

Summary of Consolidated Financial Results for the First Half of Fiscal Year ending December 31, 2021 (Japanese Accounting Standards)



August 6, 2021

Listed Company Name: FUJI SOFT INCORPORATED

Securities Code: 9749

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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): August 10, 2021

Scheduled date of dividend payment: September 10, 2021

Supplementary documents for quarterly results: Yes

Quarterly results briefing: Yes

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Six Months Ended June 30, 2021 (January 1, 2021 – June 30, 2021)

(1) Consolidated operating results (cumulative total)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended 6/21	132,508	8.1	8,731	3.4	9,462	9.0	4,653	20.3
Six months ended 6/20	122,568	7.9	8,446	26.2	8,677	27.1	3,868	3.5

(Note) Comprehensive income (million yen) Six months ended 6/21: 4,530 (3.0%) Six months ended 6/20: 4,398 (6.8%)

	Net income per share	Net income per share/diluted
	Yen	Yen
Six months ended 6/21	148.66	148.54
Six months ended 6/20	123.61	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended 6/21	225,656	138,904	53.9
Year ended 12/20	234,537	135,163	50.7

Reference: Shareholders' equity (million yen) Six months ended 6/21: 121,586 Year ended 12/20: 118,983

2. Dividends

	Dividend per share				
	End of first quarter	End of interim period	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended 12/20	—	28.00	—	23.00	51.00
Year ending 12/21	—	26.00	—	—	—
Year ending 12/21 (forecast)	—	—	—	26.00	52.00

(Note) Revisions to dividend forecasts published most recently: Yes

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2021 (Jan. 1, 2021 – Dec. 31, 2021)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	249,000	3.3	16,300	2.1	16,900	3.4	8,900	3.8	284.40

(Note) Revisions to forecast for consolidated business results published most recently: No

* Notes

- (1) Important changes in subsidiaries during this quarter (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable
(Note) For details, please refer to “2. Consolidated Financial Statements and Key Notes (4) Notes to consolidated financial statements” on page 11 of the accompanying materials.

- (2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to “2. Consolidated Financial Statements and Key Notes (4) Notes to consolidated financial statements” on page 11 of the accompanying materials.

- (3) Changes in accounting principles and changes or restatement of accounting estimates
(i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable
(ii) Changes in accounting principles other than (i): Not applicable
(iii) Changes in accounting estimates: Not applicable
(iv) Restatement: Not applicable
(Note) For details, please refer to “2. Consolidated Financial Statements and Key Notes (4) Notes to consolidated financial statements” on page 11 of the accompanying materials.

- (4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):	6/21:	33,700,000 shares	Year ended 12/20:	33,700,000 shares
2) Number of treasury shares at the end of period:	6/21:	2,360,448 shares	Year ended 12/20:	2,406,275 shares
3) Average number of shares during the period (quarterly consolidated cumulative period):	6/21:	31,302,730 shares	6/20:	31,293,789 shares

* Summaries of quarterly consolidated financial results are not subject to a quarterly review by a certified public accountant or an audit corporation.

* Cautionary statement with respect to forward-looking statements

The above forecast has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors.

For assumptions concerning financial forecasts, please refer to 1. Qualitative Information on Consolidated Results for the First Half Ended June 30, 2021, (3) Information on the future outlook, including forecast for consolidated business results on page 4 of the accompanying materials.

Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Results for the First Half Ended June 30, 2021

(1) Details of consolidated results

During the first half of the consolidated fiscal year under review (from January 1, 2021 to June 30, 2021), although the impact of the COVID-19 continued, the Japanese economy was recovering, attributable to a resumption of economic activities, the effects of various policies and improvements in overseas economies. However, weaknesses remained in some industries. The economic outlook remains unstable given the continual waves of infection and concerns over the impact of international affairs related to China.

In the information services industry, system investment demand remains high. This investment aims at productivity improvement and business efficiency based on workstyle reforms and digital transformation (DX), as well as innovative changes in business models. In addition, with DX strategies accelerating at various government ministries and agencies along with local governments, notably the creation of the Digital Agency to realize digital government, ICT investment is expected to expand further. At the same time, there is variation in the extent to which corporate earnings are recovering, and businesses are tending to make investment decisions in a selective manner, such as investing intensively in domains that are essential for growth.

In this business environment, the FUJISOFT GROUP was proactive in investing its management resources in domains where demand is growing in step with workstyle reforms, which were accelerate in response to the COVID-19 pandemic and DX, and in rolling out new services. At the same time, the Group continued to make upfront investments in advanced technologies catering to the rejuvenated appetite for ICT investment while conducting aggressive sales activities in domains that have stalled temporarily due to the pandemic.

In the field of AIS-CRM, which the Company has long regarded as a priority technology, a new cyber security service was launched and a joint venture with another company was pursued in the area of security (S), while efforts were made to further expand the business in the area of cloud computing (C) by combining the service of cloud vendors with the Company's technologies.

Additionally, the Company has strengthened its dedicated organization for promoting digitization and DX at an accelerating rate internally, to powerfully promote the DX efforts of the Company itself. Utilizing the experience and expertise gained, the Company has also assigned a dedicated consulting team to swiftly provide integrated services from the highest point upstream to downstream as part of active efforts to enhance multi-faceted IT services.

In operation system development in the System Construction Segment, demand remained solid, despite the uncertain economic outlook, mainly in the online business domain, which continued to see brisk demand for the reconstruction of e-commerce sites, as well as in the domain of system infrastructure construction utilizing the cloud services and virtualization technologies of global vendors. Demand for the reconstruction and renewal of backbone systems also remained strong, primarily among customers engaged in consumer business. Above all, amid the trend of digital shift, an increasing number of customers in both the public and private sectors are building operation systems on the public cloud and use cloud-based services. The Company has harnessed its technological excellence to provide optimal solutions to meet diverse customer needs.

Additionally, the Company will form alliances with consulting firms that have wide-ranging experience and an extensive track record, provide one-stop solutions to support customers' digitization promotion using the Company's expertise and technologies in everything from infrastructure building to operation and maintenance, and further contribute to the strengthening of customer competitiveness.

In the Microsoft Licensing business it has been operating for many years, the Group has worked to add unique services that capitalize on its accumulated knowledge and provide solutions combining licenses and services to ensure those solutions are provided in the optimum format for customers. In strong recognition of these initiatives, the Company received the Microsoft Teams Award as part of the Microsoft Japan Partner of the Year 2021 awards run by Microsoft Japan Co., Ltd. Meanwhile, the Company also received the Corporate Territory Best Partner Award from Blue Prism, a leader in the global RPA market, in recognition of its track record and advanced technologies supporting customer introduction.

In embedded/control system development, the social infrastructure domain saw the launch of commercial services of fifth-generation mobile communication systems (5G), and the construction of 5G network got fully underway. The Group expanded business with a focus on development related to infrastructure devices for mobile communication networks such as base stations and core networks.

In the machine control field, moves to hold down investment were seen during the COVID-19 pandemic, but demand for the export of machine tools and other products for China, North America and other overseas countries is showing a strong recovery. The Group therefore expects to expand its business in the future in anticipation of a full-scale recovery in investment demand. In the automotive field, there was a temporary dip in performance caused by a decline in investment due to the COVID-19 pandemic. However, the performance of domestic auto manufacturers has begun to recover, and the Group will work on future

business expansion in line with the rapid expansion of the market for EV-related products aimed at carbon neutrality and the response to the mobility services business that lies ahead.

In the Products and Services segment, the Group maintained a strong performance through sales of mobile communication terminals due to the ongoing teleworking demand, while also achieving strong sales of ICT equipment including Mirai School Station, which was boosted by the GIGA School Program.

The Group also commercialized and began sales of FAM office, a virtual office space that promotes new normal work styles based on the concept of an office for gathering, connecting and spreading out.

As a result of these initiatives, in the first half under review, net sales stood at 132,508 million yen, up 8.1% year on year, thanks to the strong performance of the System Integration business. While SG&A expenses increased 2.4% year on year, to 20,210 million yen, the sales growth resulted in operating income of 8,731 million yen, up 3.4% year on year, ordinary income of 9,462 million yen, up 9.0% year on year, and profit attributable to owners of parent of 4,653 million yen, up 20.3% year on year.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, sales of embedded/control software increased thanks to a strong performance in social infrastructure systems, which offset the impact of reduced automotive systems sales. Income declined with the worsening of the cost-of-sales ratio of machine control projects. In operation software, sales and income increased because of bullish results in the financial sector and in the construction of system infrastructure. In Products and Services, sale and income rose thanks to strong sales of licenses from other companies and the Company's hardware products. In the outsourcing business, sales decreased largely given a decline in service usage fees from government office contracts and store closures of overseas customers. However, income rose with an improved cost-of-sales ratio.

As a result, net sales stood at 126,612 million yen, up 9.2% year on year. Operating income amounted to 8,284 million yen, up 6.4%.

* The following table shows a breakdown of net sales and operating income in the SI business.

(Million yen)				
	Net sales	YoY change (%)	Operating income	YoY change (%)
SI business total	126,612	109.2	8,286	106.3
System Construction	70,777	105.4	4,362	107.7
Embedded/control software	33,165	100.3	2,230	93.4
Operation Software	37,611	110.4	2,131	128.1
Products and Services	55,835	114.4	3,923	104.8
Products and Services	49,026	117.6	3,421	105.1
Outsourcing	6,808	95.6	501	102.5

(Note) Operating income includes the elimination of intersegment transactions of 1 million yen.

(ii) Facility business

Net sales stood at 1,252 million yen, down 5.7% year on year, mainly due to a decline in demand for rental meeting rooms reflecting the impact of the COVID-19 pandemic. Operating income decreased 11.4% year on year, to 406 million yen.

(iii) Other businesses

Net sales from other businesses amounted to 4,644 million yen, down 12.4% year on year, due to a fall in sales in the data entry business and the contact center business. Operating income decreased 79.7% year on year, to 38 million yen.

(2) Details of financial position

Total assets

Total assets stood at 225,656 million yen at the end of the consolidated first half under review, down 8,880 million yen from the end of the preceding consolidated fiscal year. Current assets were 106,413 million yen (up 1,049 million yen from the end of the previous fiscal year), and non-current assets were 119,242 million yen (down 9,930 million yen).

The main factors in the change of current assets were a 2,479 million yen increase in cash and deposits from the end of the previous fiscal year, to 40,809 million yen and a 1,281 million yen decrease of notes and accounts receivable – trade from the end of the previous fiscal year, to 51,469 million yen.

The main factor for the change in non-current asset was a 10,260 million yen decrease in investment securities from the end of the previous fiscal year, to 8,924 million yen.

Liabilities

At the end of the consolidated first half under review, total liabilities amounted to 86,752 million yen, down 12,622 million yen from the end of the previous fiscal year. Current liabilities were 57,689 million yen (down 11,062 million yen from the end of the previous fiscal year), and non-current liabilities were 29,062 million yen (down 1,560 million yen).

The main factors in the change in current liabilities were short-term loans payable and the current portion of long-term loans payable which amounted to 11,681 million yen (down 12,475 million yen from the end of the previous fiscal year).

The main factors for the change in non-current liabilities included a 1,233 million yen decrease in deferred tax liabilities from the end of the previous fiscal year, to 283 million yen and a 352 million yen decrease in long-term loans payable from the end of the previous fiscal year, to 20,163 million yen.

Net assets

Net assets rose 3,741 million yen from the end of the preceding fiscal year, to 138,904 million yen at the end of the consolidated first half under review. As a result, the equity ratio rose to 53.9% from 50.7% at the end of the previous fiscal year.

Cash flows

Consolidated cash and cash equivalents (“cash”) at the end of the cumulative first half of the fiscal year under review were 41,902 million yen, an increase of 4,452 million yen from the end of the previous fiscal year.

Cash flows in the cumulative first half of the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities in the cumulative first half of the fiscal year under review stood at 9,589 million yen. This was mainly due to increased sales.

(Cash flows from investment activities)

Net cash provided by investment activities in the cumulative first half of the fiscal year under review came to 8,269 million yen.

This was mainly due to proceeds from the sale of shares of subsidiaries and associates and the sale of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities in the cumulative first half of the fiscal year under review was 13,755 million yen.

This was mainly due to the repayment of short-term loans payable.

(3) Information on the future outlook, including forecast for consolidated business results

The full-year results forecasts remain unchanged from those announced in the financial results for the fiscal year ended December 31, 2020 announced on February 10, 2021.

The impact of COVID-19 on business results is not reflected in our forecast for consolidated business results, because it is currently difficult to determine. If a revision becomes necessary in the months ahead, we will promptly disclose it.

2. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Million yen)

	FY2020 (As of December 31, 2020)	Q2 FY2021 (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	38,330	40,809
Notes and accounts receivable – trade	52,750	51,469
Securities	6,000	5,500
Merchandise	2,067	1,425
Work in process	3,419	3,348
Raw materials and supplies	39	36
Other	2,863	3,935
Allowance for doubtful accounts	-106	-109
Total current assets	105,363	106,413
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,537	58,111
Accumulated depreciation	-29,839	-30,320
Buildings and structures, net	28,697	27,790
Land	53,155	53,173
Construction in progress	4,908	6,219
Other	13,922	14,446
Accumulated depreciation	-10,756	-11,245
Other, net	3,166	3,201
Total property, plant and equipment	89,928	90,384
Intangible assets		
Goodwill	444	414
Software	4,205	4,562
Other	55	52
Total intangible assets	4,705	5,030
Investments and other assets		
Investment securities	19,185	8,924
Net defined benefit asset	5,275	5,668
Deferred tax assets	2,903	2,790
Other	7,321	6,596
Allowance for doubtful accounts	-146	-152
Total investments and other assets	34,539	23,827
Total non-current assets	129,173	119,242
Total assets	234,537	225,656

(Million yen)

	FY2020 (As of December 31, 2020)	Q2 FY2021 (As of June 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	12,519	13,993
Short-term loans payable	20,725	4,977
Current portion of long-term loans payable	3,431	6,704
Accrued expenses	4,638	3,993
Income taxes payable	3,155	4,441
Provision for bonuses	6,162	5,819
Provision for directors' bonuses	271	156
Provision for loss on construction contracts	225	172
Provision for loss on withdrawal from business	93	72
Provision for subsidy repayment	439	455
Other	17,089	16,903
Total current liabilities	68,751	57,689
Non-current liabilities		
Long-term loans payable	20,515	20,163
Deferred tax liabilities	1,516	283
Provision for directors' retirement benefits	513	518
Net defined benefit liability	5,901	5,904
Other	2,176	2,194
Total non-current liabilities	30,623	29,062
Total liabilities	99,374	86,752
Net assets		
Shareholders' equity		
Capital stock	26,200	26,200
Capital surplus	28,808	28,970
Retained earnings	74,868	78,983
Treasury shares	-4,868	-4,775
Total shareholders' equity	125,008	129,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,994	2,079
Deferred gains or losses on hedges	-0	0
Revaluation reserve for land	-8,047	-8,228
Foreign currency translation adjustment	-53	127
Remeasurements of defined benefit plans	-1,918	-1,771
Total accumulated other comprehensive income	-6,025	-7,792
Subscription rights to shares	566	645
Non-controlling interests	15,613	16,671
Total net assets	135,163	138,904
Total liabilities and net assets	234,537	225,656

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

Consolidated first half results

(Million yen)

	H1 FY2020 (From January 1, 2020 to June 30, 2020)	H1 FY2021 (From January 1, 2021 to June 30, 2021)
Net sales	122,568	132,508
Cost of sales	94,380	103,566
Gross profit	28,188	28,942
Selling, general and administrative expenses	19,742	20,210
Operating income	8,446	8,731
Non-operating income		
Interest income	43	41
Dividends income	128	123
Share of profit of entities accounted for using equity method	107	150
Foreign exchange gains	—	365
Subsidy income	35	23
Other	102	93
Total non-operating income	416	797
Non-operating expenses		
Interest expenses	31	32
Foreign exchange losses	3	—
Compensation loss	30	—
Loss on retirement of non-current assets	13	18
Expenses for dealing with system failure	14	2
Loss on subsidy repayment	74	—
Other	17	13
Total non-operating expenses	185	66
Ordinary income	8,677	9,462
Extraordinary income		
Gain on sales of investment securities	—	2,759
Compensation for forced relocation	224	—
Total extraordinary income	224	2,759
Extraordinary losses		
Impairment loss	—	468
Loss on retirement of non-current assets	—	67
Loss on valuation of investment securities	696	—
Loss on sale of shares of subsidiaries and associates	—	2,169
Provision for loss on business liquidation	—	11
Loss on business withdrawal	209	—
Expenses for measures against infectious diseases	159	36
Total extraordinary losses	1,064	2,753
Income before income taxes	7,836	9,469
Income taxes-current	2,324	3,803
Income taxes-deferred	436	-308
Total income taxes	2,760	3,494
Net income	5,076	5,974
Profit attributable to non-controlling interests	1,208	1,321
Profit attributable to owners of parent	3,868	4,653

Consolidated statements of comprehensive income
Consolidated first half results

	(Million yen)	
	H1 FY2020 (From January 1, 2020 to June 30, 2020)	H1 FY2021 (From January 1, 2021 to June 30, 2021)
Net income	5,076	5,974
Other comprehensive income		
Valuation difference on available-for-sale securities	-597	-1,988
Deferred gains or losses on hedges	-0	0
Foreign currency translation adjustment	-123	304
Remeasurements of defined benefit plans, net of tax	124	152
Share of other comprehensive income of entities accounted for using equity method	-81	86
Total other comprehensive income	-677	-1,444
Comprehensive income	4,398	4,530
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,220	3,068
Comprehensive income attributable to non- controlling interests	1,177	1,461

(3) Consolidated cash flow statement

	(Million yen)	
	H1 FY2020 (From January 1, 2020 to June 30, 2020)	H1 FY2021 (From January 1, 2021 to June 30, 2021)
Net cash from operating activities		
Income before income taxes	7,836	9,469
Depreciation	2,891	2,852
Impairment loss	—	468
Compensation for forced relocation	-224	—
Loss on business withdrawal	209	—
Expenses for measures against infectious diseases	159	36
Amortization of goodwill	29	29
Increase (decrease) in provision for loss on construction contracts	-17	-74
Increase (decrease) in net defined benefit liability	-4	55
Decrease (increase) in net defined benefit asset	-234	-233
Equity in (earnings) losses of affiliates	-107	-150
Interest expenses	31	32
Foreign exchange losses (gains)	40	-437
Loss (gain) on sales of investment securities	—	-2,759
Loss (gain) on valuation of investment securities	696	—
Loss (gain) on sale of shares of subsidiaries and associates	—	2,169
Loss on retirement of non-current assets	—	67
Decrease (increase) in notes and accounts receivable - trade	101	1,151
Decrease (increase) in inventories	-248	722
Increase (decrease) in notes and accounts payable - trade	-277	1,438
Increase (decrease) in accounts payable - labor cost	-508	-434
Increase (decrease) in accrued consumption taxes	-1,450	-1,655
Increase (decrease) in accounts payable - other	459	278
Decrease (increase) in long-term prepaid expenses	-804	517
Increase (decrease) in provision for loss on business liquidation	—	11
Other	-688	-1,462
Subtotal	7,893	12,094
Interest and dividends income received	255	166
Interest expenses paid	-32	-35
Income taxes paid	-3,134	-2,604
Proceeds from compensation for forced relocation	433	—
Payments for loss on withdrawal from business	-19	—
Expenses for measures against infectious diseases paid	-159	-32
Net cash provided by (used in) operating activities	5,235	9,589

	(Million yen)	
	H1 FY2020 (From January 1, 2020 to June 30, 2020)	H1 FY2021 (From January 1, 2021 to June 30, 2021)
Net cash from investing activities		
Payments into time deposits	-5,195	-6,449
Proceeds from withdrawal of time deposits	4,997	9,304
Purchase of property, plant and equipment	-5,032	-802
Purchase of intangible assets	-1,960	-2,137
Purchase of investment securities	-2,596	-0
Proceeds from sales of investment securities	—	3,891
Proceeds from sale of shares of subsidiaries and associates	—	4,330
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-210	—
Other	-33	132
Net cash provided by (used in) investing activities	-10,032	8,269
Net cash from financing activities		
Increase in short-term loans payable	22,511	5,832
Decrease in short-term loans payable	-4,249	-21,580
Proceeds from long-term loans payable	—	3,500
Repayment of long-term loans payable	-483	-583
Net increase (decrease) in commercial papers	-3,000	—
Cash dividends paid	-687	-720
Dividends paid to non-controlling interests	-344	-392
Proceeds from exercise of employee share options	—	205
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-0	-0
Other	-11	-16
Net cash provided by (used in) financing activities	13,733	-13,755
Effect of exchange rate change on cash and cash equivalents	-15	348
Net increase (decrease) in cash and cash equivalents	8,921	4,452
Cash and cash equivalents at beginning of period	26,158	37,450
Cash and cash equivalents at end of period	35,079	41,902

(4) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Note when there is a considerable change in the amount of shareholders' equity)

Not applicable.

(Application of specific accounting treatment to the preparation of quarterly consolidated financial statements)

(Calculation of tax expense)

Certain consolidated subsidiaries make a reasonable estimate of the effective tax rate after the application of tax effect accounting to income before income taxes for the current fiscal year including second quarter under review and multiply quarterly income before income taxes by the estimated effective tax rate.

(Segment information)

[Segment information]

I. H1 FY2020 (From January 1, 2020 to June 30, 2020)

1. Information on Sales and Profit and Loss by Reported Segment

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-half consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	115,936	1,327	117,264	5,304	122,568	—	122,568
Inter-segment sales or transfers	54	343	398	316	714	-714	—
Total	115,991	1,671	117,663	5,620	123,283	-714	122,568
Segment profit	7,788	459	8,247	190	8,438	7	8,446

Notes:

1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of 7 million yen includes an elimination of inter-segment transactions of 7 million yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.

II. H1 FY2021 (From January 1, 2021 to June 30, 2021)

1. Information on Sales and Profit and Loss by Reported Segment

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-half consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	126,612	1,252	127,864	4,644	132,508	—	132,508
Inter-segment sales or transfers	22	371	394	333	727	-727	—
Total	126,635	1,623	128,258	4,977	133,236	-727	132,508
Segment profit	8,284	406	8,691	38	8,730	1	8,731

Notes:

1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of 1 million yen includes an elimination of inter-segment transactions of 1 million yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.