



July 7, 2023

## Non-consolidated Financial Results for the Six Months Ended May 31, 2023 (Under Japanese GAAP)

Company name: JASTEC Co., Ltd.  
Listing: Tokyo Stock Exchange  
Securities code: 9717  
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Scheduled date to file quarterly securities report: July 12, 2023  
Scheduled date to commence dividend payments: —  
Preparation of supplementary material on quarterly financial results: Yes  
Holding of quarterly financial results briefing: Yes (for analysts, and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Non-consolidated financial results for the six months ended May 31, 2023 (from December 1, 2022 to May 31, 2023)

#### (1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
May 31, 2023	10,305	11.8	1,464	12.2	1,532	12.8	1,067	13.5
May 31, 2022	9,216	7.0	1,304	44.8	1,358	42.3	939	41.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
May 31, 2023	62.54	62.34
May 31, 2022	55.57	55.45

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
May 31, 2023	23,473	19,781	83.8
November 30, 2022	23,505	19,505	82.4

Reference: Equity

As of May 31, 2023: ¥19,660 million  
As of November 30, 2022: ¥19,364 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended November 30, 2022	—	0.00	—	50.00	50.00
Fiscal year ending November 30, 2023	—	0.00			
Fiscal year ending November 30, 2023 (Forecast)			—	50.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Forecast of non-consolidated financial results for the fiscal year ending November 30, 2023 (December 1, 2022 to November 30, 2023)

(% figures show year-on-year change for the full year and quarter)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	20,292	6.5	2,920	1.0	2,975	0.4	2,068	1.2	121.35

Note: Amendment to forecasts of non-consolidated financial results recently announced: None

**\* Notes**

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2023	18,287,000 shares
As of November 30, 2022	18,287,000 shares

- (ii) Number of treasury shares at the end of the period

As of May 31, 2023	1,161,979 shares
As of November 30, 2022	1,243,879 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended May 31, 2023	17,064,849 shares
Six months ended May 31, 2022	16,913,429 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

- The forward-looking statements, including outlook of future performance, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual performance and other results may differ from these statements due to various factors. For the assumptions on which the earnings forecasts are based, please refer to “Explanation of forward-looking information, including non-consolidated earnings forecasts” on page 4 of the attached materials.
- The supplementary material for quarterly financial results is disclosed on the same day and also posted on the Company’s website.
- The Company will hold a quarterly financial results briefing for institutional investors and analysts on Friday, July 7, 2023. The video recording of this briefing and other information will be made available on the Company’s website by Friday, July 14, 2023.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

**[Attached Materials]**

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## 1. Qualitative Information on Quarterly Results

### (1) Explanation of operating results

During the six months ended May 31, 2023, the global economy continued to see a gradual pick up but has been negatively affected by monetary tightening and price hikes worldwide, among other factors.

In this global situation, the Japanese economy also has picked up following the lifting of COVID-19 travel restrictions; nevertheless, there have been concerns about the negative impact on corporate earnings caused by rising prices and the downturn in the world economy.

The IT market continues to be on an upward trend due to demand for rebuilding existing systems and adding functionality using new IT technologies (i.e., AI, 5G, RPA, and cloud services) to solve the 2025 Problem, as well as to improve business efficiency against a backdrop of labor shortages. Moreover, as economic and social activities continue to return to normal in the post-pandemic period, the pace of recovery has picked up even further.

2025 Problem:

“Digital Transformation Report” (Study Group for Digital Transformation), which was released by the Ministry of Economy, Trade and Industry in September 2018, identified the “2025 Digital Cliff” as a potential economic loss of up to ¥12 trillion per year after 2025 resulting from the failure to overcome maintenance issues with existing legacy systems.

AI:

AI refers to Artificial Intelligence, a technology that allows software to perform part of human intellectual behavior, such as problem-solving.

5G:

5G is the fifth generation of mobile communications systems, a fundamental technology that enables mobile communications with ultra-high speed, ultra-high capacity, ultra-mass connectivity, and ultra-low latency compared to the “fourth generation (4G) mobile communications systems.”

RPA:

RPA refers to Robotic Process Automation, whereby software or robots equipped with AI and other technologies perform routine office work on behalf of the user.

Cloud services:

Cloud services are services that provide server and application functionality via the Internet.

In such an environment, the Company has continued its efforts to win orders from a broad range of industries, while expanding orders mainly in the building materials and construction industry as well as the electric power and transportation industry.

As a result, net sales, operating profit, ordinary profit, and profit all exceeded our earnings forecasts and those for the same period of the previous fiscal year.

Net sales and profits compared with the forecast and the same period of the previous fiscal year are as follows.

	Amount (Million yen)	Net sales rate (%)	Changes from the forecast			Year-on-year changes		
			Forecast (Million yen)	Increase (Million yen)	Increase rate (%)	Year-on- year results (Million yen)	Increase (Million yen)	Increase rate (%)
Net sales	10,305	100.0	10,068	237	2.4	9,216	1,089	11.8
Operating profit	1,464	14.2	1,347	116	8.7	1,304	159	12.2
Ordinary profit	1,532	14.9	1,375	157	11.4	1,358	174	12.8
Profit	1,067	10.4	956	111	11.6	939	127	13.5

Net sales by market segment are as follows.

Market segment	Net sales (Million yen)	Composition ratio (%)	Rate of changes from the forecast (%)	Year-on-year rate of changes (%)
Building materials and construction	960	9.3	3.6	26.8
Manufacturing	2,084	20.2	9.2	16.4
Finance and insurance	3,930	38.1	0.3	7.0
Electric power and transportation	1,993	19.4	(1.5)	35.9
Information and communications technology	1,206	11.7	2.6	(17.6)
Distribution and services	124	1.2	10.1	125.2
Public facilities and services	5	0.1	155.9	(22.0)
Total	10,305	100.0	2.4	11.8

Note: The information reflects our partial review of market segments for customers, and also to those of the previous fiscal year.

Analysis of increase/decrease in operating income from the forecast and from the same period of the previous fiscal year is as follows.

Classification of increase/decrease analysis	Increase/decrease rate from the forecast		Year-on-year increase/decrease	
	Amount (Million yen)	Net sales rate (%)	Amount (Million yen)	Net sales rate (%)
Increase/decrease due to changes in net sales	55	0.5	258	2.5
Increase/decrease due to changes in outsourcing ratio	(14)	(0.1)	(39)	(0.4)
Increase/decrease due to changes in cost ratio of in-house development	85	0.8	(2)	(0.0)
Increase/decrease due to changes in cost ratio of outsourcing	(113)	(1.1)	(48)	(0.5)
Increase/decrease due to changes in selling, general and administrative expenses	104	1.0	(8)	(0.1)
Total increase/decrease in operating profit	116	1.1	159	1.5

## (2) Explanation of financial position

### 1) Assets, liabilities and net assets

Net assets at the end of the six-month period under review amounted to ¥23,473 million, down ¥31 million from the end of the previous fiscal year. Current assets were ¥16,407 million, up ¥1,510 million from the end of the previous fiscal year. This was due primarily to an increase in cash and deposits as a result of insurance cancellations. Non-current assets amounted to ¥7,066 million, down ¥1,542 million from the end of the previous fiscal year. This was due mainly to a decrease in insurance funds due to insurance cancellations upon the retirement of directors and other officers.

Total liabilities at the end of the six-month period under review amounted to ¥3,691 million, down ¥307 million from the end of the previous fiscal year. Current liabilities were ¥2,886 million, down ¥202 million from the end of the previous fiscal year. This was mainly attributable to a decrease in income taxes payable due to the payment of income taxes. Non-current liabilities were ¥805 million, down ¥105 million from the end of the previous fiscal year. This was mainly because of a decrease in provision for retirement benefits for directors (and other officers) due to the payment of retirement benefits for retiring directors and other officers.

Net assets at the end of the six-month period under review amounted to ¥19,781 million, up ¥275 million from the end of the previous fiscal year. This was due mainly to an increase in retained earnings brought forward.

Equity ratio was 83.8%, an increase of 1.4 points from the end of the previous fiscal year.

## 2) Cash flows

Cash and cash equivalents (“funds”) for the six months under review increased by ¥1,719 million, and the funds balance at the end of the six-month period under review amounted to ¥12,725 million.

(Cash flows from operating activities)

Operating activities resulted in an increase in funds of ¥1,139 million, compared with an increase of ¥1,359 million in the same period of the previous fiscal year. This increase was attributable mainly to the fact that funds-increasing factors, such as the recording of profit before income taxes, exceeded cash-decreasing factors, such as income taxes paid.

(Cash flows from investing activities)

Investing activities resulted in an increase in funds of ¥1,450 million, as compared to a decrease of ¥315 million in the same period of the previous fiscal year. This increase was mainly due to proceeds from cancellation of insurance funds.

(Cash flows from financing activities)

Financing activities resulted in a decrease in funds of ¥870 million, as compared to a decrease of ¥867 million in the same period of the previous fiscal year. This decrease was largely due to dividends paid.

## **(3) Explanation of forward-looking information, including non-consolidated earnings forecasts**

Our earnings forecasts for the fiscal year ending November 30, 2023, have not been revised from the full-year earnings forecasts disclosed in “Non-consolidated Financial Results for the Fiscal Year Ended November 30, 2022 (Under Japanese GAAP)” dated January 13, 2023. However, there is a possibility that unprofitable projects or other factors may occur and affect our business performance.

In response to such circumstance, the Company will work to minimize the impact on its business performance primarily through the enhancement of project risk management. However, revisions to our full-year earnings forecasts and plans for the following fiscal year may arise in the future, in which case the Company will promptly disclose such revisions.

**2. Non-consolidated Quarterly Financial Statements and Notes**  
**(1) Non-consolidated quarterly balance sheets**

(Thousand yen)

	As of November 30, 2022	As of May 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	11,005,927	12,725,664
Accounts receivable - trade	1,577,148	1,526,099
Contract assets	2,176,490	1,926,486
Work in process	7,349	3,774
Prepaid expenses	129,349	213,349
Other	11,331	22,074
Allowance for doubtful accounts	(11,291)	(10,420)
Total current assets	14,896,306	16,407,029
Non-current assets		
Property, plant and equipment		
Buildings, net	96,129	126,861
Vehicles, net	669	0
Tools, furniture and fixtures, net	8,625	11,573
Leased assets, net	222,949	204,102
Total property, plant and equipment	328,373	342,538
Intangible assets		
Software	504,147	491,945
Other	7,119	7,119
Total intangible assets	511,266	499,065
Investments and other assets		
Investment securities	3,339,003	3,256,844
Shares of subsidiaries and associates	10,000	10,000
Leasehold deposits	378,075	376,535
Insurance funds	3,234,907	1,795,888
Deferred tax assets	741,595	722,224
Other	66,743	64,413
Allowance for doubtful accounts	(1,005)	(1,005)
Total investments and other assets	7,769,320	6,224,901
Total non-current assets	8,608,960	7,066,505
Total assets	23,505,267	23,473,534



(Thousand yen)

	As of November 30, 2022	As of May 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	597,352	622,452
Lease liabilities	98,884	93,090
Accounts payable - other	1,575,634	1,337,487
Income taxes payable	757,979	521,590
Deposits received	36,918	229,134
Provision for program warranties	7,814	8,537
Provision for loss on orders received	—	36,997
Other	14,366	37,501
Total current liabilities	3,088,949	2,886,789
Non-current liabilities		
Lease liabilities	125,968	112,727
Provision for retirement benefits	69,511	68,101
Provision for retirement benefits for directors (and other officers)	641,671	540,069
Asset retirement obligations	73,230	84,309
Total non-current liabilities	910,381	805,208
Total liabilities	3,999,330	3,691,998
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,238,688	2,238,688
Capital surplus		
Legal capital surplus	2,118,332	2,118,332
Other capital surplus	58,556	82,389
Total capital surplus	2,176,889	2,200,722
Retained earnings		
Legal retained earnings	123,065	123,065
Other retained earnings		
General reserve	9,309,300	9,309,300
Retained earnings brought forward	6,849,578	7,064,678
Total retained earnings	16,281,944	16,497,043
Treasury shares	(1,127,853)	(1,048,955)
Total shareholders' equity	19,569,668	19,887,498
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(205,450)	(226,781)
Total valuation and translation adjustments	(205,450)	(226,781)
Share acquisition rights	141,718	120,819
Total net assets	19,505,936	19,781,536
Total liabilities and net assets	23,505,267	23,473,534

**(2) Non-consolidated quarterly statements of income**

(December 1, 2022 – May 31, 2023)

(Thousand yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Net sales	9,216,124	10,305,166
Cost of sales	7,032,531	7,953,920
Gross profit	2,183,593	2,351,246
Selling, general and administrative expenses	878,648	886,893
Operating profit	1,304,944	1,464,353
Non-operating income		
Interest income	62	70
Interest on securities	24,376	4,421
Gain on cancellation of insurance policies	5,912	75,716
Dividend income of insurance	18,104	20,072
Commission for insurance office work	5,424	6,273
Other	2,051	1,014
Total non-operating income	55,932	107,569
Non-operating expenses		
Interest expenses	1,383	1,488
Loss on cancellation of insurance policies	—	37,229
Share issuance costs	1,097	729
Other	0	4
Total non-operating expenses	2,481	39,452
Ordinary profit	1,358,395	1,532,470
Extraordinary income		
Gain on sale of non-current assets	—	1,620
Gain on reversal of share acquisition rights	6,021	16,055
Other	—	610
Total extraordinary income	6,021	18,286
Extraordinary losses		
Loss on sale and retirement of non-current assets	—	427
Total extraordinary losses	—	427
Profit before income taxes	1,364,416	1,550,329
Income taxes - current	506,690	454,300
Income taxes - deferred	(82,160)	28,792
Total income taxes	424,529	483,092
Profit	939,886	1,067,236

**(3) Non-consolidated quarterly statements of cash flows**

(Thousand yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,364,416	1,550,329
Depreciation	131,947	135,363
Share-based payment expenses	34,999	29,484
Increase (decrease) in provision for loss on orders received	(727)	36,997
Increase (decrease) in provision for retirement benefits	1,893	(1,409)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(7,465)	(101,601)
Interest and dividend income	(48,456)	(24,564)
Gain on cancellation of insurance policies	—	(75,716)
Loss on cancellation of insurance policies	—	37,229
Decrease (increase) in trade receivables	934,937	71,699
Decrease (increase) in contract assets	(955,395)	250,003
Decrease (increase) in inventories	29,040	3,574
Increase (decrease) in trade payables	10,581	25,099
Increase (decrease) in accounts payable - bonuses	41,336	36,798
Decrease (increase) in other assets	(12,938)	(69,113)
Increase (decrease) in other liabilities	(30,760)	(99,093)
Other, net	2,786	(5,420)
Subtotal	1,496,194	1,799,661
Interest and dividends received	42,551	24,188
Interest paid	(1,383)	(1,488)
Income taxes refund (paid)	(177,537)	(682,744)
Net cash provided by (used in) operating activities	1,359,824	1,139,616

(Thousand yen)

	Six months ended May 31, 2022	Six months ended May 31, 2023
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	10,000	—
Purchase of property, plant and equipment	(6,902)	(22,536)
Purchase of intangible assets	(55,965)	(61,681)
Payments of leasehold deposits	(28,177)	—
Proceeds from refund of leasehold deposits	2,503	1,540
Purchase of insurance funds	(263,642)	(283,624)
Proceeds from cancellation of insurance funds	—	1,761,522
Other, net	26,345	55,456
Net cash provided by (used in) investing activities	(315,839)	1,450,676
Cash flows from financing activities		
Proceeds from short-term borrowings	230,000	230,000
Repayments of short-term borrowings	(230,000)	(230,000)
Proceeds from exercise of employee share options	22,832	33,420
Repayments of finance lease liabilities	(53,093)	(55,926)
Dividends paid	(836,927)	(848,050)
Net cash provided by (used in) financing activities	(867,188)	(870,557)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	176,795	1,719,736
Cash and cash equivalents at beginning of period	10,250,651	11,005,927
Cash and cash equivalents at end of period	10,427,447	12,725,664

#### (4) Notes to non-consolidated quarterly financial statements

##### (Notes on premise of going concern)

No relevant items.

##### (Notes on significant changes in the amount of shareholders' equity)

No relevant items.

##### (Changes in accounting policies)

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Implementation Guidance") from the beginning of the first quarter of the fiscal year ending November 30, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Group has decided to apply the new accounting policies set forth by the Fair Value Measurement Implementation Guidance going forward. This will have no impact on the quarterly consolidated financial statements.

### 3. Others

#### (1) Orders

Orders are classified by the market to which the customer belongs.

The orders received for the six months under review are as follows.

Name of market segment	Amount of orders received (Thousand yen)	Year-on-year rate of changes (%)	Amount of unfilled orders (Thousand yen)	Year-on-year rate of changes (%)
Building materials and construction	1,024,497	40.8	316,937	37.1
Manufacturing	1,857,965	15.3	500,677	(6.6)
Finance and insurance	4,155,345	19.5	1,955,149	38.7
Electric power and transportation	2,317,431	33.5	1,241,580	17.0
Information and communications technology	1,131,359	(14.9)	305,368	8.4
Distribution and services	74,784	1.3	30,133	10.8
Public facilities and services	7,602	(23.7)	2,842	(21.4)
Total	10,568,986	17.9	4,352,689	22.6

Notes: 1. Amounts are based on sales prices.

2. The above amounts do not include consumption taxes.

3. The information reflects our partial review of market segments for customers, and also to those of the previous fiscal year.