan System Integration Business; and Vice General Manager, Overseas Business Division, the Company</p> <p>January 2021 Director in Charge of Eastern Japan System Integration Business; and General Manager, ASEAN Business Division, the Company</p> <p>April 2023 Director in Charge of Eastern Japan System Integration Business; Digital Transformation Promotion; and General Manager, ASEAN Business Division, the Company</p> <p>April 2024 Director and Executive Officer in charge of Corporate Department, General Manager, Management Planning Department, the Company (current)</p>	Note 4	36.60

Official Title	Name	Date of Birth	Brief Career History		Term of Office	Number of the Company Shares Held (Thousands)
Director	Taku Hirabayashi	June 7, 1969	April 1998 April 2017  April 2021  April 2023  June 2023  April 2024	Joined the Company General Manager, Finance and Accounting Department, the Company General Manager, Tokyo Administrative Department, Tokyo Administration Division, the Company Officer in Charge of Management Planning & Business Administration; and General Manager, Management Planning Department, the Company Director in Charge of Management Planning & Business Administration; and General Manager, Management Planning Department, the Company Director and Senior Officer in charge of Finance & IR, the Company (current)	Note 4	557.28
Director	Yutaka Hosoe	August 16, 1959	April 1983 June 2004  January 2006  April 2007 July 2011  July 2014  June 2017	Joined Toyota Industries Corporation Director/Consultant, Admix Partners YK (current) Executive Vice-President, BNI Systems Corp. President, BNI Systems Corp. Executive Vice-President, NTT Data China Outsourcing Co., Ltd. Chief Executive Officer, Innovative Solutions Inc. (current) External Director, the Company (current)	Note 4	-
Director	Toshiyuki Akiba	June 18, 1956	April 1980  March 2004  January 2012  July 2013 June 2015  June 2021	Joined Canon Sales Co., Inc. (now Canon Marketing Japan Inc.) President, Canon Supercomputing S.I. Inc.; and President, Canon Solutions Service Inc., a subsidiary of Canon Supercomputing S.I. Inc. (serving concurrently) Director (part-time), Canon BizAttenda Inc. Director (part-time), Qualysite Technologies Inc. Director, Ftime Corporation Managing Director, Ftime Corporation External Director, the Company (current)	Note 4	-
Director	Gao Yongdong	November 14, 1964	August 1998 December 2002  April 2011  January 2013 January 2015  June 2017  June 2024	Participated in establishment of BNIS Co., Ltd., Director and Vice President Vice Chairman and General Manager, Wuxi Huaxia Computer Technology Co., Ltd. Vice Chairman and General Manager, Wuxi NTT DATA Co., Ltd. Chairman, Wuxi NTT DATA Co., Ltd. President, NTT DATA (China) Information Technology Co., Ltd. Chairman and President, NTT DATA (China) Information Technology Co., Ltd. (current) External Director, the Company (current)	Note 4	-

Official Title	Name	Date of Birth	Brief Career History		Term of Office	Number of the Company Shares Held (Thousands)
Director	Masami Yabushita	June 3, 1965	April 1989 April 2014 April 2015 June 2023 June 2024	Joined the Company General Manager, Logistics Business Division, the Company General Manager, Eastern Japan System Integration Business Division 2, the Company Full-time Audit & Supervisory Board member, the Company Director, Full-time Audit & Supervisory Committee member, the Company (current)	Note 5	7.60
Director	Jiro Mogami	August 2, 1978	November 2007 February 2011 July 2013 June 2014 June 2024	Joined LEGAL PROFESSIONAL CORPORATION HONRYU Joined Yamashita Kawazoe Law Office Joined the Kanon Law Office (current) External Audit & Supervisory Board member, the Company External Director, Audit & Supervisory Committee member, the Company (current)	Note 5	-
Director	Misa Machida	October 11, 1978	October 2003 June 2007 November 2019 June 2024	Joined Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC) Established Machida Accounting Office (current) External Director, ING Co., Ltd. (current) External Director, Audit & Supervisory Committee member, the Company (current)	Note 5	-
Total						1,144.88

- Notes: 1. The Company has introduced the executive officer system to separate the management decision-making and supervisory functions from the execution of operations.
2. Mr. Yutaka Hosoe, Mr. Toshiyuki Akiba, and Mr. Gao Yongdong are external directors.
3. Mr. Jiro Mogami and Ms. Misa Machida are external directors who are Audit & Supervisory Committee members.
4. The term of office will be one year from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024.
5. The term of office will be two years from the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024.



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(ii) External directors (and other officers)

JAST has three external directors and two external directors who are Audit & Supervisory Committee members.

Mr. Yutaka Hosoe, External Director, is the Director and Consultant of Admix Partners YK, and the Chief Executive Officer of Innovative Solutions Inc., and has abundant experience and a broad range of knowledge in the leading-edge IT consulting business and business model reconstruction, including global business. He has made useful statements on matters such as the realization of the Group's growth strategies, evaluation and review of the execution of strategies, and approaches to risks.

Mr. Toshiyuki Akiba, External Director, has a large network of contacts including IT vendors, abundant experience, and a broad range of knowledge in the information and communication industry, as he held multiple important positions including Representative Director at other companies. He has provided useful comments and advice on matters such as the improvement of the Group's presence in the market and stock market, as well as business succession to the next generation.

Mr. Gao Yongdong has accumulated abundant experience in the IT industry, including important positions at a major Japanese SI group company, and JAST expects him to point out and make proposals on issues related to the overall management of JAST based on his global insight; therefore, JAST has nominated him.

Mr. Jiro Mogami, External Director who is an Audit & Supervisory Committee member, is an attorney at law of Kanon Law Office. From his professional perspective as an attorney at law, he has provided advice and recommendations on corporate governance and internal control to ensure the validity and appropriateness of the decision-making of the Board of Directors.

Ms. Misa Machida, External Director who is an Audit & Supervisory Committee member, is a representative of Machida Accounting Office and External Director of ING Co., Ltd. JAST has nominated her because JAST expects that she will be able to utilize her knowledge related to accounting and tax affairs in general from the expert viewpoint as a certified public accountant and certified public tax accountant in the auditing system of JAST.

There are no personal, business, or other interests between JAST and External Directors, and the entities where they hold concurrent positions.

In appointing External Directors, JAST refers to the criteria for determining the independence of independent officers stipulated by the Tokyo Stock Exchange and other relevant standards. The JAST's basic policy is to select candidates who can contribute to the sustainable growth of JAST and the enhancement of its corporate value over the medium to long term, in accordance with the independence criteria stipulated in the "Practical Considerations in Electing Independent Officer" established by the Tokyo Stock Exchange.

(iii) Mutual coordination among supervision or audits by External Directors and internal audits, audits by the Audit & Supervisory Committee members, and accounting audits, as well as their relationship with internal control departments

External Directors exchange opinions at meetings of the Audit & Supervisory Committee upon receiving information shared by the full-time Directors who are Audit & Supervisory Committee members that is not brought up for discussion at the Board of Directors meetings. They supervise or audit Directors and the Board of Directors by asking questions and making statements based on their respective areas of expertise and knowledge at the Board of Directors meetings.

To enhance JAST's audit systems including internal audits, audits by the Audit & Supervisory Committee members, and accounting audits, the Audit & Supervisory Committee, the Accounting Auditor, and Internal Audit Department share information on their audit plans and the status of audits, and exchange opinions on matters including audit findings as necessary during each fiscal year. The Internal Audit Department, as the secretariat for the internal control evaluation and reporting, oversees the evaluation of internal control departments and reports its status and results to the Management Meeting.

(3) Audits

(i) Audits by the Audit & Supervisory Committee

The corporate governance structure changed from the Company with a Board of Audit & Supervisory Board members to the Company with an Audit & Supervisory Committee system in accordance with a proposal approved at the Annual General Meeting of Shareholders on June 25, 2024.

The Audit & Supervisory Committee has three members: one director who is a full-time committee member and two external directors.

Based on auditing policies and plans determined by the Audit & Supervisory Committee, members of this committee attend meetings of the Board of Directors and other important internal meetings, examine minutes of meetings, contracts, accounting records and other documents, interview people, and receive reports on the results of internal audits performed by internal auditors. In addition, committee members exchange opinions with the accounting auditor as needed to maintain a sound relationship and working closely with this auditor. Committee members also work closely with the corporate auditors of consolidated subsidiaries for the purpose of increasing the effectiveness of audits throughout the Group.

(Activities during the fiscal year ended March 2024)

Before the change to the Company with an Audit & Supervisory Committee corporate governance system, the Audit & Supervisory Board of JAST consists of three members: one full-time Audit & Supervisory Board member and two External Audit & Supervisory Board members. Audits by the Audit & Supervisory Board members are conducted in accordance with the Rules of the Audit & Supervisory Board and plans of audits by the Audit & Supervisory Board members, as well as in response to changes in the circumstances surrounding JAST.

Mr. Shigeki Taenaka, an External Audit & Supervisory Board member, is a certified public accountant and certified public tax accountant, and Mr. Jiro Mogami, an External Audit & Supervisory Board member, is an attorney at law. They have considerable experience and knowledge in areas including corporate finance and internal controls, and use their professional expertise to perform audits by the Audit & Supervisory Board members.

Mr. Masami Yabushita, a full-time Audit & Supervisory Board member, participates in important meetings such as the Management Meeting and asks questions to directors and employees to determine the status of the entire Group, shares information with External Audit & Supervisory Board members as needed, and exchanges opinions with all Audit & Supervisory Board members at monthly meetings of the Audit & Supervisory Board. The status of audits by the Audit & Supervisory Board members is regularly reported to the Board of Directors and recommendations are made as necessary.

The Audit & Supervisory Board held 12 meetings during the fiscal year that ended in March 2024, all of which were attended by all Audit & Supervisory Board members. These members review the overall performance of the Board of Directors through questions and confirmations at meetings of the Board of Directors, based on the information shared and opinions exchanged at the Audit & Supervisory Board meetings.

JAST aims to enhance its audit systems including internal audits, audits by the Audit & Supervisory Board members, and accounting audits. To accomplish this goal, at the beginning of every fiscal year, the Accounting Auditor, the Internal Audit Department, and the Audit & Supervisory Board explain their respective audit plans and exchange opinions under the leadership of the Audit & Supervisory Board. The Audit & Supervisory Board receives reports on the status of reviews and audits from the Accounting Auditor during the period and exchanges opinions. During the current fiscal year, opinions were exchanged on risks and internal controls of the Group, other statements in the business report, and key audit matters (KAM).

The full-time Audit & Supervisory Board member receives regular reports from the Internal Audit Department on the status of audits and exchanges opinions, and reports the status of internal audits and results to the Audit & Supervisory Board.

In addition, External Directors attend meetings of the Audit & Supervisory Board as necessary when the full-time Audit & Supervisory Board member reports so that the information that is not brought up for discussion at the Board of Directors meetings is shared with External Directors.

#### (ii) Internal audits

Internal audits of JAST are conducted by the Internal Audit Department (consisting of four full-time employees), which reports directly to the President. For internal audits, the Internal Audit Department conducts operational audits by selecting departments to be audited based on the Internal Audit Rules and audit plans, and also conducts audits on important themes. The results of these audits are reported to the President and the Management Meeting to be discussed as management issues.

For the current fiscal year, audits were conducted from the perspective of organizational management and human resource development in each department in addition to operational audits. The Internal Audit Department conducted audits of subsidiaries by using on-site visits or web-based examinations to check the status of internal controls for the entire Group.

The Internal Audit Department, as the secretariat for the internal control evaluation and reporting, summarized evaluations of all internal control departments and shared the results with the auditing firm, confirming that there were no significant problems with the internal controls of JAST and its key subsidiaries with respect to the evaluation of internal controls for the current fiscal year.

The status and results of operational audits and internal control evaluations conducted by the Internal Audit Department are reported to the full-time Directors who are Audit & Supervisory Committee members as appropriate. Following confirmation by the full-time Directors who are Audit & Supervisory Committee members and approval by the Representative Director, the status and results are reported to the audited departments. The status and results are also reported at the Management Meeting.

(iii) Accounting audits

A. Name of the auditing firm

Deloitte Touche Tohmatsu LLC

B. Continuous audit period

Since 2000

C. Certified public accountants who executed the audit duties

Designated Limited Liability Partner, Engagement Partner, Certified Public Accountant: Ikutoshi Senzaki

Designated Limited Liability Partner, Engagement Partner, Certified Public Accountant: Hideya Sudo

D. Other personnel engaged in assisting the accounting audit

Nine certified public accountants and other 20 individuals provide assistance for the accounting audit of JAST.

E. Policy and reasons for selecting the auditing firm

When selecting an Accounting Auditor, JAST chooses an appropriate auditing firm after it obtains written information on matters including audit implementation systems and estimated audit fees, and holds interviews with the firm.

JAST appointed Deloitte Touche Tohmatsu LLC as its Accounting Auditor because it has a wealth of audit experience and an examination system that is in line with JAST's diversified and global business, in addition to the fact that the audit period and audit fees are reasonable and appropriate.

F. Evaluation of the auditing firm by the Audit & Supervisory Board members and the Audit & Supervisory Board

Before the change to the Company with an Audit & Supervisory Committee corporate governance system, the Audit & Supervisory Board members and the Audit & Supervisory Board evaluated the auditing firm. Through this evaluation, they concluded that Deloitte Touche Tohmatsu LLC is capable of performing suitable audits because no events have occurred that would impair the eligibility or independence of the Accounting Auditor.

(iv) Information about audit fees, etc.

A. Fees paid to auditing certified public accountants, etc.

(Million yen)

Classification	FY3/23		FY3/24	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	43	-	44	-
Consolidated subsidiaries	-	-	-	-
Total	43	-	44	-

Note: Fees for audit certification services in FY3/23 include an additional payment of 2 million yen.

B. Fees paid to entities in the same network (the Deloitte group) as the auditing certified public accountants, etc. (excluding A.)

(Fiscal years ended March 31, 2023 and 2024)

There are no matters to be noted.

C. Other important details of fees for audit certification services

(Fiscal years ended March 31, 2023 and 2024)

There are no matters to be noted.

D. Policy for determining audit fees

Fees to be paid to auditing certified public accountants, etc. are determined, with reference to the actual number of auditing personnel and the number of working days in the previous fiscal year and with consideration of the characteristics of the work in the relevant fiscal year, through the approval procedures stipulated in the internal rules after obtaining the consent of the Audit & Supervisory Board. For the fiscal year that ended in March 2024, which was prior to the change to the Company with an Audit & Supervisory Committee corporate governance system, the consent of the Audit & Supervisory Board was obtained.

E. Reasons for the Audit & Supervisory Board's consent to the fees, etc., of the Accounting Auditor

Before the change to the Company with an Audit & Supervisory Committee corporate governance system, the Audit & Supervisory Board reviewed the fees, etc. to be paid to the Accounting Auditor presented by the Board of Directors by taking into account matters including the audit plan, the number of audit days, and the size and characteristics of JAST and verifying the validity of them. As a result, the Audit & Supervisory Board determined that it was appropriate to give its consent under Article 399, Paragraph 1 of the Companies Act.

(4) Remuneration, etc. for directors (and other officers)

(i) Policy for determining amount or calculation method of remuneration, etc. for directors (and other officers)

JAST has a policy for determining the amount and calculation method of remuneration, etc. for directors (and other officers). JAST has adopted a performance-based remuneration system. Remuneration, etc. is determined based on the evaluation of individual directors (and other officers) by the President, in accordance with a remuneration table based on position and performance evaluation rank of directors (and other officers), which was designed to avoid excessive discrepancies with the level of employee wages.

The proposal for remuneration, etc. for JAST's directors (and other officers) was approved at the General Meeting of Shareholders on June 20, 2008. At the meeting, shareholders approved total annual remuneration for Directors of up to 300,000 thousand yen (excluding the portion of employee salaries for Directors concurrently serving as employees) and total annual remuneration for Audit & Supervisory Board members of up to 60,000 thousand yen.

The person who has the authority to establish the policy for determining the amount and calculation method of remuneration, etc., for JAST's Directors is the Representative Director delegated by the Board of Directors, who determines the amount of individual remuneration within the total amount of remuneration approved at the General Meeting of Shareholders. Remuneration, etc. for Audit & Supervisory Board members is determined through

discussions by the Audit & Supervisory Board members within the total amount of remuneration approved at the General Meeting of Shareholders.

Remuneration for JAST's directors (and other officers) consists of performance-linked remuneration and non-performance-linked remuneration. The payment ratio of remuneration is determined as stipulated by JAST's remuneration rules for directors (and other officers) and rules on the stock compensation plan for directors (and other officers), with comprehensive consideration of the relevant director or other officer's contribution to JAST, social status, and the value of the JAST's shares.

JAST established the Board Benefit Trust (BBT), a stock compensation plan, as performance-linked remuneration at the 46th Annual General Meeting of Shareholders held on June 26, 2018. JAST uses its stock price as the index for performance-linked remuneration so that Directors can share with shareholders both the benefits of an increase in the stock price and the risks of a decline in the stock price. Furthermore, in accordance with the Act Partially Amending the Companies Act (Act No. 70 of 2019) that became effective on March 1, 2021, JAST determined the upper limit of the number of points per fiscal year to be granted to Directors (50,000 points) at the 49th Annual General Meeting of Shareholders held on June 25, 2021. This was determined with comprehensive consideration of aspects including the current level of compensation paid to directors (and other officers) and the trend of and future prospects of changes in the number of Directors, and is judged to be appropriate.

A summary of JAST's method of determining performance-linked remuneration is as follows.

1) Granting of points

For each fiscal year, Directors (excluding External Directors; the same applies hereafter) are granted the number of points determined in accordance with the rules on the stock compensation plan for directors (and other officers) as remuneration for the performance of their duties.

2) Distribution of JAST's shares, etc.

When a Director retires and satisfies the requirements for beneficiaries stipulated in the rules on the stock compensation plan for directors (and other officers), all points granted to the Director are converted into common stock of JAST (one share of the common stock for one point) in principle, and the common stock is distributed to the Director at the time of his/her retirement.

Targets and results for performance goal indicators for the current fiscal year are as follows.

1) Indicator targets

No target was set because the stock price was used as the indicator.

2) Indicator results

1,395 yen (average closing price of JAST stock on the last day of each month from July 2023 to March 2024)

At the 52nd Annual General Meeting of Shareholders held on June 25, 2024, shareholders approved the proposal to change to the Company with an Audit & Supervisory Committee corporate governance system and the proposals for annual remuneration, etc. of up to 300,000 thousand yen for directors (excluding directors who are Audit & Supervisory Committee members) and annual remuneration, etc. of up to 60,000 thousand yen for directors who are members of this committee.

On May 23, 2024, the Board of Directors approved a resolution to submit a proposal at the 52nd Annual General Meeting of Shareholders on June 25, 2024 to establish a Board Benefit Trust-Restricted Stock (BBT-RS) remuneration plan that distributes restricted stock to eligible individuals during their time at JAST. This resolution was based on the assumption that shareholders would also approve a proposal at this shareholders meeting for the change to the Company with an Audit & Supervisory Committee corporate governance system. Both proposals were approved at the shareholders meeting. As a result, the previous remuneration authorization for the prior BBT plan for directors (excluding external directors) has been terminated. The purpose of the BBT-RS plan is to further motivate directors (excluding directors who are members of Audit & Supervisory Committee and external directors) and delegated executive officers to contribute to the growth of corporate value. This information is as described in "1. Shares, etc. (8) Explanation of the Director and Employee Stock Ownership Plan."

- (ii) Total amount of remuneration, etc. for officer categories, total amount of remuneration, etc. for remuneration categories, and the number of recipients

Officer category	Total amount of remuneration, etc. (Thousand yen)	Total amount of remuneration, etc. for remuneration categories (Thousand yen)				Number of recipients
		Fixed remuneration	Bonus	Performance-linked remuneration	Of items left, non-monetary remuneration, etc.	
Directors (excluding External Directors)	223,304	177,401	31,672	14,230	14,230	7
Audit & Supervisory Board members (excluding External Audit & Supervisory Board members)	20,769	17,069	3,700	-	-	2
External directors (and other officers)	17,485	14,874	2,611	-	-	5

- Notes: 1. On June 25, 2024, JAST changed from the Company with an Audit & Supervisory Board to the Company with an Audit & Supervisory Committee corporate governance system. The total amount of remuneration, etc. for officer categories, total amount of remuneration, etc. for remuneration categories, and the number of recipients are for the fiscal year that ended in March 2024, which is before the change to the Company with an Audit & Supervisory Committee corporate governance system.
2. All non-monetary remuneration, etc. is performance-linked remuneration and is stock-based remuneration under the Board Benefit Trust (BBT).

- (iii) Total amount of remuneration, etc. of individuals whose total amount of remuneration, etc. is 100 million yen or more

Not applicable.

- (iv) Significant employee salaries of directors (and other officers) concurrently serving as employees

Not applicable.

## (5) Stocks held

- (i) Criteria for and approach to investment stocks

JAST classifies stocks as investment stocks held for pure investment if they are held for the purpose of making profit from changes in the value of stocks or dividends on stocks, and other stocks as investment stocks held for purposes other than pure investment.

- (ii) Investment stocks held for purposes other than pure investment

A. Holding policy, method for verifying holding rationale, and verification details of suitability of individual stock holdings by the Board of Director and others

JAST holds stocks of companies that are expected to maintain and expand JAST's products and services, and that JAST deems necessary and important for the smooth promotion of its business. The Board of Directors verifies the rationale for acquiring and holding such stocks through regular examination and verification of matters including the appropriateness of the purpose of holding and whether the benefits and risks associated with holding such stocks are commensurate with the cost of capital.

B. Number of stocks and carrying amount on the balance sheet

	Number of stocks (Issues)	Total carrying amount (Thousand yen)
Unlisted stocks	1	464
Stocks other than unlisted stocks	1	42,746

(Stocks with increased number of shares in the current fiscal year)

Not applicable.

(Stocks with decreased number of shares in the current fiscal year)

Not applicable.

C. Number of specified investment shares and deemed stockholdings per issue and the carrying amount on the balance sheet

Specified investment shares

Issue	FY3/24	FY3/23	Purpose of holding, outline of business alliance, etc., quantitative effects of holding, and the reason for an increase in the number of shares	Whether or not JAST's shares are held
	Number of shares (Shares)	Number of shares (Shares)		
	Carrying amount on the balance sheet (Thousand yen)	Carrying amount on the balance sheet (Thousand yen)		
TerraSky Co., Ltd.	29,000	29,000	(Purpose of holding) Strengthen business relationships and enhance corporate value	Yes
	42,746	53,070	(Outline of business alliance, etc.) Development and human resource education in the business related to BankNeo, our branded product, project creation and human resource development in cloud-related business, and others	

Note: Quantitative holding effects are difficult to describe but JAST verifies the rationale of holdings based on the purpose of holding, economic rationale, transaction status, and other factors.

(iii) Investment stocks held for pure investment

(Thousand yen, unless otherwise stated)

Classification	FY3/24		FY3/23	
	Number of stocks (Issues)	Total carrying amount on the balance sheet	Number of stocks (Issues)	Total carrying amount on the balance sheet
Unlisted stocks	-	-	-	-
Stocks other than unlisted stocks	5	432,452	5	389,239

(Thousand yen)

Classification	FY3/24		
	Total dividends received	Total gains (losses) on sales	Total valuation gains (losses)
Unlisted stocks	-	-	-
Stocks other than unlisted stocks	8,499	-	234,875

Note: Total valuation gains (losses) for unlisted stocks are not shown because they are stocks with no market price, etc.

(iv) Investment stocks whose purpose of holding was reclassified from pure investment to other than pure investment during the current fiscal year

Not applicable.

(v) Investment stocks whose purpose of holding was reclassified from other than pure investment to pure investment during the current fiscal year

Not applicable.

## V. Financial Information

### 1. Basis for preparation of consolidated and non-consolidated financial statements

(1) The consolidated financial statements of JAST are prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

(2) The non-consolidated financial statements of JAST are prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulation on Financial Statements”).

JAST falls under a company allowed to file specified financial statements and prepares the non-consolidated financial statements pursuant to the provision of Article 127 of the Regulation on Financial Statements.

### 2. Audit certificate

JAST ’s consolidated and non-consolidated financial statements for the fiscal year from April 1, 2023 to March 31, 2024 were audited by Deloitte Touche Tohmatsu LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

### 3. Special measures to ensure the appropriateness of consolidated financial statements, etc.

JAST has taken special measures to ensure the appropriateness of its consolidated financial statements, etc. Specifically, to establish a system that allows JAST to understand accounting standards properly and adapt to changes in accounting standards appropriately, JAST strives to collect necessary information by joining the Financial Accounting Standards Foundation (FASF), referring to materials disclosed by the FASF, participating in seminars, and other means.



# 1. Consolidated Financial Statements, etc.

## (1) Consolidated Financial Statements

### i. Consolidated Balance Sheet

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	7,206,690	7,974,566
Notes and accounts receivable-trade, and contract assets	*2 6,532,385	*2 7,175,022
Merchandise and finished goods	172,554	149,333
Work in process	100,612	202,606
Raw materials and supplies	8,239	5,339
Other	174,586	212,222
Allowance for doubtful accounts	(7,924)	(8,096)
Total current assets	14,187,144	15,710,994
Non-current assets		
Property, plant and equipment		
Buildings and structures	958,056	1,395,009
Accumulated depreciation	(589,641)	(673,682)
Buildings and structures, net	368,415	721,326
Land	142,361	142,361
Other	607,152	663,931
Accumulated depreciation	(485,935)	(462,397)
Other, net	121,216	201,534
Total property, plant and equipment	631,994	1,065,222
Intangible assets		
Goodwill	88,499	267,027
Customer-related assets	71,561	53,821
Software	74,913	161,891
Other	7,626	8,141
Total intangible assets	242,601	490,881
Investments and other assets		
Investment securities	612,807	647,560
Retirement benefit asset	674,681	887,689
Deferred tax assets	539,732	508,642
Guarantee deposits	435,927	501,402
Other	93,485	250,789
Allowance for doubtful accounts	(4,577)	(40,487)
Total investments and other assets	2,352,057	2,755,595
Total non-current assets	3,226,652	4,311,699
Total assets	17,413,797	20,022,694

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,495,532	1,429,832
Current portion of long-term borrowings	-	12,480
Income taxes payable	498,990	570,362
Contract liabilities	354,018	520,178
Provision for bonuses	1,270,424	1,313,103
Provision for bonuses for directors (and other officers)	110,250	133,649
Provision for loss on construction contracts	6,801	14,510
Other	967,961	1,228,837
Total current liabilities	4,703,978	5,222,954
Non-current liabilities		
Long-term borrowings	-	65,960
Provision for share awards for directors (and other officers)	141,759	155,990
Retirement benefit liability	1,110,713	1,087,676
Asset retirement obligations	239,628	273,506
Deferred tax liabilities	28,464	29,824
Other	373,011	474,674
Total non-current liabilities	1,893,578	2,087,632
Total liabilities	6,597,556	7,310,586
Net assets		
Shareholders' equity		
Share capital	1,535,409	1,535,409
Capital surplus	1,702,732	1,702,732
Retained earnings	7,389,420	9,079,131
Treasury shares	(175,703)	(175,947)
Total shareholders' equity	10,451,859	12,141,325
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	137,114	158,376
Foreign currency translation adjustment	119,184	162,373
Remeasurements of defined benefit plans	60,618	196,499
Total accumulated other comprehensive income	316,917	517,248
Non-controlling interests	47,463	53,533
Total net assets	10,816,240	12,712,107
Total liabilities and net assets	17,413,797	20,022,694

## ii. Consolidated Statements of Income and Comprehensive Income

### Consolidated Statement of Income

	(Thousand yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Net sales	*1 23,519,516	*1 26,183,521
Cost of sales	*4, *5 17,143,676	*4, *5 18,915,371
Gross profit	6,375,839	7,268,149
Selling, general and administrative expenses	*2, *3 3,990,171	*2, *3 4,476,982
Operating profit	2,385,668	2,791,166
Non-operating income		
Interest income	16,012	22,797
Dividend income	8,937	8,499
Rental income	3,086	3,155
Commission income	2,100	2,111
Foreign exchange gains	12,286	9,949
Insurance claim income	-	14,700
Subsidy income	20,792	29,587
Other	5,535	17,591
Total non-operating income	68,752	108,392
Non-operating expenses		
Interest expenses	620	400
Provision of allowance for doubtful accounts	2,345	35,507
Commission expenses	758	762
Other	547	1,474
Total non-operating expenses	4,271	38,143
Ordinary profit	2,450,148	2,861,415
Profit before income taxes	2,450,148	2,861,415
Income taxes-current	658,607	807,544
Income taxes-deferred	13,513	(37,290)
Total income taxes	672,121	770,254
Profit	1,778,027	2,091,161
Profit attributable to non-controlling interests	5,816	4,222
Profit attributable to owners of parent	1,772,210	2,086,939

## Consolidated Statement of Comprehensive Income

(Thousand yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Profit	1,778,027	2,091,161
Other comprehensive income		
Valuation difference on available-for-sale securities	15,346	21,261
Foreign currency translation adjustment	125,124	46,788
Remeasurements of defined benefit plans, net of tax	(50,087)	135,880
Total other comprehensive income	*1 90,382	*1 203,930
Comprehensive income	1,868,410	2,295,092
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,858,894	2,287,270
Comprehensive income attributable to non-controlling interests	9,516	7,822

### iii. Consolidated Statement of Changes in Equity

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousand 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
Changes during period					
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)
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				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
Changes during period						
Dividends of surplus						(248,274)
Profit attributable to owners of parent						1,772,210
Purchase of treasury shares						(439)
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

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,535,409	1,702,732	7,389,420	(175,703)	10,451,859
Changes during period					
Dividends of surplus			(397,228)		(397,228)
Profit attributable to owners of parent			2,086,939		2,086,939
Purchase of treasury shares				(244)	(244)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,689,710	(244)	1,689,466
Balance at end of period	1,535,409	1,702,732	9,079,131	(175,947)	12,141,325

	Accumulated other comprehensive income				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	137,114	119,184	60,618	316,917	47,463	10,816,240
Changes during period						
Dividends of surplus						(397,228)
Profit attributable to owners of parent						2,086,939
Purchase of treasury shares						(244)
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes in items other than shareholders' equity	21,261	43,188	135,880	200,330	6,070	206,400
Total changes during period	21,261	43,188	135,880	200,330	6,070	1,895,867
Balance at end of period	158,376	162,373	196,499	517,248	53,533	12,712,107

**iv. Consolidated Statement of Cash Flows**

	(Thousand yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	2,450,148	2,861,415
Depreciation	118,347	151,065
Amortization of software	25,110	25,531
Amortization of goodwill	23,599	24,203
Amortization of customer-related assets	19,083	19,571
Increase (decrease) in provision for bonuses	74,896	42,131
Decrease (increase) in retirement benefit asset	30,463	(213,008)
Increase (decrease) in retirement benefit liability	48,816	(25,790)
Interest and dividend income	(24,950)	(31,297)
Interest expenses	620	400
Decrease (increase) in accounts receivable-trade, and contract assets	(937,570)	(597,994)
Increase (decrease) in contract liabilities	(79,016)	164,541
Decrease (increase) in inventories	(28,805)	(74,574)
Increase (decrease) in trade payables	101,276	(70,426)
Other, net	(52,232)	331,196
Subtotal	1,769,788	2,606,965
Interest and dividends received	24,950	19,259
Interest paid	(620)	(398)
Income taxes paid	(720,202)	(737,387)
Net cash provided by (used in) operating activities	1,073,916	1,888,438
Cash flows from investing activities		
Payments into time deposits	(415,785)	(734,702)
Proceeds from withdrawal of time deposits	3,291	701,835
Purchase of property, plant and equipment	(80,953)	(386,079)
Proceeds from sale of property, plant and equipment	1,481	5,902
Purchase of software	(16,724)	(114,731)
Purchase of investment securities	(46,994)	(1,834)
Loan advances	(15,906)	(271,498)
Proceeds from collection of loans receivable	8,571	14,547
Payments of guarantee deposits	(2,631)	(118,551)
Proceeds from refund of guarantee deposits	24,945	24,472
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	*2 104,478
Other, net	(950)	14,686
Net cash provided by (used in) investing activities	(541,656)	(761,475)

(Thousand yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,047)	-
Repayments of lease liabilities	(25,115)	(24,860)
Dividends paid	(248,274)	(397,228)
Purchase of treasury shares	(439)	(244)
Proceeds from share issuance to non-controlling shareholders	3,740	-
Dividends paid to non-controlling interests	(1,680)	(1,752)
Net cash provided by (used in) financing activities	(280,816)	(424,085)
Effect of exchange rate change on cash and cash equivalents	77,782	19,259
Net increase (decrease) in cash and cash equivalents	329,226	722,136
Cash and cash equivalents at beginning of period	6,463,823	6,793,050
Cash and cash equivalents at end of period	*1 6,793,050	*1 7,515,186



## Notes to Consolidated Financial Statements

### Significant Accounting Policies in the Preparation of Consolidated Financial Statements

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries: 14

Names of consolidated subsidiaries:

JASTEC (THAILAND) CO., LTD.

Alpha Computer Co., Ltd.

NewNeeds Co., Ltd.

GuiLin Anxin Software Co., Ltd.

Shanghai Jiafeng Information Technology Co., Ltd.

ISR Co., Ltd.

JAST Asia Pacific Co., Ltd.

Virtual Calibre SDN. BHD.

Virtual Calibre MSC SDN. BHD.

Virtual Calibre Consulting SDN. BHD.

AG NET PTE. LTD.

Bright & Better Co., Ltd.

Virtual Calibre Consulting India Pvt. Ltd.

K-SHIP Co., Ltd.

K-SHIP Co., Ltd. was included in the scope of consolidation due to acquisition of this company's shares during the current fiscal year.

##### (2) Name of unconsolidated subsidiary

AGHRM Malaysia SDN. BHD.

Reason for exclusion from scope of consolidation

This unconsolidated subsidiary is excluded from the scope of consolidation because it is a smaller company and thus has no material impact on the consolidated financial statements in terms of total assets, net sales, profit or loss (amount proportionate to the JAST's equity interest), retained earnings (amount proportionate to the JAST's equity interest) and other items.

#### 2. Application of equity method

##### (1) Number of unconsolidated subsidiaries accounted for by the equity method

Not applicable.

##### (2) Name of unconsolidated subsidiary not accounted for by the equity method, etc.

AGHRM Malaysia SDN. BHD.

(Reason for not applying the equity method)

This unconsolidated subsidiary is not accounted for by the equity method because it has only an insignificant effect on the consolidated financial statements in terms of profit or loss (amount proportionate to the JAST's equity interest), retained earnings (amount proportionate to the JAST's equity interest) and other items, and has no significance as a whole in terms of the JAST's equity interest.

#### 3. Fiscal year of consolidated subsidiaries

At the ten overseas consolidated subsidiaries, the current fiscal year ended on December 31, 2023. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of December 31, 2023. Necessary adjustments have been made for the consolidation concerning material transactions arising between January 1, 2024 and March 31, 2024.

The fiscal year of the four consolidated subsidiaries in Japan ends on the closing date of consolidated financial statements.

#### 4. Accounting policies

##### (1) Valuation standards and methods for principal assets

###### A. Marketable securities

###### (i) Held-to-maturity debt securities

Stated at cost determined by the amortized cost method (straight-line method).

###### (ii) Available-for-sale securities

Securities other than shares, etc. that do not have a market price

Stated at fair value. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

Shares, etc. that do not have a market price

Stated at cost determined by the moving-average method.

###### B. Inventories

###### (i) Merchandise

Stated at cost determined by the specific identification method. (The carrying amount on the balance sheet is written down to reflect the effect of lower profit margins.)

###### (ii) Finished goods

Stated at cost determined by the periodic average method. (The carrying amount on the balance sheet is written down to reflect the effect of lower profit margins.)

###### (iii) Work in process

Stated at cost determined by the specific identification method. (The carrying amount on the balance sheet is written down to reflect the effect of lower profit margins.)

###### (iv) Supplies

Valued by the last purchased price method.

##### (2) Depreciation and amortization of significant depreciable assets

###### A. Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment at JAST and its consolidated subsidiaries in Japan is calculated by the declining-balance method, except for facilities attached to buildings and structures acquired on or after April 1, 2016, on which depreciation is calculated by the straight-line method.

Depreciation of property, plant and equipment at the overseas consolidated subsidiaries is calculated by the straight-line method.

Useful lives of principle assets is as follows.

Buildings and structures: 10–35 years

Other: 4–10 years

###### B. Intangible assets (excluding lease assets)

Amortization of intangible assets is calculated by the straight-line method.

Software is amortized over an expected internal useful life of 3-5 years by the straight-line method.

###### C. Leased assets

###### (i) Lease assets associated with finance lease transactions where there is transfer of ownership

Depreciated by the same method as depreciation method used for non-current assets held by JAST.

###### (ii) Lease assets associated with finance lease transactions where there is no transfer of ownership

Depreciated by the straight-line method, assuming the lease period to be the useful life and a residual value of zero.

### (3) Recognition of significant allowances

#### A. Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

#### B. Provision for bonuses

To provide for employee bonuses, JAST and its certain consolidated subsidiaries provide an allowance equal to the estimated bonus obligations.

#### C. Provision for bonuses for directors (and other officers)

To provide for bonuses for directors (and other officers), JAST and its certain consolidated subsidiaries provide an allowance equal to the estimated bonus obligations in the current fiscal year.

#### D. Provision for share awards for directors (and other officers)

To provide for the payment of JAST's shares to its directors (and other officers) in accordance with the rules on the stock compensation plan for directors (and other officers), an allowance is provided based on the estimated obligations for share awards in the current fiscal year.

#### E. Provision for loss on construction contracts

To prepare for future losses on construction contracts, such as contracted software production and development, an allowance is provided for estimated losses on contracts for which losses are expected to be incurred in the next fiscal year or later and the amount can be reasonably estimated.

### (4) Accounting method for retirement benefits

#### (i) Method of attributing estimated retirement benefit obligations to periods

In calculation of retirement benefit obligations, JAST uses the benefit formula standard as the method for attributing estimated retirement benefit obligations to periods.

#### (ii) Amortization of actuarial differences and prior service costs

Actuarial differences are amortized and charged to expense in the year following the fiscal year in which such gain or loss is recognized by the declining-balance method over a certain period (10 years) which is within the estimated average remaining years of service of the eligible employees.

Prior service cost is amortized by the declining-balance method over a certain period (10 years) within estimated average remaining years of service of the eligible employees.

#### (iii) Accounting method for unrecognized actuarial gains and losses and unrecognized prior service costs

Unrecognized actuarial gains and losses and unrecognized prior service costs are recorded as "Remeasurements of defined benefit plans" under "Accumulated other comprehensive income" in the net asset section after adjusting for tax effects.

#### (iv) Adoption of the simple method for smaller enterprises, etc.

Certain consolidated subsidiaries apply the simple method to calculate retirement benefit liability and retirement benefit expenses, using the amount payable for voluntary retirement benefits at the end of the fiscal year as retirement benefit obligations.

### (5) Recognition of significant revenues and expenses

The nature of the main performance obligations related to revenue from contracts with customers in the major businesses of JAST and its consolidated subsidiaries and the timing when those performance obligations are typically satisfied (when revenue is typically recognized) are as follows.

JAST and its consolidated subsidiaries have four business segments: DX&SI business, Package business, Medical big data business, and Global business. JAST and its consolidated subsidiaries recognize revenue from contracts with customers mainly for contracted software production, maintenance and relevant services. For contracts where the performance obligation is fulfilled over a specified period, the progress of fulfilling the performance obligation is estimated, except when the period is extremely short, and revenue based on the progress is recognized for that period. The progress is determined mainly by the input method based on the ratio of the actual costs incurred to the estimated

total construction cost (the cost-to-cost basis). For contracts where the performance obligation is fulfilled at a point in time, such as the sale of products related to system equipment, revenue is recognized at the point in time when the customer accepts the products.

For transactions, such as the sale of products, where JAST and its consolidated subsidiaries function as agents, the amount paid to the supplier of the product is deducted from the total payment received from the customer and the resulting net amount is recognized as revenue.

(6) Method and period of goodwill amortization

Goodwill is amortized over a period of 5 to 10 years by the straight-line method.

(7) Scope of cash and cash equivalents on consolidated statement of cash flows

Cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and time deposit with maturities less than 3 months.

### Significant Accounting Estimates

1. Estimate of total construction cost for revenue recognition over a specified period based on progress

(1) Amounts recorded in the consolidated financial statements of the current fiscal year

	(Thousand yen)	
	FY3/23	FY3/24
Net sales from revenue recognized over a specified period based on progress	1,856,776	1,408,009

(2) Other information that contributes to the understanding of accounting estimates

For contracts where the performance obligation is fulfilled over a specified period, such as contracted software production and relevant services, net sales are recorded by recognizing revenue based on the progress for that period. Net sales from revenue recognized over a specified period based on progress are calculated by multiplying the total construction revenue by the progress. The progress is determined by the input method based on the ratio of the actual costs incurred by the end of the current fiscal year to the estimated total construction cost (the cost-to-cost basis). The total construction cost based on incurred costs is estimated by using the number of man-hours required for the work in consideration of its individualized nature, such as the specifications and work period of contracted software production and relevant services.

In the event that the estimate of man-hours requires a significant revision, the change in estimate of the total construction cost due to the revision may have a material impact on the consolidated financial statements for the following fiscal year.

### Accounting Standards, Others That Have Not Yet Been Applied

- Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Outline

The above standards and guidance define the accounting classification of income taxes when other comprehensive income is taxable and the treatment of tax effects on the sale of shares of subsidiaries, etc. when the group taxation regime is adopted.

(2) Effective date

Scheduled to be effective from the beginning of the fiscal year ending March 31, 2025.

(3) Effects of application of the accounting standards and guidance

The effects of the application are under assessment at the time of preparing these consolidated financial statements.

## Reclassifications

Not applicable.

## Changes in Accounting-based Estimates

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 298,400 shares of JAST with a book value of 171,700 thousand yen as of the end of the previous fiscal year, and held 298,400 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 April 1, 2024. 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.

## Notes to Consolidated Balance Sheet

\*1 JAST has commitment line agreements with 4 banks, in order to raise funds efficiently. The balances of credit available as of the balance sheet date were as follows.

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Commitment line	500,000	500,000
Credit used	-	-
Credit available	500,000	500,000

\*2 Notes and accounts receivable-trade, and contract assets arising from contracts with customers were as follows.

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Notes receivable-trade	22,826	39,432
Accounts receivable-trade	5,073,898	5,759,505
Contract assets	1,435,660	1,376,084

## Notes to Consolidated Statement of Income

### \*1 Revenue from contracts with customers

Net sales are not presented separately into revenues from contracts with customers and other revenues. The amount of revenue from contracts with customers is presented in “(Revenue Recognition), 1. Information on disaggregated revenue from contracts with customers” in the Notes to Consolidated Financial Statements.

### \*2 Major items of selling, general and administrative expenses

	(Thousand yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022–Mar. 31, 2023)	(Apr. 1, 2023–Mar. 31, 2024)
Compensations for directors (and other officers)	293,944	346,727
Wages, sales and other allowances	1,552,084	1,643,873
Provision for bonuses	216,507	220,302
Provision for bonuses for directors (and other officers)	117,666	136,735
Provision for retirement benefits for directors (and other officers)	352	-
Stock compensation expenses for directors (and other officers)	21,031	14,230
Retirement benefit expenses	63,741	60,872
Research and development expenses	469,246	353,128

### \*3 Total amount of research and development expenses included in general and administrative expenses

	(Thousand yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022–Mar. 31, 2023)	(Apr. 1, 2023–Mar. 31, 2024)
	469,246	353,128

### \*4 Provision for loss on construction contracts included in cost of sales

	(Thousand yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022–Mar. 31, 2023)	(Apr. 1, 2023–Mar. 31, 2024)
	6,801	14,510

### \*5 The balance of inventories at the end of the fiscal year is the amount after the write-down of book value due to the effect of lower profit margins, and the following inventory write-down is included in cost of sales.

	(Thousand yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022–Mar. 31, 2023)	(Apr. 1, 2023–Mar. 31, 2024)
	53,368	46,833

## Notes to Consolidated Statement of Comprehensive Income

### \*1 Re-classification adjustments and tax effect with respect to other comprehensive income

	(Thousand yen)	
	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	22,118	30,644
Re-classification adjustments	-	-
Before tax effect adjustments	22,118	30,644
Tax effect	(6,772)	(9,383)
Valuation difference on available-for-sale securities	15,346	21,261
Foreign currency translation adjustment:		
Amount incurred during the year	125,124	46,788
Remeasurements of defined benefit plans:		
Amount incurred during the year	(38,469)	213,848
Re-classification adjustments	(33,723)	(17,998)
Before tax effect adjustments	(72,193)	195,850
Tax effect	22,105	(59,969)
Remeasurements of defined benefit plans, net of tax	(50,087)	135,880
Total other comprehensive income	90,382	203,930

## Notes to Consolidated Statement of Changes in Equity

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

### 1. Type of share and the number of outstanding shares and treasury shares

	(Shares)			
	Number of shares as of Apr. 1, 2022	Increase	Decrease	Number of shares as of Mar. 31, 2023
Outstanding shares				
Common stock (Note 1)	6,209,230	6,209,230	-	12,418,460
Total	6,209,230	6,209,230	-	12,418,460
Treasury shares				
Common stock (Notes 2, 3)	76,966	77,302	-	154,268
Total	76,966	77,302	-	154,268

Notes: 1. Number of outstanding shares of common stock increased 6,209,230 shares due to stock split.

2. Number of treasury shares of common stock increased 77,302 shares:

Increase due to acquisition of odd-lot shares before stock split	150 shares
Increase due to acquisition of odd-lot shares after stock split	36 shares
Increase due to stock split	77,116 shares

3. Number of treasury shares of common stock includes JAST stock held by the BBT (74,600 shares as of April 1, 2022 and 149,200 shares as of March 31, 2023).

### 2. Items related to share acquisition rights and treasury share acquisition rights

Not applicable.

### 3. Dividends

#### (1) Dividend payment

Resolution	Type of share	Total dividends (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting on April 28, 2022	Common stock	248,274	40	March 31, 2022	June 9, 2022

Note: The amount of total dividends resolved by the Board of Directors' meeting on April 28, 2022 includes dividends of 2,984 thousand yen for JAST stock held by the Board Benefit Trust (BBT).

(2) Dividends with a record date in FY3/23, but an effective date in FY3/24

Resolution	Type of share	Total dividends (Thousand yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting on April 28, 2023	Common stock	397,228	Retained earnings	32	March 31, 2023	June 9, 2023

Note: The amount of total dividends resolved by the Board of Directors' meeting on April 28, 2023 includes dividends of 4,774 thousand yen for JAST stock held by the Board Benefit Trust (BBT).

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

1. Type of share and the number of outstanding shares and treasury shares

(Shares)				
	Number of shares as of Apr. 1, 2023	Increase	Decrease	Number of shares as of Mar. 31, 2024
Outstanding shares				
Common stock	12,418,460	-	-	12,418,460
Total	12,418,460	-	-	12,418,460
Treasury shares				
Common stock (Notes 1, 2)	154,268	116	-	154,384
Total	154,268	116	-	154,384

- Notes: 1. Number of treasury shares of common stock increased 116 shares due to acquisition of odd-lot shares.  
2. Number of treasury shares of common stock includes JAST stock held by the BBT (149,200 shares as of April 1, 2023 and 149,200 shares as of March 31, 2024).

2. Items related to share acquisition rights and treasury share acquisition rights

Not applicable.

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting on April 28, 2023	Common stock	397,228	32	March 31, 2023	June 9, 2023

Note: The amount of total dividends resolved by the Board of Directors' meeting on April 28, 2023 includes dividends of 4,774 thousand yen for JAST stock held by the Board Benefit Trust (BBT).

(2) Dividends with a record date in FY3/24, but an effective date in FY3/25

Resolution	Type of share	Total dividends (Thousand yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting on April 26, 2024	Common stock	558,597	Retained earnings	45	March 31, 2024	June 11, 2024

Note: The amount of total dividends resolved by the Board of Directors' meeting on April 26, 2024 includes dividends of 6,714 thousand yen for JAST stock held by the Board Benefit Trust (BBT).



## Notes to Consolidated Statement of Cash Flows

\*1 Reconciliation of cash and cash equivalents at the end of the fiscal year and amount of balance sheet is made as follows.

	(Thousand yen)	
	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Cash and deposits	7,206,690	7,974,566
Time deposit with maturities over 3 months	(413,639)	(459,379)
Cash and cash equivalents	6,793,050	7,515,186

\*2 FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

Major assets and liabilities of new consolidated subsidiary due to purchase of stock during the fiscal year

Assets and liabilities at the initial consolidation of K-SHIP Co., Ltd., which became a subsidiary due to the purchase of stock, and the acquisition cost of shares and net proceeds from purchase of shares of subsidiaries are as follows.

	(Thousand yen)
Current assets	128,057
Non-current assets	9,649
Goodwill	200,466
Current liabilities	(32,774)
Non-current liabilities	(305,398)
Acquisition cost of shares	1
Cash and cash equivalents	(104,479)
Proceeds from purchase of shares of subsidiaries	104,478

## Financial Instruments

### 1. Status of financial instruments

#### (1) Policies on financial instruments

The Group covers necessary funds mainly with its own funds, but also raises funds by borrowing from banks, depending on the cash flow situation and financial conditions. Temporary surplus funds are invested only in highly secure financial assets such as deposits with guaranteed principal and fixed interest rates. The Group does not engage in derivative transactions.

#### (2) Nature and risks of financial instruments

Notes and accounts receivable-trade, which are trade receivables, are exposed to customers' credit risk. Investment securities mainly comprise held-to-maturity bonds and shares of companies with which we have business relationships, and are exposed to the risk of market price fluctuations.

Accounts payable-trade, which are trade payables, are mostly due within two months. Borrowings are mainly for the purpose of financing working capital and are exposed to liquidity risk.

#### (3) Risk management system for financial instruments

##### (i) Management of credit risk (risk of non-performance by counterparties)

In accordance with the credit management rules, the department in charge regularly monitors the status of business partners and manages due dates and outstanding balances by business partner in order to early identify and mitigate concerns about collection due to deterioration of financial conditions and other reasons.

##### (ii) Management of market risk (risk of exchange rate and interest rate fluctuations)

For investment securities, the Group assesses the fair value and financial conditions of the issuers (business partners) regularly, and reviews its holdings of such securities on an ongoing basis, taking into consideration market conditions and the relationship with the business partners.

##### (iii) Management of liquidity risk in financing (risk of being unable to make payments on due dates)

The Group manages its liquidity risk by having the department in charge prepare and update cash management plans in a timely manner, maintaining liquidity on hand, and other measures.

#### (4) Supplementary explanation on fair value of financial instruments

As certain variables are used in the calculation of the value of financial instruments, such value may vary if different assumptions are applied.

### 2. Fair value of financial instruments

The carrying amount and fair value of financial instruments and their difference are as follows.

FY3/23 (As of Mar. 31, 2023)

	Carrying amount	Fair value	(Thousand yen) Difference
(1) Investment securities (*2)			
(i) Available-for-sale securities	589,354	589,354	-
(2) Guarantee deposits	435,927	430,246	(5,681)
Total assets	1,025,282	1,019,601	(5,681)

(\*1) "Cash and deposits," "Notes and accounts receivable-trade, and contract assets," "Accounts payable-trade," and "Income taxes payable" are omitted because they are cash, and their fair value approximates their carrying amount since they are settled in a short period of time.

(\*2) Shares, etc. that do not have a market price are not included in "(1) Investment securities." The carrying amount of such financial instruments are as follows.

Item	FY3/23 (Thousand yen)
Unlisted shares	23,452

FY3/24 (As of Mar. 31, 2024)

(Thousand yen)

	Carrying amount	Fair value	Difference
(1) Investment securities (*2)			
(i) Available-for-sale securities	622,988	622,988	-
(2) Guarantee deposits	501,402	489,819	(11,582)
Total assets	1,124,390	1,112,808	(11,582)
(3) Long-term borrowings (*3)	78,440	80,200	1,760
Total liabilities	78,440	80,200	1,760

(\*1) “Cash and deposits,” “Notes and accounts receivable-trade, and contract assets,” “Accounts payable-trade,” and “Income taxes payable” are omitted because they are cash, and their fair value approximates their carrying amount since they are settled in a short period of time.

(\*2) Shares, etc. that do not have a market price are not included in “(1) Investment securities.” The carrying amount of such financial instruments are as follows.

Item	FY3/24 (Thousand yen)
Unlisted shares	24,571

(\*3) Current portion of long-term borrowings is included in long-term borrowings.

Note 1: Redemption schedule of monetary claims and securities with maturities after the consolidated balance sheet date

FY3/23 (As of Mar. 31, 2023)

(Thousand yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	7,206,690	-	-	-
Notes and accounts receivable-trade, and contract assets	6,532,385	-	-	-
Investment securities				
Available-for-sale securities with maturities				
Bonds	-	101,910	-	-
Negotiable certificates of deposit	-	45,135	-	-
Total	13,739,075	147,045	-	-

FY3/24 (As of Mar. 31, 2024)

(Thousand yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	7,974,566	-	-	-
Notes and accounts receivable-trade, and contract assets	7,175,022	-	-	-
Investment securities				
Available-for-sale securities with maturities				
Bonds	-	101,500	-	-
Negotiable certificates of deposit	46,290	-	-	-
Total	15,195,879	101,500	-	-

Note 2: Repayment schedule of short-term borrowings and long-term borrowings after the consolidated balance sheet date

FY3/23 (As of Mar. 31, 2023)  
Not applicable.

FY3/24 (As of Mar. 31, 2024)

	(Thousand yen)					
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Long-term borrowings	12,480	11,100	11,100	11,100	11,100	21,560
Total	12,480	11,100	11,100	11,100	11,100	21,560

### 3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

#### (1) Financial instruments measured at fair value

FY3/23 (As of Mar. 31, 2023)

Item	Fair value (Thousand yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	442,309	-	-	442,309
Corporate bonds	-	101,910	-	101,910
Negotiable certificates of deposit	-	45,135	-	45,135
Total assets	442,309	147,045	-	589,354

FY3/24 (As of Mar. 31, 2024)

Item	Fair value (Thousand yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	475,198	-	-	475,198
Corporate bonds	-	101,500	-	101,500
Negotiable certificates of deposit	-	46,290	-	46,290
Total assets	475,198	147,790	-	622,988

#### (2) Financial instruments other than those measured at fair value

FY3/23 (As of Mar. 31, 2023)

Item	Fair value (Thousand yen)			
	Level 1	Level 2	Level 3	Total
Guarantee deposits	-	430,246	-	430,246
Total assets	-	430,246	-	430,246

FY3/24 (As of Mar. 31, 2024)

Item	Fair value (Thousand yen)			
	Level 1	Level 2	Level 3	Total
Guarantee deposits	-	489,819	-	489,819
Total assets	-	489,819	-	489,819
Long-term borrowings	-	80,200	-	80,200
Total liabilities	-	80,200	-	80,200

Note: A description of the valuation techniques and inputs used in the fair value measurements

Investment securities

Listed shares, corporate bonds and negotiable certificates of deposit are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1. On the other hand, the fair value of corporate bonds and negotiable certificates of deposit held by JAST are classified as Level 2 because they are not traded frequently in the public market and not considered to have quoted prices in active markets.

Guarantee deposits

The fair value is calculated based on the present value of guarantee deposits, net of future non-refundable guarantee deposits, discounted at the yield on government bonds, and is classified as Level 2.

Long-term borrowings

The fair value of long-term borrowings is the present value of the total principal and interest of these borrowings calculated by using the interest rate for each loan as the discount rate and is classified as Level 2. The current portion of long-term borrowings is included in long-term borrowings.

## Marketable Securities

### 1. Held-to-maturity debt securities

FY3/23 (As of Mar. 31, 2023)

Not applicable.

FY3/24 (As of Mar. 31, 2024)

Not applicable.

### 2. Available-for-sale securities

FY3/23 (As of Mar. 31, 2023)

(Thousand yen)

	Type	Carrying amount	Acquisition costs	Unrealized gain (loss)
Securities with carrying amount exceeding acquisition costs	Shares	389,239	195,743	193,496
	Bonds	101,910	81,327	20,583
	Others	-	-	-
	Subtotal	491,149	277,070	214,079
Securities with carrying amount not exceeding acquisition costs	Shares	53,070	69,520	(16,450)
	Bonds	-	-	-
	Negotiable certificates of deposit	45,135	45,135	-
	Others	-	-	-
	Subtotal	98,205	114,655	(16,450)
Total		589,354	391,725	197,628

Note: Shares of unconsolidated subsidiaries (carrying amount of 164 thousand yen) and unlisted shares (carrying amount of 23,288 thousand yen) are not included in “Available-for-sale securities” in the above table because they are shares, etc. that do not have a market price.

FY3/24 (As of Mar. 31, 2024)

(Thousand yen)

	Type	Carrying amount	Acquisition costs	Unrealized gain (loss)
Securities with carrying amount exceeding acquisition costs	Shares	432,452	197,577	234,875
	Bonds	101,500	81,327	20,173
	Others	-	-	-
	Subtotal	533,952	278,904	255,048
Securities with carrying amount not exceeding acquisition costs	Shares	42,746	69,520	(26,774)
	Bonds	-	-	-
	Negotiable certificates of deposit	46,290	46,290	-
	Others	-	-	-
	Subtotal	89,036	115,810	(26,774)
Total		622,988	394,715	228,273

Note: Shares of unconsolidated subsidiaries (carrying amount of 179 thousand yen) and unlisted shares (carrying amount of 24,392 thousand yen) are not included in “Available-for-sale securities” in the above table because they are shares, etc. that do not have a market price.

### 3. Sales of available-for-sale securities

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

Not applicable.

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

Not applicable.

4. Available-for-sale securities written down due to impairment

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

Not applicable.

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

Not applicable.

**Derivative Transactions**

Not applicable because the Group had no derivative transactions.

**Retirement Benefits**

1. Retirement benefit plans

JAST has adopted defined benefit plans, which are a lump-sum retirement benefit payment plan in line with JAST's regulation, and a defined benefit pension plan as well as a defined contribution pension plan. JAST and ISR Co., Ltd. participate in the Japan Computer Information Service Employee's Pension Fund. The amount to be contributed to plan assets accounted for as retirement benefit expenses was 52,561 thousand yen in the consolidated financial statements for FY3/24.

Alpha Computer Co., Ltd. has adopted a lump-sum retirement benefit payment plan as defined benefit plan, and participates in the Nihon IT Software Pension Fund. The amount to be contributed to plan assets accounted for as retirement benefit expenses was 2,253 thousand yen in the consolidated financial statements for FY3/24.

NewNeeds Co., Ltd. participates in the Small Enterprise Retirement Allowance Mutual Aid Fund for retirement fund. The amount to be contributed to plan assets accounted for as retirement benefit expenses was 3,719 thousand yen in the consolidated financial statements for FY3/24.

An overseas consolidated subsidiary has a retirement benefit plan based on its local program.

Following is the information regarding the multi-employer pension plan under which the amount to be contributed to plan assets is accounted for as retirement benefit expenses.

Japan Computer Information Service Employees' Pension Fund

(1) Most recent funding status of the multi-employer pension plan

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2022)	FY3/24 (As of Mar. 31, 2023)
Amount of plan assets	273,942,108	268,557,476
Total of actuarial obligations based on pension finance accounting and the minimum actuarial reserve	221,054,258	216,477,612
Difference	52,887,849	52,079,864

(2) The percentage of the Group's contribution out of the total contribution to the multi-employer pension plan

FY3/23 (Apr. 1, 2021–Mar. 31, 2022): 0.76%

FY3/24 (Apr. 1, 2022–Mar. 31, 2023): 0.81%

(3) Supplementary explanation

The main factors of the difference in (1) above are as follows.

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2022)	FY3/24 (As of Mar. 31, 2023)
Balance of prior service cost	(54,275)	(102,998)
Surplus for the fiscal year	52,942,124	52,182,862
Total	52,887,849	52,079,864

The percentages in (2) above do not correspond to the actual share of the Group's contribution.

## Nihon IT Software Pension Fund

### (1) Most recent funding status of the multi-employer pension plan

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2022)	FY3/24 (As of Mar. 31, 2023)
Amount of plan assets	56,574,025	55,007,211
Total of actuarial obligations based on pension finance accounting and the minimum actuarial reserve	54,852,309	53,285,495
Difference	1,721,716	1,721,716

### (2) The percentage of the Group's contribution out of the total contribution to the multi-employer pension plan

FY3/23 (Apr. 1, 2021–Mar. 31, 2022):	0.10%
FY3/24 (Apr. 1, 2022–Mar. 31, 2023):	0.11%

### (3) Supplementary explanation

The main factors of the difference in (1) above are as follows.

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2022)	FY3/24 (As of Mar. 31, 2023)
General reserve	1,721,716	1,721,716
Surplus for the fiscal year	-	-
Total	1,721,716	1,721,716

The percentages in (2) above do not correspond to the actual share of the Group's contribution.

## 2. Defined benefit plans

### (1) Reconciliation of beginning and ending balances of retirement benefit obligation

	(Thousand yen)	
	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Retirement benefit obligations at beginning of period	1,846,523	1,924,437
Service cost	157,659	162,887
Interest cost	18,769	19,498
Actuarial differences	20,483	(3,661)
Payment of retirement benefit	(112,218)	(227,169)
Others	(6,780)	(2,173)
Retirement benefit obligations at end of period	1,924,437	1,873,818

Note: Plans using the simple method are included.

### (2) Reconciliation of beginning and ending balances of plan assets

	(Thousand yen)	
	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Plan assets at beginning of period	1,492,876	1,488,404
Expected return on plan assets	14,928	14,884
Actuarial differences	(22,130)	210,187
Contributions by the employer	57,292	59,533
Payment of retirement benefit	(54,563)	(99,177)
Plan assets at end of period	1,488,404	1,673,831



(3) Reconciliation of ending balances of retirement benefit obligation and plan assets against retirement benefit liability and retirement benefit asset recognized in the consolidated balance sheet

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Retirement benefit obligation of contributory plan	813,723	786,142
Plan assets	(1,488,404)	(1,673,831)
	(674,681)	(887,689)
Retirement benefit obligation of non-contributory plan	1,110,713	1,087,676
Net liability / asset recognized in the consolidated balance sheet	436,032	199,987
Retirement benefit liability	1,110,713	1,087,676
Retirement benefit asset	(674,681)	(887,689)
Net liability / asset recognized in the consolidated balance sheet	436,032	199,987

Note: Plans using the simple method are included.

(4) Components of retirement benefit expenses

	(Thousand yen)	
	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Service cost	157,659	162,887
Interest cost	18,769	19,498
Expected return on plan assets	(14,928)	(14,884)
Amortization of actuarial differences	(33,662)	(17,949)
Amortization of prior service cost	(61)	(48)
Retirement benefit expenses for defined benefit plan	127,776	149,503

Note: Plans using the simple method are included.

(5) Remeasurements of defined benefit plans

Components of remeasurements of defined benefit plans (before tax effect)

	(Thousand yen)	
	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Prior service costs	(61)	(48)
Actuarial differences	(76,275)	195,898
Total	(76,337)	195,850

(6) Remeasurements of defined benefit plans, cumulative

Components of accumulated remeasurements of defined benefit plans (before tax effect)

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Unrecognized prior service costs	236	187
Unrecognized actuarial differences	87,135	283,034
Total	87,371	283,221

(7) Relevant information on plan assets

(i) Major breakdown of plan assets

The allocation percentage by major investment category to the total amount of plan assets is presented as follows.

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Bonds	57%	54%
Shares	40%	43%
Cash and deposits	3%	3%
Total	100%	100%

(ii) Method of determining expected long-term return on assets

The expected long-term return on plan assets is determined by considering the current and expected portfolio structure of the plan assets as well as the current and expected future long-term rate of return on various investments that comprise the plan assets.

(8) Relevant information on assumptions for actuarial calculation

Principal assumptions for actuarial calculation (presented by the weighted average)

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Discount rate	1.07%	1.07%
Expected long-term return on assets	1.0%	1.0%
Lump sum election rate	100%	100%

3. Defined contribution plan

The amounts to be contributed to the defined contribution plan for JAST and its consolidated subsidiaries for the fiscal years ended March 31, 2023 and 2024 were 88,326 thousand yen and 94,556 thousand yen, respectively.

**Stock Options**

Not applicable.

## Tax Effect Accounting

### 1. Significant components of deferred tax assets and liabilities

	FY3/23 (As of Mar. 31, 2023)	(Thousand yen) FY3/24 (As of Mar. 31, 2024)
Deferred tax assets		
Provision for bonuses	387,799	402,448
Accrued expenses	54,944	58,178
Accounts payable-other	808	2,783
Accrued business office taxes	38,034	45,031
Provision for loss on construction contracts	2,082	4,443
Inventories	17,000	14,663
Long-term accounts payable-other	104,942	112,865
Provision for share awards for directors (and other officers)	43,406	47,764
Retirement benefit liability	332,400	325,131
Allowance for doubtful accounts	2,821	14,216
Asset retirement obligations	76,612	85,654
Tax loss carryforwards (Note 1)	86,271	138,345
Other	31,418	29,532
Subtotal deferred tax assets	1,178,544	1,281,059
Less valuation allowance for tax loss carryforwards (Note 1)	(86,271)	(138,345)
Less valuation allowance for future deductible temporary differences	(241,483)	(250,495)
Subtotal valuation allowance	(327,755)	(388,841)
Total	850,788	892,218
Deferred tax liabilities		
Valuation difference on available-for-sale securities	60,513	69,897
Retirement benefit asset	206,587	271,810
Other	72,419	71,692
Total	339,520	413,400
Net deferred tax assets	511,268	478,818

Note: 1. Expiration of tax loss carryforwards, the related valuation allowances, and the resulting net deferred tax assets

FY3/23 (As of Mar. 31, 2023)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	4,918	13,139	6,312	3,552	427	57,920	86,271
Less valuation allowance for tax loss carryforwards	(4,918)	(13,139)	(6,312)	(3,552)	(427)	(57,920)	(86,271)
Deferred tax assets	-	-	-	-	-	-	-

(\*1) Tax loss carryforwards are calculated by applying the statutory tax rate.

FY3/24 (As of Mar. 31, 2024)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	13,915	6,713	3,728	462	11,166	102,358	138,345
Less valuation allowance for tax loss carryforwards	(13,915)	(6,713)	(3,728)	(462)	(11,166)	(102,358)	(138,345)
Deferred tax assets	-	-	-	-	-	-	-

(\*1) Tax loss carryforwards are calculated by applying the statutory tax rate.

## 2. Significant sources of differences between the statutory tax and effective tax rate

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Statutory tax rate	30.6 %	30.6 %
(Adjustments)		
Permanent difference of entertainment expenses and other items	0.7	0.6
Residential tax for the period	0.3	0.3
Increase (decrease) in valuation allowance	1.9	0.6
Tax credit	(5.5)	(5.4)
Amortization of goodwill	0.3	0.3
Tax effect of undistributed earnings	0.2	0.2
Tax rate difference between the Company and its consolidated subsidiaries	(0.6)	(0.8)
Others	(0.4)	0.5
Effective tax rate	27.4	26.9

## Business Combinations

### 1. Summary of business combination

#### (1) Acquired company and its business activities

K-SHIP Co., Ltd.

Business activities: Health insurance invoice processing and verifications, verifications of applications for payments of judo therapy treatment expenses, health management business, and other activities

#### (2) Reasons for acquisition

K-SHIP is a provider of insurance services primarily to health insurance organizations. Operations include verifications of applications for payments for judo therapy treatments, which are mainly inspections of items listed in invoices, and outsourced invoicing services, health insurance administrative tasks, and other activities. K-SHIP is one of the largest players and provides services to more than 170 health insurance organizations. On the other hand, the Group is a comprehensive software development organization that has no affiliations with other corporate groups and a highly distinctive identity. The Group has a system solutions business that always utilizes the latest advances in technology to serve an extremely broad range of clients in terms of industries, technological fields, equity relationships and other characteristics. The medical big data business was 8.6% of the Group's sales in the fiscal year that ended in March 2023. The Group's business activities are guided by the missions of "Making medical data an asset with value" and "Using ICT for the digital transformation of health insurance operations". The objectives are to be a one-stop source of services for health insurers and a provider of services for the utilization of data with the aim of extending the healthy life spans of the public and supporting health insurance for the people of Japan. One of the Group's highest priorities is the growth of business value in this insurance services sector by increasing the Group's market share for more growth of medical big data at the Group.

JAST has purchased K-SHIP stock for the purposes of increasing the number of transactions and the volume of big data in the health insurance market at all group companies. In addition, JAST plans to use the combination of the Group's ICT and digital transformation expertise and K-SHIP's business operations know-how for the provision of services with even greater value to health insurance organizations.

#### (3) Acquisition date

January 26, 2024 (stock acquisition date)

March 31, 2024 (assumed acquisition date)

#### (4) Legal form of acquisition

Acquisition of shares with cash

#### (5) Company's name after acquisition

There is no change in the company's name.

#### (6) Percentage of voting rights acquired

100%

(7) Basis for choosing the company to acquire

JAST acquired the shares in exchange for consideration in cash.

2. Period of the acquired company's performance included in the consolidated financial statements

The consolidated statement of income for the current fiscal year does not reflect the performance of the acquired companies since JAST has consolidated only the balance sheet. This is because the assumed acquisition date of March 31, 2024 does not exceed three months from the consolidation closing date of the current fiscal year.

3. Acquisition cost of acquired company and breakdown by type of consideration

Payment for the acquisition:	Cash	1 thousand yen
Acquisition cost:		1 thousand yen

4. Details of major acquisition-related costs

Remuneration for advisory members and other related fees: 2.2 million yen

5. Goodwill resulting from the acquisition

(1) Value of goodwill

200.466 million yen

The amount of goodwill is calculated provisionally because the allocation of the acquisition cost is incomplete at the end of the current fiscal year.

(2) Source of goodwill

The source is primarily the expectation of excess earnings power emerging from business development in the future.

(3) Amortization method and amortization period

Goodwill is amortized over ten years by the straight-line method.

6. Breakdown of assets acquired and liabilities assumed on the acquisition date

Current assets:	128.057 million yen
Non-current assets:	9.649 million yen
Total assets:	137.707 million yen

Current liabilities:	32.774 million yen
Non-current liabilities:	305.398 million yen
Total liabilities:	338.172 million yen

7. Estimated effect of the business combination on the consolidated statement of income if the business combination had been completed at the beginning of the current fiscal year

This information is omitted due to immateriality.

## Asset Retirement Obligations

Asset retirement obligations included in the consolidated balance sheet

A. Summary of asset retirement obligations

Asset retirement obligations are mainly for returning leased space to its original condition in association for real estate leasing contracts for business sites of JAST.

B. Method for calculating asset retirement obligations

Asset retirement obligations are calculated by using a period of 15 years starting from the acquisition date as the estimated expected period of use and a discount rate of mainly 0.212%.

C. Change in asset retirement obligations

Changes in the balance of asset retirement obligations are as follows.

(Thousand yen)		
	FY3/23 (Apr. 1, 2022–Mar. 31, 2023)	FY3/24 (Apr. 1, 2023–Mar. 31, 2024)
Beginning balance	132,613	250,789
Purchase of property, plant and equipment	18,960	34,863
Accretion	1,933	1,923
Payments for asset retirement obligations	(3,300)	(11,400)
Increase due to change in estimate	100,582	(3,542)
Increase due to acquisition of consolidated subsidiary	-	7,438
Ending balance	250,789	280,073

## Rental and Other Properties

This information is omitted due to immateriality.

## Revenue Recognition

### 1. Information on disaggregated revenue from contracts with customers

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

(Thousand yen)						
		Reportable segment				Total
		DX&SI business	Package business	Medical big data business	Global business	
Industry	Telecommunications	3,201,315	3,595	-	-	3,204,910
	Finance/insurance	1,901,536	865,440	1,800	994	2,769,771
	Service/retail	4,763,900	-	383,229	1,999,236	7,146,366
	Education	1,290,839	3,598,525	2,665	3,455	4,895,485
	Manufacturing	2,457,389	-	2,443	667,553	3,127,386
	Medical care	47	-	886,494	251	886,793
	Public sector and others	720,458	21,783	744,599	1,961	1,488,802
Revenue from contracts with customers		14,335,487	4,489,345	2,021,231	2,673,452	23,519,516
Other revenues		-	-	-	-	-
External sales		14,335,487	4,489,345	2,021,231	2,673,452	23,519,516

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

(Thousand yen)						
		Reportable segment				Total
		DX&SI business	Package business	Medical big data business	Global business	
Industry	Telecommunications	3,325,714	10,949	-	-	3,336,663
	Finance/insurance	833,622	757,667	-	1,320	1,592,610
	Service/retail	6,116,122	14,912	245,813	896,789	7,273,638
	Education	849,672	4,112,264	6,000	120	4,968,057
	Manufacturing	3,120,407	14,609	392,997	2,454,507	5,982,522
	Medical care	77	-	1,267,561	171	1,267,811
	Public sector and others	1,005,668	23,047	732,000	1,500	1,762,217
Revenue from contracts with customers		15,251,285	4,933,451	2,644,373	3,354,411	26,183,521
Other revenues		-	-	-	-	-
External sales		15,251,285	4,933,451	2,644,373	3,354,411	26,183,521

## 2. Basic information in understanding revenue from contracts with customers

This information is as described in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements, 4. Accounting policies, (5) Recognition of significant revenues and expenses.”

## 3. Reconciliation of satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the next fiscal year and thereafter arising from contracts with customers that existed at the end of the fiscal year

FY3/23 (Apr. 1, 2022–Mar. 31, 2023)

### (1) Balances of receivables from contracts with customers, contract assets, and contract liabilities

(Thousand yen)

	FY3/23	
	Beginning balance	Ending balance
Receivables from contracts with customers	4,604,147	5,096,724
Contract assets	929,182	1,435,660
Contract liabilities	430,851	354,018

Contract assets primarily relate to the right of JAST and its consolidated subsidiaries to unbilled consideration for contracts where the performance obligation is fulfilled over a specified period, such as contracted software production and relevant services. Once JAST and its consolidated subsidiaries have an unconditional right to consideration, contract assets are reclassified to receivables from contracts with customers.

Contract liabilities primarily relate to advances received from customers for contracts where the performance obligation is fulfilled over a specified period, such as contracted software production, maintenance and relevant services. Contract liabilities are reversed as revenue is recognized.

Revenue recognized in FY3/23 that was included in the beginning balance of contract liabilities was 328,539 thousand yen.

### (2) Transaction price allocated to the remaining performance obligations

The description of the remaining performance obligations is omitted since JAST and its consolidated subsidiaries have no significant contracts with an original expected contractual duration of one year or more at the end of FY3/23.

FY3/24 (Apr. 1, 2023–Mar. 31, 2024)

### (1) Balances of receivables from contracts with customers, contract assets, and contract liabilities

(Thousand yen)

	FY3/24	
	Beginning balance	Ending balance
Receivables from contracts with customers	5,096,724	5,798,937
Contract assets	1,435,660	1,376,084
Contract liabilities	354,018	520,178

Contract assets primarily relate to the right of JAST and its consolidated subsidiaries to unbilled consideration for contracts where the performance obligation is fulfilled over a specified period, such as contracted software production and relevant services. Once JAST and its consolidated subsidiaries have an unconditional right to consideration, contract assets are reclassified to receivables from contracts with customers.

Contract liabilities primarily relate to advances received from customers for contracts where the performance obligation is fulfilled over a specified period, such as contracted software production, maintenance and relevant services. Contract liabilities are reversed as revenue is recognized.

Revenue recognized in FY3/24 that was included in the beginning balance of contract liabilities was 283,762 thousand yen.

### (2) Transaction price allocated to the remaining performance obligations

The description of the remaining performance obligations is omitted since JAST and its consolidated subsidiaries have no significant contracts with an original expected contractual duration of one year or more at the end of FY3/24.

## 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 devises the comprehensive strategy for products and services in Japan and overseas, and has four reportable business segments: DX&SI business, package business, medical big data business and global business.

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.

#### 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 profit figures.

Inter-segment sales and transfers are based on market prices.



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

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousand 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	61,305	27,621	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 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 profit shown on the consolidated statement of income.

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Thousand 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	15,251,285	4,933,451	2,644,373	3,354,411	26,183,521	-	26,183,521
2. Inter-segment sales and transfers	127,579	5,817	2,570	70,120	206,086	(206,086)	-
Total	15,378,864	4,939,268	2,646,943	3,424,531	26,389,607	(206,086)	26,183,521
Segment profit	2,250,991	1,383,294	686,468	402,176	4,722,930	(1,931,764)	2,791,166
Segment assets	8,838,361	3,992,196	2,602,764	2,382,183	17,815,505	2,207,188	20,022,694
Other items							
Depreciation	80,674	32,790	26,310	56,393	196,168	-	196,168
Increase in property, plant and equipment and intangible assets	305,140	116,918	59,552	44,060	525,672	-	525,672

- 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 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 profit shown on the consolidated statement of income.

Related information

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

1. Information by product or service

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

2. Information by region

(1) Net sales

(Thousand yen)

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

(2) Property, plant and equipment

(Thousand yen)

Japan	Overseas	Total
579,246	52,747	631,994

3. Information by major client

(Thousand yen)

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

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

1. Information by product or service

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

2. Information by region

(1) Net sales

(Thousand yen)

Japan	Overseas	Total
22,821,428	3,362,092	26,183,521

(2) Property, plant and equipment

(Thousand yen)

Japan	Overseas	Total
868,300	196,921	1,065,222

3. Information by major client

(Thousand yen)

Company name	Net sales	Business segment
NTT COMWARE CORPORATION	2,197,223	DX&SI business

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

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

Not applicable.

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

Not applicable.

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

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousand 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

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Thousand yen)

	DX&SI business	Package business	Medical big data business	Global business	Elimination or corporate	Total
Amortization for the period	-	-	-	24,203	-	24,203
Balance at end of period	-	-	200,466	66,560	-	267,027

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Related party information

Not applicable.

## Per-share Information

(Yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	439.03	516.08
Earnings per share	72.25	85.08

Notes: 1. Diluted earnings per share is not presented since JAST has no outstanding dilutive securities.

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

Net assets per share and earnings per share have been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2023.

3. The basis of calculation is as follows.

(Thousand yen)

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Net assets per share		
Total net assets on balance sheet	10,816,240	12,712,107
Deduction on total net assets	47,463	53,533
(Non-controlling interests)	(47,463)	(53,533)
Net assets applicable to common shares	10,768,776	12,658,574
Number of common shares used in calculation of net assets per share	24,528,384 shares	24,528,152 shares

(Thousand yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Earnings per share		
Profit attributable to owners of parent	1,772,210	2,086,939
Amount not available to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	1,772,210	2,086,939
Average number of shares outstanding during period	24,528,584 shares	24,528,214 shares

Note: JAST has established a new Board Benefit Trust (BBT). The JAST stock remaining in the BBT (298,400 shares as of March 31, 2023 and 298,400 shares as of March 31, 2024) 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 (298,400 shares as of March 31, 2023 and 298,400 shares as of March 31, 2024) 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 earnings per share.

## Subsequent Events

Following the resolution approved by the Board of Directors meeting held on February 29, 2024, JAST implemented a stock split and has made an associated revision to the Articles of Incorporation.

### 1. Stock split

#### (1) Purpose of stock split

The purpose of the stock split is to make investment easier for investors by reducing the value of JAST's investment unit, thereby expanding the investor base and increasing the liquidity of its shares.

#### (2) Method of stock split

Shareholders listed in the final shareholder register on the record date of March 31, 2024 have received two shares of common stock for each share held on the record date.

#### (3) Number of shares increased by the stock split

Total number of shares issued prior to the stock split:	12,418,460 shares
Number of shares increased by the stock split:	12,418,460 shares
Total number of shares issued following the stock split:	24,836,920 shares
Total number of authorized shares following the stock split:	64,000,000 shares

#### (4) Schedule

Public notice of record date:	March 15, 2024
Record date:	March 31, 2024
Effective date:	April 1, 2024

### 2. Partial revision to the Articles of Incorporation following the stock split

#### (1) Reason for the revision

In association with this stock split, the JAST Articles of Incorporation was partially amended on April 1, 2024 in accordance with Article 184, Paragraph 2 of the Companies Act.

#### (2) Details of the revision (Underlined parts are revised.)

Current	After revision
Article 6: (Total Number of Shares Authorized) The total number of shares authorized to be issued by the Company shall be <u>32,000,000</u> shares.	Article 6: (Total Number of Shares Authorized) The total number of shares authorized to be issued by the Company shall be <u>64,000,000</u> shares.

#### (3) Effective date

April 1, 2024

(v) Annexed consolidated detailed schedules

Annexed consolidated detailed schedule of corporate bonds

Not applicable.

Annexed consolidated detailed schedule of borrowings

(Thousand yen, unless otherwise stated)

Item	Balance as of Apr. 1, 2023	Balance as of Mar. 31, 2024	Average interest rate (%)	Repayment due (Year)
Current portion of long-term borrowings	-	12,480	1.2	-
Current portion of lease liabilities	17,218	30,942	-	-
Long-term borrowings (excluding current portion)	-	65,960	1.2	2026 to 2032
Lease liabilities (excluding current portion)	23,143	92,781	-	2026 to 2030
Other interest-bearing debt	-	-	-	-
Total	40,362	202,164	-	-

- Notes: 1. The average interest rate on lease liabilities is not presented because lease liabilities are recorded on the consolidated balance sheet at the amount before deducting the amount equivalent to interest included in the total lease payments.  
2. The repayment schedule within five years after the consolidated balance sheet date of long-term borrowings (excluding current portion) and lease liabilities (excluding current portion) is as follows.

(Thousand yen)

	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
Long-term borrowings	11,100	11,100	11,100	11,100	21,560
Lease liabilities	23,597	20,648	17,684	16,827	14,022

Annexed consolidated detailed schedule of asset retirement obligations

This information is omitted because the items to be presented in this schedule are presented as notes stipulated in Article 15-23 of the Regulation on Consolidated Financial Statements.

## (2) Other Information

Quarterly results for the fiscal year ended March 31, 2024

(Thousand yen, unless otherwise stated)

(Cumulative period)	First three months	First six months	First nine months	Current fiscal year
Net sales	5,640,211	12,132,581	18,527,947	26,183,521
Profit before income taxes	134,440	1,008,926	1,648,323	2,861,415
Profit attributable to owners of parent	61,902	651,258	1,099,120	2,086,939
Earnings per share (Yen)	2.52	26.55	44.81	85.08

(Accounting period)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Earnings per share (Yen)	2.52	24.03	18.26	40.27

## 2. Non-consolidated Financial Statements, etc.

### (1) Non-consolidated Financial Statements

#### i. Non-consolidated Balance Sheet

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	4,896,049	5,766,061
Notes and accounts receivable-trade, and contract assets	*1 5,221,967	*1 5,577,243
Merchandise and finished goods	128,353	120,981
Work in process	44,662	23,384
Raw materials and supplies	8,118	3,916
Prepaid expenses	*1 110,684	*1 120,300
Accounts receivable-other	*1 8,686	*1 8,721
Other	*1 12,638	*1 15,388
Allowance for doubtful accounts	(3,655)	(4,148)
Total current assets	10,427,505	11,631,849
Non-current assets		
Property, plant and equipment		
Buildings	328,636	594,965
Structures	5,844	5,396
Tools, furniture and fixtures	84,341	110,885
Land	142,361	142,361
Construction in progress	1,066	-
Total property, plant and equipment	562,250	853,609
Intangible assets		
Software	75,053	156,238
Telephone subscription right	6,180	6,180
Total intangible assets	81,233	162,418
Investments and other assets		
Investment securities	544,683	577,163
Shares of subsidiaries and associates	2,183,505	2,185,706
Investments in capital of subsidiaries and associates	75,953	45,218
Long-term loans receivable from subsidiaries and associates	142,567	386,392
Prepaid pension cost	570,660	594,717
Deferred tax assets	489,358	512,993
Guarantee deposits	399,890	458,494
Insurance funds	64,987	61,883
Other	4,126	178,044
Allowance for doubtful accounts	(42,435)	(300,580)
Total investments and other assets	4,433,299	4,700,034
Total non-current assets	5,076,783	5,716,062
Total assets	15,504,289	17,347,911

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	*1 916,555	*1 1,094,648
Accounts payable-other	*1 166,452	*1 188,887
Accrued expenses	*1 296,437	*1 359,795
Income taxes payable	439,120	489,976
Accrued consumption taxes	194,372	261,943
Contract liabilities	262,549	351,786
Provision for bonuses	1,167,316	1,204,050
Provision for bonuses for directors (and other officers)	35,025	37,983
Provision for loss on construction contracts	6,801	14,510
Other	*1 104,555	*1 138,754
Total current liabilities	3,589,185	4,142,336
Non-current liabilities		
Provision for share awards for directors (and other officers)	141,759	155,990
Provision for retirement benefits	991,918	973,168
Asset retirement obligations	223,887	260,308
Long-term accounts payable-other	343,188	368,601
Other	12,217	7,162
Total non-current liabilities	1,712,971	1,765,230
Total liabilities	5,302,157	5,907,567
Net assets		
Shareholders' equity		
Share capital	1,535,409	1,535,409
Capital surplus		
Legal capital surplus	1,497,047	1,497,047
Other capital surplus	250,404	250,404
Total capital surpluses	1,747,452	1,747,452
Retained earnings		
Legal retained earnings	32,665	32,665
Other retained earnings		
General reserve	5,207,000	6,400,000
Retained earnings brought forward	1,718,193	1,742,389
Total retained earnings	6,957,858	8,175,054
Treasury shares	(175,703)	(175,947)
Total shareholders' equity	10,065,017	11,281,968
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	137,114	158,376
Total valuation and translation adjustments	137,114	158,376
Total net assets	10,202,132	11,440,344
Total liabilities and net assets	15,504,289	17,347,911



**ii. Non-consolidated Statements of Income**

	(Thousand yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Net sales	*2 18,552,222	*2 20,431,311
Cost of sales	*2 13,733,626	*2 14,982,940
Gross profit	4,818,595	5,448,370
Selling, general and administrative expenses	*1, *2 3,017,008	*1, *2 3,350,961
Operating profit	1,801,586	2,097,409
Non-operating income		
Interest and dividend income	*2 254,292	*2 292,643
Rental income	3,086	3,155
Commission income	2,097	2,108
Interest on securities	2,400	2,400
Insurance claim income	-	14,700
Reversal of allowance for doubtful accounts	61,988	5,771
Subsidy income	9,843	16,601
Foreign exchange gains	6,377	13,532
Other	2,770	2,297
Total non-operating income	342,856	353,209
Non-operating expenses		
Provision of allowance for doubtful accounts	9,470	263,916
Commission expenses	753	762
Other	0	1,219
Total non-operating expenses	10,223	265,897
Ordinary profit	2,134,219	2,184,722
Extraordinary losses		
Loss on valuation of investments in capital of subsidiaries and associates	-	*3 30,735
Total extraordinary losses	-	30,735
Profit before income taxes	2,134,219	2,153,986
Income taxes-current	488,416	572,581
Income taxes-deferred	15,340	(33,018)
Total income taxes	503,757	539,562
Profit	1,630,462	1,614,423

### iii. Non-consolidated Statement of Changes in Equity

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousand yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	1,535,409	1,497,047	250,404	1,747,452	32,665	4,313,000	1,230,005	5,575,670
Changes during period								
Provision of general reserve						894,000	(894,000)	-
Dividends of surplus							(248,274)	(248,274)
Profit							1,630,462	1,630,462
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	894,000	488,187	1,382,187
Balance at end of period	1,535,409	1,497,047	250,404	1,747,452	32,665	5,207,000	1,718,193	6,957,858

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(175,264)	8,683,268	121,768	121,768	8,805,037
Changes during period					
Provision of general reserve		-			-
Dividends of surplus		(248,274)			(248,274)
Profit		1,630,462			1,630,462
Purchase of treasury shares	(439)	(439)			(439)
Net changes in items other than shareholders' equity			15,346	15,346	15,346
Total changes during period	(439)	1,381,748	15,346	15,346	1,397,094
Balance at end of period	(175,703)	10,065,017	137,114	137,114	10,202,132

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Thousand yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Other retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	1,535,409	1,497,047	250,404	1,747,452	32,665	5,207,000	1,718,193	6,957,858
Changes during period								
Provision of general reserve						1,193,000	(1,193,000)	-
Dividends of surplus							(397,228)	(397,228)
Profit							1,614,423	1,614,423
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	1,193,000	24,195	1,217,195
Balance at end of period	1,535,409	1,497,047	250,404	1,747,452	32,665	6,400,000	1,742,389	8,175,054

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(175,703)	10,065,017	137,114	137,114	10,202,132
Changes during period					
Provision of general reserve		-			-
Dividends of surplus		(397,228)			(397,228)
Profit		1,614,423			1,614,423
Purchase of treasury shares	(244)	(244)			(244)
Net changes in items other than shareholders' equity			21,261	21,261	21,261
Total changes during period	(244)	1,216,951	21,261	21,261	1,238,212
Balance at end of period	(175,947)	11,281,968	158,376	158,376	11,440,344

## Notes to Non-consolidated Financial Statements

### Significant Accounting Policies

#### 1. Valuation standards and methods for assets

##### (1) Valuation standards and methods for marketable securities

###### (i) Subsidiaries' stocks

Stated at cost determined by the moving-average method.

###### (ii) Held-to-maturity debt securities

Stated at cost determined by the amortized cost method (straight-line method).

###### (iii) Available-for-sale securities

###### - Securities other than shares, etc. that do not have a market price

Stated at fair value. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

###### - Shares, etc. that do not have a market price

Stated at cost determined by the moving-average method.

##### (2) Valuation standards and methods for inventories

###### (i) Merchandise

Stated at cost determined by the specific identification method. (The carrying amount on the balance sheet is written down to reflect the effect of lower profit margins.)

###### (ii) Finished goods

Stated at cost determined by the periodic average method. (The carrying amount on the balance sheet is written down to reflect the effect of lower profit margins.)

###### (iii) Work in process

Stated at cost determined by the specific identification method. (The carrying amount on the balance sheet is written down to reflect the effect of lower profit margins.)

###### (iv) Supplies

Valued by the last purchased price method.

#### 2. Depreciation and amortization of non-current assets

##### (1) Property, plant and equipment (excluding leased assets)

The declining-balance method, except for facilities attached to buildings and structures acquired on or after April 1, 2016, on which depreciation is calculated by the straight-line method.

Useful lives of principle assets is as follows.

Buildings: 10–35 years

Tools, furniture and fixtures: 4–10 years

##### (2) Software (excluding leased assets)

Software for internal use is amortized over an expected useful life of 3-5 years by the straight-line method.

##### (3) Leased assets

###### (i) Lease assets associated with finance lease transactions where there is transfer of ownership

Depreciated by the same method as depreciation method used for non-current assets held by the Company.

###### (ii) Lease assets associated with finance lease transactions where there is no transfer of ownership

Depreciated by the straight-line method, assuming the lease period to be the useful life and a residual value of zero.

#### 3. Recognition of allowances

##### (1) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on

case-by-case determination of collectibility.

(2) Provision for bonuses

To provide for employee bonus obligation, an allowance is provided in the amount equal to the estimated bonus obligations.

(3) Provision for retirement benefits

To provide for accrued retirement benefits for employees, an allowance is provided based on projected benefit obligations and plan assets at the end of the current fiscal year.

The actuarial difference is expensed in the following fiscal years using the declining-balance method based on a certain period (10 years) within the average length of remaining service period of employees.

The prior service cost is expensed using the declining-balance method based on a certain period (10 years) within the average length of remaining service period of employees from the year when it is recognized.

(4) Provision for bonuses for directors (and other officers)

To provide for bonuses for directors (and other officers), an allowance is provided in the amount equal to the estimated bonus obligations in the current fiscal year.

(5) Provision for share awards for directors (and other officers)

To provide for the payment of JAST's shares to its directors (and other officers) in accordance with the rules on the stock compensation plan for directors (and other officers), an allowance is provided based on the estimated obligations for share awards in the current fiscal year.

(6) Provision for loss on construction contracts

To prepare for future losses on construction contracts, such as contracted software production and development, an allowance is provided for estimated losses on contracts for which losses are expected to be incurred in the next fiscal year or later and the amount can be reasonably estimated.

4. Recognition of revenues and expenses

The nature of the main performance obligations related to revenue from contracts with customers in the major businesses of JAST and the timing when those performance obligations are typically satisfied (when revenue is typically recognized) are as follows.

JAST has four business segments: DX&SI business, Package business, Medical big data business, and Global business. JAST recognizes revenue from contracts with customers mainly for contracted software production, maintenance and relevant services. For contracts where the performance obligation is fulfilled over a specified period, the progress of fulfilling the performance obligation is estimated, except when the period is extremely short, and revenue based on the progress is recognized for that period. The progress is determined mainly by the input method based on the ratio of the actual costs incurred to the estimated total construction cost (the cost-to-cost basis). For contracts where the performance obligation is fulfilled at a point in time, such as the sale of products, revenue is recognized at the point in time when the customer accepts the products.

For transactions, such as the sale of products, where JAST functions as an agent, the amount paid to the supplier of the product is deducted from the total payment received from the customer and the resulting net amount is recognized as revenue.

5. Other significant accounting policies in the preparation of non-consolidated financial statements

(1) Accounting method for retirement benefits

Accounting method for outstanding balance of unrecognized actuarial differences and unrecognized prior service costs related to retirement benefit is different from those for the consolidated financial statements.

## Significant Accounting Estimates

### 1. Estimate of total construction cost for revenue recognition over a specified period based on progress

#### (1) Amounts recorded in the non-consolidated financial statements for the current fiscal year

	(Thousand yen)	
	FY3/23	FY3/24
Net sales from revenue recognized over a specified period based on progress	1,844,911	1,379,496

#### (2) Other information that contributes to the understanding of accounting estimates

For contracts where the performance obligation is fulfilled over a specified period, such as contracted software production and relevant services, net sales are recorded by recognizing revenue based on the progress for that period. Net sales from revenue recognized over a specified period based on progress are calculated by multiplying the total construction revenue by the progress. The progress is determined by the input method based on the ratio of the actual costs incurred by the end of the current fiscal year to the estimated total construction cost (the cost-to-cost basis). The total construction cost based on incurred costs is estimated by using the number of man-hours required for the work in consideration of its individualized nature, such as the specifications and work period of contracted software production and relevant services.

In the event that the estimate of man-hours requires a significant revision, the change in estimate of the total construction cost due to the revision may have a material impact on the non-consolidated financial statements for the following fiscal year.

## Reclassifications

Not applicable.

## Changes in Accounting-based Estimates

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 298,400 shares of JAST with a book value of 171,700 thousand yen as of the end of the previous fiscal year, and held 298,400 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 April 1, 2024. 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.

## Notes to Balance Sheet

### \*1 Monetary claims and monetary liabilities to affiliates (excluding those separately presented)

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Short-term monetary claims	61,297	39,628
Short-term monetary liabilities	130,927	147,334

### 2 Guarantee liabilities

#### Guarantees for affiliate's bank loans

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
NewNeeds Co., Ltd.	70,000	70,000

JAST guarantees the overdraft contract that NewNeeds Co., Ltd. has entered into with financial institutions, and the amount of the overdraft line of credit is shown in the above table.

### 3 JAST has commitment line agreements with 4 banks, in order to raise funds efficiently. The balances of credit available as of the balance sheet date were as follows.

	(Thousand yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Commitment line	500,000	500,000
Credit used	-	-
Credit available	500,000	500,000

## Notes to Statement of Income

- \*1 Selling expenses represent approximately 26% of the total selling, general and administrative expenses, and general and administrative expenses approximately 74% in FY3/23, and selling expenses represent approximately 34% of the total selling, general and administrative expenses, and general and administrative expenses approximately 66% in FY3/24.

Major items of selling, general and administrative expenses

	(Thousand yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022–Mar. 31, 2023)	(Apr. 1, 2023–Mar. 31, 2024)
Compensations for directors (and other officers)	177,115	209,344
Wages, sales and other allowances	1,090,069	1,117,642
Provision for bonuses	184,630	186,829
Provision for bonuses for directors (and other officers)	35,025	37,983
Retirement benefit expenses	47,558	47,473
Stock compensation expenses for directors (and other officers)	21,031	14,230
Depreciation	65,206	89,190
Research and development expenses	469,246	353,128
Rent expenses	135,554	141,176

- \*2 Transactions with subsidiaries and affiliates

	(Thousand yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022–Mar. 31, 2023)	(Apr. 1, 2023–Mar. 31, 2024)
Amount of business transactions		
Net sales	109,613	91,731
Operating expenses	749,592	792,803
Amount of non-business transactions	245,345	283,228

- \*3 Loss on valuation of investments in capital of subsidiaries and associates

This is related to Shanghai Jiafeng Information Technology Co., Ltd., a consolidated subsidiary of JAST.

## Marketable Securities

Shares of subsidiaries (carrying amount of 2,183,505 thousand yen and 2,185,706 thousand yen in FY3/23 and FY3/24, respectively) are not presented because they are shares, etc. that do not have a market price.



## Tax Effect Accounting

### 1. Significant components of deferred tax assets and liabilities

	FY3/23 (As of Mar. 31, 2023)	(Thousand yen) FY3/24 (As of Mar. 31, 2024)
Deferred tax assets		
Provision for bonuses	357,432	368,680
Accrued expenses	50,467	52,985
Accounts payable-other	808	2,783
Accrued business office taxes	35,310	38,600
Provision for loss on construction contracts	2,082	4,443
Long-term accounts payable-other	104,786	112,865
Provision for share awards for directors (and other officers)	43,406	47,764
Provision for retirement benefits	303,725	297,984
Allowance for doubtful accounts	14,112	93,307
Asset retirement obligations	71,971	79,706
Shares of subsidiaries and associates	463,427	472,839
Other	32,178	34,961
Subtotal deferred tax assets	1,479,711	1,606,921
Less valuation allowance	(707,675)	(793,615)
Total	772,036	813,305
Deferred tax liabilities		
Valuation difference on available-for-sale securities	60,513	69,897
Prepaid pension cost	174,736	182,102
Other	47,427	48,311
Total	282,677	300,311
Net deferred tax assets	489,358	512,993

### 2. Significant sources of differences between the statutory tax and effective tax rate

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Statutory tax rate	30.6 %	30.6 %
(Adjustments)		
Permanent difference of entertainment expenses and other items	(2.6)	(3.1)
Residential tax for the period	0.3	0.3
Increase (decrease) in valuation allowance	1.6	4.0
Tax credit	(6.3)	(7.1)
Others	(0.0)	0.4
Effective tax rate	23.6	25.0

**Business Combinations**

This information is not presented because it is the same as described in “(Business Combinations)” in the Notes to Consolidated Financial Statements.

**Revenue Recognition**

Basic information in understanding revenue from contracts with customers is not presented because it is the same as described in “(Revenue Recognition)” in the Notes to Consolidated Financial Statements.

**Subsequent Events**

This information is not presented because it is the same as described in “(Subsequent Events)” in the Notes to Consolidated Financial Statements.

(iv) Annexed non-consolidated detailed schedules

Annexed detailed schedule of property, plant and equipment, etc.

(Thousand yen)

Item	Type of assets	Balance as of Apr. 1, 2023	Increase	Decrease	Depreciation or amortization	Balance as of Mar. 31, 2024	Accumulated depreciation or amortization
Property, plant and equipment	Buildings	328,636	332,447	0	66,119	594,965	585,982
	Structures	5,844	-	-	448	5,396	2,434
	Tools, furniture and fixtures	84,341	64,138	0	37,594	110,885	371,825
	Land	142,361	-	-	-	142,361	-
	Construction in progress	1,066	-	1,066	-	-	-
	Total property, plant and equipment	562,250	396,585	1,066	104,161	853,609	960,242
Intangible assets	Software	75,053	106,790	-	25,605	156,238	-
	Telephone subscription right	6,180	-	-	-	6,180	-
	Total intangible assets	81,233	106,790	-	25,605	162,418	-

Annexed detailed schedule of provisions

(Thousand yen)

Account	Balance as of Apr. 1, 2023	Increase	Decrease	Balance as of Mar. 31, 2024
Allowance for doubtful accounts	46,090	268,064	9,426	304,728
Provision for bonuses	1,167,316	1,204,050	1,167,316	1,204,050
Provision for bonuses for directors (and other officers)	35,025	37,983	35,025	37,983
Provision for loss on construction contracts	6,801	14,510	6,801	14,510
Provision for retirement benefits	991,918	99,826	118,576	973,168
Provision for share awards for directors (and other officers)	141,759	14,230	-	155,990

(2) Components of major assets and liabilities

This information is omitted because the Group has prepared the consolidated financial statements.

(3) Other information

Not applicable.

## VI. Outline of Share-related Administration of Reporting Company

Fiscal year	April 1 to March 31		
Annual General Meeting of Shareholders	June		
Record date	March 31		
Record date of dividends of surplus	September 30 March 31		
Number of shares constituting one unit	100 shares		
Acquisition of odd-lot shares			
Handling office	(Special account) 4-5-33 Kitahama, Chuo-ku, Osaka Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited		
Shareholder register administrator	(Special account) 1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited		
Agency	_____		
Acquisition fee	Separately specified amount equivalent to share trading brokerage fees		
Method of public notice	JAST posts electronic public notices on its website; when an electronic public notice cannot be used due to an accident or any other unavoidable reason, the notice will be placed in The Nihon Keizai Shimbun. The JAST website <a href="https://www.jast.jp/en/">https://www.jast.jp/en/</a>		
Special benefits for shareholders	Shareholders of record on March 31 of every fiscal year who own at least 600 shares (six units) of JAST stock are eligible to receive the following special benefit.		
	Based on the number of shares held and the length of the shareholding, shareholders can select socially and environmentally responsible products, food products, household products, experiences, money for a charitable donation, or other items in JAST's gift catalog.		
	Number of shares held	Shareholder benefits	
		Shareholders with a holding period of under three years	Shareholders with a holding period of at least three years (note)
		600 to 999	Worth 3,000 yen
1,000 or more	Worth 7,000 yen	Worth 12,000 yen	
Note: A holding period of at least three years is defined as a shareholder in the shareholder register as of March 31 and September 30 for at least seven consecutive six-month periods with the same shareholder number.			

Notes: 1. In accordance with the JAST's Articles of Incorporation, a shareholder holding odd-lot shares does not have any rights other than those listed below:

- (1) Rights listed in every item of Article 189, Paragraph 2 of the Companies Act;
  - (2) Rights to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act; and
  - (3) Rights to receive allotment of shares for subscription and allotment of share acquisition rights for subscription in proportion to the number of shares held.
2. The shareholder benefit program may be revised or terminated due to changes in results of operations, JAST's policy regarding these benefits or some other reason.

## VII. Reference Information of Reporting Company

### 1. Information about Parent of Reporting Company

Not applicable, because JAST does not have a parent company.

### 2. Other Reference Information

From the beginning of the current fiscal year until the filing date of this Annual Securities Report, JAST has filed the following documents:

(1) Annual Securities Report and attached document thereof and Confirmation Letter

Filed for the 51st fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023) with the Director-General of the Kinki Local Finance Bureau on June 29, 2023.

(2) Internal Control Report and attached document thereof

Filed with the Director-General of the Kinki Local Finance Bureau on June 29, 2023.

(3) Quarterly Reports and Confirmation Letter

Filed for the first quarter (from April 1 to June 30, 2023) of the 52nd fiscal year ended March 31, 2024 with the Director-General of the Kinki Local Finance Bureau on August 14, 2023.

Filed for the second quarter (from July 1 to September 30, 2023) of the 52nd fiscal year ended March 31, 2024 with the Director-General of the Kinki Local Finance Bureau on November 13, 2023.

Filed for the third quarter (from October 1 to December 31, 2023) of the 52nd fiscal year ended March 31, 2024 with the Director-General of the Kinki Local Finance Bureau on February 14, 2024.

(4) Extraordinary Report

Filed the Extraordinary Report pursuant to the provisions of Article 19, Paragraph 2, (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (resolutions made at the General Meeting of Shareholders) with the Director-General of the Kinki Local Finance Bureau on June 29, 2023.

## **Section 2. Information about Reporting Company's Guarantor, etc.**

Not applicable.

## Independent Auditor's Report and Internal Control Audit Report

June 25, 2024

To the Board of Directors of

Japan System Techniques Co., Ltd.

Deloitte Touche Tohmatsu LLC

Osaka office

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Designated Limited Liability Partner,  
Engagement Partner,  
Certified Public Accountant: Ikutoshi Senzaki

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Designated Limited Liability Partner,  
Engagement Partner,  
Certified Public Accountant: Hideya Sudo

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### Audit of Consolidated Financial Statements

#### Audit Opinion

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Japan System Techniques Co., Ltd. (the "Company") and its consolidated subsidiaries (the "Group") provided in the "Financial Information" section in the Company's Annual Securities Report, namely, the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2023 to March 31, 2024, and the notes to significant accounting policies in the preparation of consolidated financial statements and other notes and the annexed consolidated detailed schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2024, and its consolidated financial performance and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current fiscal year. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimate of total construction cost for revenue recognition over a specified period based on progress	
Key audit matter description	How the key audit matter was addressed in the audit
<p>As described in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements, 4. Accounting policies, (5) Recognition of significant revenues and expenses” and “Significant Accounting Estimates, 1. Estimate of total construction cost for revenue recognition over a specified period based on progress” in the Notes to Consolidated Financial Statements, the Company records net sales for contracts where the performance obligation is fulfilled over a specified period, such as contracted software production and relevant services, which are the Company’s major businesses, by estimating the progress of fulfilling the performance obligation and recognizing revenue based on the progress for that period. Net sales for the current fiscal year amounted to 26,183,521 thousand yen, of which 1,408,009 thousand yen was from revenue recognized over a specified period based on progress.</p> <p>Net sales from revenue recognized over a specified period based on progress are calculated by multiplying the total construction revenue by the progress. The progress is determined by the input method based on the ratio of the actual costs incurred by the end of the current fiscal year to the estimated total construction cost (the cost-to-cost basis). Contracted software production and relevant services, mainly including a contracted system integration service, are of highly individualized nature, such as due to different specifications and work periods. Any revisions to specifications after the start of contracted software production and relevant services may change the man-hours required for the work. Therefore, in estimating the total construction cost, which is the basis for net sales from revenue recognized over a specified period based on progress, it is necessary to update the estimate of the number of man-hours required to complete the work in a timely manner, and appropriate estimates require management’s judgment.</p> <p>Given the above, we considered the estimate of total construction cost for revenue recognition over a specified period based on progress in contracted software production and relevant services to be of particular importance and determined this matter as a key audit matter.</p>	<p>Our audit procedures related to the estimate of total construction cost for revenue recognition over a specified period based on progress included the following, among others:</p> <ul style="list-style-type: none"> <li>• We examined the effectiveness of the development and operation of internal controls over the estimate of total construction cost.</li> <li>• We compared the total construction cost in the previous fiscal year and the actual costs incurred in the current fiscal year for projects to which progress-based revenue recognition was applied in the previous fiscal year to examine the accuracy of the estimate of total construction cost.</li> <li>• After questioning each business head manager and reviewing monthly management meeting minutes, monthly reports and other documents to determine whether there were any projects that would require revisions to the original estimates, we questioned the managers of projects concerned and reviewed relevant documents pertaining to the progress of the projects to ensure that the total construction cost was reviewed in a timely manner.</li> <li>• We compared the original estimate of total construction cost with the actual costs incurred, questioned the managers of projects concerned about the factors contributing to the discrepancies for projects with large discrepancies, and reviewed relevant documents related to the progress, to ensure that the revised estimate of total construction cost has been updated appropriately.</li> <li>• We analyzed the cost accruals of significant projects to which net sales were recorded by recognizing revenue over a specified period based on progress, from the perspectives such as whether there were any projects with cost accruals that were not initially anticipated. For projects concerned, we questioned the managers of the projects concerned and, if necessary, performed additional procedures to examine the appropriateness of the cost accruals.</li> <li>• Net sales from revenue recognized over a specified period based on progress were reconciled with the contract and cost calculation documents for estimating the total construction cost, and recalculated on the cost to cost basis.</li> </ul>

#### Other Information

Other information included in the Annual Securities Report is information other than the consolidated financial statements and non-consolidated financial statements and their audit reports. Management is responsible for preparing and disclosing the other information. In addition, the Audit & Supervisory Committee is responsible for overseeing the performance of directors concerning the development and operation of the reporting process for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

Our responsibility in the audit of the consolidated financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the development and operation of such internal controls as management determines necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, information related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative.

The Audit & Supervisory Committee is responsible for overseeing the performance of directors concerning the



development and operation of the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain a reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the consolidated financial statements to express an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used by the management and their method of application, as well as the reasonableness of accounting estimates made by the management and related notes.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements. And, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if these notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained by or on the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the provisions of the Code of Professional Ethics in Japan regarding independence and notify committee members of the matters that may reasonably be thought to affect our independence. If applicable, we also provide information about any activities taken to eliminate obstacles to our independence and about the use of safeguards for reducing these obstacles to a permissible level.

Of the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current fiscal year as key audit matters. We describe these matters in our auditor's report unless laws and regulations preclude public disclosure about the matters or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of this communication.

#### Audit of Internal Control

##### Audit Opinion

Pursuant to the provisions of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited the Internal Control Report of the Company as of March 31, 2024.

In our opinion, the accompanying Internal Control Report, in which the Company states that internal controls for financial reporting were effective as of March 31, 2024, presents fairly, in all material respects, the assessment of internal controls for financial reporting, in accordance with assessment standards for internal controls for financial reporting generally accepted in Japan.

##### Basis for Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal controls for financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Internal Control" section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and the Audit & Supervisory Committee for the Internal Control Report

Management is responsible for the development and operation of internal controls for financial reporting, and the preparation and fair presentation of the Internal Control Report in accordance with assessment standards for internal controls for financial reporting generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing and examining the development and operation of internal controls for financial reporting.

Internal controls for financial reporting may not fully prevent or detect misstatements in financial reporting.

### Auditor's Responsibilities for the Audit of the Internal Control

Our responsibilities are to obtain a reasonable assurance about whether the Internal Control Report is free from material misstatements and to issue an internal control audit report that includes our opinion on the Internal Control Report based on our internal control audit from an independent point of view.

In accordance with auditing standards for internal controls for financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence about the results of the assessments of internal controls for financial reporting in the Internal Control Report. The procedures are selected and applied by the auditor's judgment based on the significance of effects on the reliability of financial reporting.
- Evaluate the overall presentation of the Internal Control Report, including the appropriateness of the scope, procedures, and results of management's assessments of internal controls for financial reporting.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal controls for financial reporting in the Internal Control Report. We are responsible for the direction, supervision, and performance of the audit of the Internal Control Report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding the scope and timing of the planned internal control audit, the results of this audit, significant deficiencies in internal controls to be disclosed that we identify during our audit and those that were corrected, and other matters required by auditing standards for internal control.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the provisions of the Code of Professional Ethics in Japan regarding independence and notify committee members of the matters that may reasonably be thought to affect our independence. If applicable, we also provide information about any activities taken to eliminate obstacles to our independence and about the use of safeguards for reducing these obstacles to a permissible level.

### Information about Audit Fees

Fees received by our firm and individuals belonging to the network of our firm for audit certification services of the Group and for non-audit services are shown in (3) Audits in the Corporate Governance section included in Information about Reporting Company of this Annual Securities Report.

### Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Group that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Notes: 1. The original copy of this audit report is kept separately by the Company (the reporting company of the Annual Securities Report).

2. The associated XBRL data are not included in the scope of the audit.

## Independent Auditor's Report

June 25, 2024

To the Board of Directors of

Japan System Techniques Co., Ltd.

Deloitte Touche Tohmatsu LLC

Osaka office

Designated Limited Liability Partner,

Engagement Partner,

Certified Public Accountant: Ikutoshi Senzaki

Designated Limited Liability Partner,

Engagement Partner,

Certified Public Accountant: Hideya Sudo

### Audit of Non-consolidated Financial Statements

#### Audit Opinion

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Japan System Techniques Co., Ltd. (the "Company") provided in the "Financial Information" section in the Company's Annual Securities Report, namely, the non-consolidated balance sheet as of March 31, 2024, and the non-consolidated statement of income and non-consolidated statement of changes in equity and the notes to significant accounting policies for the 52nd fiscal year from April 1, 2023 to March 31, 2024, and the related notes and the annexed detailed schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the non-consolidated financial statements for the current fiscal year. Those matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimate of total construction cost for revenue recognition over a specified period based on progress
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As described in "Significant Accounting Policies, 4. Recognition of revenues and expenses" and "Significant Accounting Estimates, 1. Estimate of total construction cost for revenue recognition over a specified period based on progress" in the Notes to Non-consolidated Financial Statements, the Company records net sales for contracts where the performance obligation is fulfilled over a specified period, such as contracted software production and relevant services, which are the Company's major businesses, by estimating the progress of fulfilling the performance obligation and recognizing revenue based on the progress for that period. Net sales for the current fiscal year amounted to 20,431,311 thousand yen, of which 1,379,496 thousand yen was from revenue recognized over a specified period based on progress.
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Key audit matter description and how the key audit matter was addressed in the audit for this matter are not presented because they are the same as described in "Key Audit Matters (Estimate of total construction cost for revenue recognition over a specified period based on progress)" in the audit report on the consolidated financial statements.
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#### Other Information

Other information included in the Annual Securities Report is information other than the consolidated financial statements and non-consolidated financial statements and their audit reports. Management is responsible for preparing and disclosing the other information. In addition, the Audit & Supervisory Committee is responsible for overseeing the performance of directors concerning the development and operation of the reporting process for the other information.

Our audit opinion on the non-consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

Our responsibility in the audit of the non-consolidated financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of Management and the Audit & Supervisory Committee for the Non-consolidated Financial Statements**  
Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the development and operation of such internal controls as management determines necessary to enable the preparation and fair presentation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, information related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit & Supervisory Committee is responsible for overseeing the performance of directors concerning the development and operation of the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our responsibilities are to obtain a reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the non-consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the non-consolidated financial statements to express an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used by the management and their method of application, as well as the reasonableness of accounting estimates made by the management and related notes.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements. And, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements or, if these notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation of the non-consolidated financial statements and the notes are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the notes, and whether the non-consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves a fair presentation.

We communicate with the Audit & Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the provisions of the Code of Professional Ethics in Japan regarding independence and notify committee members of the matters that may reasonably be thought to affect our independence. If applicable, we also provide information about any activities taken to eliminate obstacles to our independence and about the use of safeguards for reducing these obstacles to a permissible level.

Of the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements for the current fiscal year as key audit matters. We describe these matters in our auditor's report unless laws and regulations preclude public disclosure about the matters or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of this communication.

#### Information about Audit Fees

Information about audit fees is described in the audit report on the consolidated financial statements.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Company that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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- Notes: 1. The original copy of this audit report is kept separately by the Company (the reporting company of the Annual Securities Report).
2. The associated XBRL data are not included in the scope of the audit.