

# Summary of Semi-annual Consolidated Financial Results for the First Half of the Fiscal Year Ending December 31, 2024 (Japanese Accounting Standards)



August 8, 2024

Listed Company Name: FUJI SOFT INCORPORATED	Listing Exchanges: Tokyo Stock Exchange
Securities Code: 9749	URL <a href="http://www.fsi.co.jp/">http://www.fsi.co.jp/</a>
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Scheduled date to submit the Semi-annual Securities Report ( <i>Hanki Houkokusho</i> ):	August 9, 2024
Scheduled date of dividend payment:	September 10, 2024
Supplementary documents for financial results:	Yes
Financial results briefing:	No

(Figures less than one million yen are omitted)

## 1. Consolidated Business Results for the Six Months Ended June 30, 2024 (January 1, 2024 – June 30, 2024)

(1) Consolidated operating results (cumulative total) (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended 6/24	159,044	5.0	10,698	9.3	10,513	3.4	12,209	101.4
Six months ended 6/23	151,480	7.2	9,790	8.8	10,166	2.1	6,061	3.6

(Note) Comprehensive income (million yen) Six months ended 6/24: 13,911 (65.1%) Six months ended 6/23: 8,424 (12.9%)

	Net profit per share	Net profit per share/ diluted
	Yen	Yen
Six months ended 6/24	193.96	193.33
Six months ended 6/23	96.44	96.34

(Note) On July 1, 2023, the Company conducted a two-for-one split of its common stock. Accordingly, net profit per share and net profit per share/diluted were calculated assuming the stock split was conducted at the beginning of the previous consolidated fiscal year.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended 6/24	253,911	134,810	52.1
Year ended 12/23	257,596	128,921	48.1

(Reference) Shareholders' equity (million yen) Six months ended 6/24: 132,356 Year ended 12/23: 123,937

## 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 12/23	–	68.00	–	34.50	–
Year ending 12/24	–	42.00	–	–	–
Year ending 12/24 (forecast)	–	–	–	0.00	42.00

(Notes) 1. Revisions to dividend forecasts published most recently: Yes

2. For details of the revisions to the dividend forecast, please refer to “Notice on Revision of Dividend Forecast for the Fiscal Year Ending December 31, 2024 (No Dividend) and Abolition of the Shareholder Benefit Program” announced today (August 8, 2024).

3. On July 1, 2023, the Company conducted a two-for-one split of its common stock. The indicated interim dividend per share for the end of the second quarter of the fiscal year ended December 31, 2023 is the actual amount of the dividend before the stock split, and the total amount of the annual dividend for the fiscal year ended December 31, 2023 is indicated as “-.” The year-end dividend per share for the fiscal year ended December 31, 2023 converted based on the number of shares before the stock split is 69 yen, and the annual dividend is 137 yen.

## 3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2024 (Jan. 1, 2024 – Dec. 31, 2024)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	315,000	5.4	22,000	6.4	21,800	10.8	21,000	77.2	333.80

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

\* Notes

(1) Important changes in the scope of consolidation during the period: Not applicable

New: — (company name)

Exception: — (company name)

(2) Application of specific accounting treatment to the preparation of semi-annual consolidated financial statements: Yes

(Note) For details, please refer to “2. Semi-annual Consolidated Financial Statements and Major Note (4) Notes to semi-annual 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. Semi-annual Consolidated Financial Statements and Major Note (4) Notes to semi-annual 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):

6/24:	67,400,000 shares	Year ended 12/23:	67,400,000 shares
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2) Number of treasury shares at the end of period:

6/24:	4,430,524 shares	Year ended 12/23:	4,487,958 shares
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3) Average number of shares during the period (semi-annual consolidated cumulative period):

6/24:	62,948,362 shares	6/23:	62,851,342 shares
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\* On July 1, 2023, the Company conducted a two-for-one split of its common stock. Accordingly, the number of shares outstanding at the end of period, the number of treasury shares at the end of period and the average number of shares during the period were calculated assuming that the above stock split was conducted at the beginning of the previous consolidated fiscal year.

\* Summaries of semi-annual consolidated financial results are not subject to a 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, 2024, (3) Information on the future outlook, including forecast for consolidated business results on page 4 of the accompanying materials.

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## 1. Qualitative Information on Consolidated Results for the First Half Ended June 30, 2024

### (1) Details of consolidated results

During the first half of the consolidated fiscal year under review (from January 1, 2024 to June 30, 2024), the global economy faced a host of challenges, including growing tension in the Middle East, sustained high interest rates in Europe and the United States, and fears about China's economic outlook, and downside risks from global economic uncertainty were a cause for concern. Despite being impacted by dramatic exchange rate fluctuations, the Japanese economy is expected to continue on its gradual path to recovery thanks to growth of demand generated by inbound tourists and the effects of various policies such as improvement in the employment and real wage situation.

In the information services industry, companies remained highly motivated to invest in systems to increase productivity, expand their business or to increase their competitiveness, and investments in strategic systems to keep pace with the digital transformation (DX) trend, and demand to make business processes more advanced and efficient through the use of state-of-the-art technologies such as AI continued to expand. On the other hand, some client companies were prudent about their investment decisions as economic circumstances around the world were uncertain.

In this business environment, the FUJISOFT GROUP formulated a new management policy in its five-year-long Medium-Term Management Plan (2024-2028) announced in February 2024 in a bid to achieve its future vision of becoming a leading company providing systems, software and services in the IT and OT fields.

The plan defined key management actions: first, seek both continued growth that outpaces the growth of the market and increased profitability; second, aggressively invest for continued growth and improve various indicators by enhancing profitability, third, establish a structure to increase group synergy, and fourth, emphasize shareholder return. The Group will carry them out to continuously increase its corporate value.

Regarding the business situation, in operation system development, the push for digital transformation (DX) continued to drive expansion in demand for IT investment in the system infrastructure construction domain, primarily the realization of virtualization and the shift to cloud computing, which are necessary for increasing the efficiency of business, productivity, etc., as well as other core areas of customers' business operations, such as the development of cyber security measures for these cloud environments, and the reconstruction of backbone systems to address the aging of systems and reinforce the foundations of businesses.

A breakdown by industry shows that, in system development for the distribution and service sectors, the Company performed strongly in the development of backbone systems for customers in the retail industry and the development of applications related to point-of-sale (POS) systems.

In embedded/control system development, the Company performed solidly in the machine control field, reflecting strong performances in fields related to semiconductor manufacturing facilities, where demand for automotive and industrial applications was firm due to the digitization of society, as well as continued investments in the digital consumer electronics field by major manufacturers.

In the automotive sector in particular, the Company continued to perform strongly in a wide range of development domains against a backdrop of growing investment in the global shift to EVs to achieve carbon neutrality, evolving advanced technologies such as driver assistance systems (ADAS) and automated driving, research and development of integrated electronic control units (ECUs) and other large-scale, state-of-the-art automotive software in pursuit of Software-Defined Vehicles (SDVs).

In the products and services segment, the Company launched FujiFastener, its own security service which provides all-in-one support, 24 hours a day, 365 days a year. Leveraging the Company's proprietary technologies, specifically its expertise in AI, security, and cloud services, the new service offers threat identification and protection, threat detection and response, and system recovery in the AWS environment.

The Company will develop and sell new services and products by responding flexibly to social change in its efforts to strengthen and expand its business.

To invest in new business creation, the Company received shares of Pocketalk Corporation at the time of its third party share allocation to increase capital. This company is engaged in the planning, development, licensing and sale of translation devices and translation software. By combining Pocketalk's voice translation technologies with the Company's software development technologies, the two companies will improve the quality and functionality of their products and services. They will also cultivate new markets and customers to capture demand for multilingual support products which is growing in Japan and abroad. As a result of these initiatives, in the first half under review, net sales stood at 159,044 million yen, up 5.0% year on year, thanks to the strong performance of the mainstay System Integration business. SG&A expenses increased 12.2% year on year, to 26,004 million yen, operating profit rose 9.3% year on year, to 10,698 million yen, ordinary profit climbed 3.4% to 10,513 million yen, and a gain on the sale of real estate owned by the Company caused profit attributable to owners of parent to increase 101.4% year on year, to 12,209 million yen.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, sales and profit from embedded/control software increased, chiefly due to the strong performance of software for EVs, ADAS and automated driving in the automotive field, although figures dropped in social infrastructure systems development projects. Sales and profit from operation software both grew. Despite the negative effect of unprofitable projects, performance was brisk in individual fields, mainly in operation systems development for manufacturers and projects related to e-commerce and point-of-sale (POS) systems for the distribution and service sectors. In products and services, sales and profit slid as a result of a subsidiary moving to a different segment and a fall in sales of other companies' products despite the growth of sales in computer aided engineering (CAE)-related projects. In outsourcing, sales decreased mainly due to decline in operation and maintenance projects, while operating profit grew, chiefly owing to improvement in the productivity of operation and maintenance projects for the retail industry.

As a result, net sales stood at 150,753 million yen, up 5.3% year on year. Operating profit amounted to 10,208 million yen, up 14.3%.

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

(Million yen)				
	Net sales	YoY change (%)	Operating profit	YoY change (%)
SI business total	150,753	105.3	10,208	114.3
System Construction	97,887	111.0	7,890	130.3
Embedded/Control Software	40,601	104.2	3,718	114.3
Operation Software	57,285	116.4	4,171	148.8
Products and Services	52,866	96.2	2,318	80.5
Products and Services	46,227	96.8	1,931	75.2
Outsourcing	6,639	92.5	387	125.1

(Note) Operating profit includes the elimination of intersegment transactions of 0 million yen.

(ii) Facility business

In the facility business, net sales stood at 1,433 million yen, down 1.9% year on year, due to a decrease in tenants. Operating profit fell 74.5%, to 122 million yen, reflecting higher expenses related to the opening of an office wing at Shiodome Building.

(iii) Other businesses

In the other business, net sales stood at 6,856 million yen, down 0.2% year on year, mainly due to decline in commissioned projects. Operating profit amounted to 366 million yen, down 2.0%.

## (2) Details of financial position

## Total assets

Total assets stood at 253,911 million yen at the end of the consolidated first half under review, down 3,685 million yen from the end of the preceding consolidated fiscal year. Current assets were 122,153 million yen (down 999 million yen from the end of the previous fiscal year), and non-current assets were 131,757 million yen (down 2,685 million yen).

The main factors for the change in current assets were a decrease in securities by 6,400 million yen from the end of the previous fiscal year, to 1,700 million yen, and an increase in cash and deposits by 5,453 million yen, to 40,777 million yen.

The main factors of the change in non-current assets include an increase in buildings and structures by 12,334 million yen from end of the previous fiscal year, to 44,042 million yen, a decrease in construction in progress by 11,857 million yen, to 2,416 million yen, a decrease in land by 4,356 million yen, to 50,966 million yen, and an increase in investment securities by 1,804 million yen, to 10,791 million yen.

## Liabilities

At the end of the consolidated first half under review, total liabilities amounted to 119,100 million yen, down 9,573 million yen from the end of the previous fiscal year. Current liabilities were 111,712 million yen (down 1,028 million yen from the end of the previous fiscal year), and non-current liabilities were 7,388 million yen (down 8,545 million yen).

The main factors in the change in current liabilities include accrued consumption taxes of 3,554 million yen, down 3,379 million yen from the end of the previous fiscal year, short-term borrowings, commercial papers and current portion of long-term borrowings of 54,369 million yen, up 2,864 million yen from the end of the previous fiscal year, notes and accounts payable - trade of 15,391 million yen (up 1,727 million yen from the end of the previous fiscal year), accounts payable - other of 5,258 million yen, down 1,511 million yen from the end of the previous fiscal year, and provision for bonuses of 11,267 million yen, down 472 million yen from the end of the previous fiscal year.

The main factors in the change in non-current liabilities include an 8,472 million yen decrease in long-term borrowings from the end of the previous fiscal year, to 51 million yen.

## Net assets

Net assets rose 5,888 million yen from the end of the preceding fiscal year, to 134,810 million yen at the end of the consolidated first half under review. As a result, the equity ratio rose to 52.1% from 48.1% 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 39,415 million yen, an increase of 4,630 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 stood at 5,518 million yen.

This was mainly due to an increase in money received reflecting the increase in sales and profit and tax payment.

## (Cash flows from investment activities)

Net cash provided by investment activities came to 12,472 million yen.

This was primarily due to proceeds from sales of property, plant and equipment and proceeds from the redemption of securities, and expenses for office construction and investment in the Company's products.

## (Cash flows from financing activities)

Net cash used in financing activities was 13,768 million yen.

This was due to expenses for the acquisition of shares associated with a going-private transaction of a listed subsidiary, repayments of borrowings and payments of dividends.

## (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, 2023 announced on February 14, 2024.

## 2. Semi-annual Consolidated Financial Statements and Major Note

## (1) Semi-annual consolidated balance sheet

(Million yen)

	FY2023 (As of December 31, 2023)	Q2 FY2024 (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	35,324	40,777
Notes and accounts receivable - trade, and contract assets	62,696	62,941
Securities	8,100	1,700
Merchandise	1,350	988
Work in process	4,478	3,982
Raw materials and supplies	91	88
Other	11,214	11,773
Allowance for doubtful accounts	-102	-99
Total current assets	123,153	122,153
Non-current assets		
Property, plant and equipment		
Buildings and structures	64,846	76,638
Accumulated depreciation	-33,138	-32,596
Buildings and structures, net	31,707	44,042
Land	55,322	50,966
Construction in progress	14,273	2,416
Other	13,175	13,665
Accumulated depreciation	-10,315	-10,448
Other, net	2,859	3,217
Total property, plant and equipment	104,163	100,642
Intangible assets		
Goodwill	272	240
Software	5,242	5,050
Other	30	30
Total intangible assets	5,544	5,320
Investments and other assets		
Investment securities	8,986	10,791
Retirement benefit asset	7,400	7,862
Deferred tax assets	3,904	2,997
Deferred tax assets for land revaluation	64	-
Other	4,459	4,231
Allowance for doubtful accounts	-81	-87
Total investments and other assets	24,734	25,795
Total non-current assets	134,443	131,757
Total assets	257,596	253,911

(Million yen)

	FY2023 (As of December 31, 2023)	Q2 FY2024 (As of June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,664	15,391
Short-term borrowings	47,245	45,799
Commercial papers	4,000	-
Current portion of long-term borrowings	259	8,570
Accrued expenses	5,375	5,507
Income taxes payable	5,789	5,913
Provision for bonuses	11,739	11,267
Provision for bonuses for directors (and other officers)	349	250
Provision for loss on construction contracts	345	146
Provision for loss on withdrawal from business	21	17
Provision for subsidy repayment	454	498
Provision for compensation loss	151	155
Other	23,344	18,193
Total current liabilities	112,740	111,712
Non-current liabilities		
Long-term borrowings	8,524	51
Provision for retirement benefits for directors (and other officers)	443	419
Retirement benefit liability	4,519	4,496
Other	2,448	2,420
Total non-current liabilities	15,934	7,388
Total liabilities	128,674	119,100
Net assets		
Shareholders' equity		
Share capital	26,200	26,200
Capital surplus	9,688	6,838
Retained earnings	98,283	107,493
Treasury shares	-4,453	-4,333
Total shareholders' equity	129,718	136,199
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,556	3,093
Deferred gains or losses on hedges	-0	0
Revaluation reserve for land	-7,939	-6,733
Foreign currency translation adjustment	1,342	1,255
Remeasurements of defined benefit plans	-1,740	-1,458
Total accumulated other comprehensive income	-5,781	-3,842
Stock acquisition rights	410	377
Non-controlling interests	4,573	2,076
Total net assets	128,921	134,810
Total liabilities and net assets	257,596	253,911



(2) Semi-annual consolidated statements of income and semi-annual consolidated statements of comprehensive income  
Semi-annual consolidated statements of income

	(Million yen)	
	H1 FY2023 (From January 1, 2023 to June 30, 2023)	H1 FY2024 (From January 1, 2024 to June 30, 2024)
Net sales	151,480	159,044
Cost of sales	118,504	122,341
Gross profit	32,975	36,702
Selling, general and administrative expenses	23,184	26,004
Operating profit	9,790	10,698
Non-operating income		
Interest income	106	95
Dividend income	122	133
Foreign exchange gains	224	110
Insurance claim income	151	–
Other	71	77
Total non-operating income	676	417
Non-operating expenses		
Interest expenses	22	85
Share of loss of entities accounted for using equity method	156	9
Loss on retirement of non-current assets	10	18
Expenses for dealing with system failure	28	–
Commission fee	–	460
Other	82	29
Total non-operating expenses	300	602
Ordinary profit	10,166	10,513
Extraordinary income		
Gain on sale of shares of subsidiaries	16	–
Gain on sale of non-current assets	472	7,978
Other	0	32
Total extraordinary income	489	8,010
Extraordinary losses		
Loss on sale of non-current assets	–	10
Impairment losses	88	–
Office relocation expenses	1	–
Expenses for measures against infectious diseases	9	–
Provision for compensation loss	–	50
Other	18	–
Total extraordinary losses	117	60
Profit before income taxes	10,539	18,463
Income taxes-current	3,903	5,158
Income taxes-deferred	-355	1,003
Total income taxes	3,547	6,162
Profit	6,991	12,300
Profit attributable to non-controlling interests	930	91
Profit attributable to owners of parent	6,061	12,209

## Semi-annual consolidated statements of comprehensive income

(Million yen)

	H1 FY2023 (From January 1, 2023 to June 30, 2023)	H1 FY2024 (From January 1, 2024 to June 30, 2024)
Profit	6,991	12,300
Other comprehensive income		
Valuation difference on available-for-sale securities	1,022	562
Revaluation reserve for land	–	323
Foreign currency translation adjustment	323	635
Remeasurements of defined benefit plans, net of tax	86	91
Share of other comprehensive income of entities accounted for using equity method	0	-2
Total other comprehensive income	1,433	1,610
Comprehensive income	8,424	13,911
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,352	13,797
Comprehensive income attributable to non- controlling interests	1,072	114

## (3) Semi-annual consolidated cash flow statement

	(Million yen)	
	H1 FY2023 (From January 1, 2023 to June 30, 2023)	H1 FY2024 (From January 1, 2024 to June 30, 2024)
Cash flows from operating activities		
Profit before income taxes	10,539	18,463
Depreciation	2,009	2,446
Impairment losses	88	-
Expenses for measures against infectious diseases	9	-
Amortization of goodwill	31	31
Increase (decrease) in provision for loss on construction contracts	-172	-199
Increase (decrease) in retirement benefit liability	66	165
Decrease (increase) in retirement benefit asset	-312	-322
Share of loss (profit) of entities accounted for using equity method	156	9
Interest expenses	22	85
Foreign exchange losses (gains)	-158	-64
Decrease (increase) in notes and accounts receivable - trade and contract assets	272	-418
Decrease (increase) in inventories	576	871
Increase (decrease) in trade payables	115	1,628
Loss (gain) on sale of shares of subsidiaries and associates	-16	-
Loss (gain) on sale of non-current assets	-472	-7,967
Non-operating commission expenses	-	460
Decrease (increase) in prepaid expenses	-873	-719
Increase (decrease) in accrued consumption taxes	-1,496	-2,684
Increase (decrease) in accounts payable - other	-167	-1,113
Increase (decrease) in accounts payable - personnel expenses	2,988	-677
Decrease (increase) in long-term prepaid expenses	411	327
Other	-3,026	507
Subtotal	10,592	10,828
Interest and dividends income received	230	236
Interest paid	-22	-88
Income taxes paid	-2,169	-5,025
Payments for loss on withdrawal from business	-6	-3
Expenses for measures against infectious diseases paid	-9	-
Non-operating commission expenses paid	-	-430
Net cash provided by (used in) operating activities	8,615	5,518

	(Million yen)	
	H1 FY2023 (From January 1, 2023 to June 30, 2023)	H1 FY2024 (From January 1, 2024 to June 30, 2024)
Cash flows from investing activities		
Payments into time deposits	-2,530	-1,141
Proceeds from withdrawal of time deposits	3,374	2,454
Purchase of property, plant and equipment	-3,698	-4,776
Proceeds from sale of property, plant and equipment	967	13,942
Purchase of intangible assets	-987	-1,177
Purchase of securities	-5,100	-
Proceeds from sale of securities	3,300	4,400
Purchase of investment securities	-0	-1,000
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	10	-
Other	731	-228
Net cash provided by (used in) investing activities	-3,934	12,472
Cash flows from financing activities		
Proceeds from short-term borrowings	6,624	17,150
Repayments of short-term borrowings	-4,449	-18,600
Repayments of long-term borrowings	-5,415	-211
Purchase of treasury shares	-3	-1
Dividends paid	-2,290	-2,169
Dividends paid to non-controlling interests	-518	-47
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-16	-6,293
Net increase (decrease) in commercial papers	-	-4,000
Proceeds from exercise of employee share options	159	357
Purchase of treasury shares of subsidiaries	-48	-0
Other	31	49
Net cash provided by (used in) financing activities	-5,927	-13,768
Effect of exchange rate change on cash and cash equivalents	234	407
Net increase (decrease) in cash and cash equivalents	-1,011	4,630
Cash and cash equivalents at beginning of period	33,086	34,785
Cash and cash equivalents at end of period	32,075	39,415

(4) Notes to semi-annual 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.

(Changes in significant subsidiaries during the period under review)

Not applicable.

(Application of special accounting treatment to the preparation of semi-annual 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 profit before income taxes for the current fiscal year including the first half under review and multiply profit before income taxes by the estimated effective tax rate.

(Segment information)

[Segment information]

I. H1 FY2023 (From January 1, 2023 to June 30, 2023)

1. Net sales and profit (loss) for each reported segment and the breakdown of revenue

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on semi-annual consolidated statements of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Goods transferred at a point in time	116,622	213	116,835	1,029	117,865	—	117,865
Goods transferred over time	26,529	—	26,529	5,832	32,362	—	32,362
Revenue from contracts with customers	143,152	213	143,365	6,862	150,227	—	150,227
Other revenue (Note 4)	0	1,247	1,247	4	1,252	—	1,252
Sales to outside customers	143,152	1,461	144,613	6,867	151,480	—	151,480
Inter-segment sales or transfers	48	267	315	417	733	-733	—
Total	143,200	1,728	144,929	7,284	152,213	-733	151,480
Segment profit	8,934	480	9,415	374	9,790	0	9,790

(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 0 million yen includes an elimination of inter-segment transactions of 0 million yen.
3. The segment profit has been adjusted to the operating profit stated in the semi-annual consolidated statements of income.
4. The main components of other revenue include income from lease based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

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 FY2024 (From January 1, 2024 to June 30, 2024)

## 1. Net sales and profit (loss) for each reported segment and the breakdown of revenue

(Million yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on semi-annual consolidated statements of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Goods transferred at a point in time	121,696	199	121,895	745	122,641	—	122,641
Goods transferred over time	29,057	—	29,057	6,105	35,162	—	35,162
Revenue from contracts with customers	150,753	199	150,953	6,850	157,804	—	157,804
Other revenue (Note 4)	0	1,234	1,234	5	1,240	—	1,240
Sales to outside customers	150,753	1,433	152,187	6,856	159,044	—	159,044
Inter-segment sales or transfers	39	274	314	477	791	-791	—
Total	150,793	1,708	152,502	7,333	159,835	-791	159,044
Segment profit	10,208	122	10,330	366	10,697	0	10,698

(Notes)

1. “Others” is a business segment that is not included in the reported segments and includes the data entry business and contact center business.
2. An adjustment of segment profit of 0 million yen includes an elimination of inter-segment transactions of 0 million yen.
3. The segment profit has been adjusted to the operating profit stated in the semi-annual consolidated statements of income.
4. The main components of other revenue include income from lease based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

## 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.

(Post-balance sheet events)

(Tender Offer for the Company Share Certificates by FK Co., Ltd.)

At the meeting of the Board of Directors held on August 8, 2024, the Company passed a resolution to express an opinion in support of the tender offer for the common shares of the Company (the “Company Shares”) and the stock acquisition rights of the Company (defined in “(b) Stock Acquisition Rights” in “(2) Tender Offer Price” below, hereinafter the same, and the Company Shares and the Stock Acquisition Rights are hereinafter collectively referred to as the “Company Share Certificates”) by FK Co., Ltd. (the “Offeror,” and that tender offer, the “Tender Offer”) as the Company’s current opinion if the Tender Offer is commenced and to recommend that the shareholders of the Company and the holders of the Stock Acquisition Rights (the “Stock Acquisition Rights Holders”) tender their Company Share Certificates in the Tender Offer.

The above resolution of the Board of Directors was passed on the assumption that the Offeror intends to take the Company Shares private through the Tender Offer and a series of subsequent procedures and that the Company Shares will be delisted.

For details, please refer to “Notice regarding Expression of Opinion in Support of the Planned Commencement of the Tender Offer for the Company Share Certificates by FK Co., Ltd. and Recommendation to Tender Shares” released separately on August 8, 2024.

#### 1. Outline of the Tender Offeror

(1) Name	FK Co., Ltd.
(2) Address	11F Meiji Yasuda Seimei Building, 2-1-1 Marunouchi, Chiyoda-ku, Tokyo
(3) Representative	Michael Longo, Representative Director
(4) Business	Commercial business and all businesses related to commercial business
(5) Share capital	5,000 yen
(6) Date of incorporation	July 26, 2024
(7) Major shareholders and their shareholding ratios	FK Holdings Co., Ltd. 100.00%
(8) Relationship between the listed company and the Offeror	
Capital relationship	Not applicable.
Personnel relationship	Not applicable.
Business relationship	Not applicable.
Applicability to related party	Not applicable.

#### 2. Outline of the Tender Offer

##### (1) Period of the Tender Offer

It is assumed that the Tender Offer will be commenced by mid-September 2024.

##### (2) Tender Offer Price

(a) 8,800 yen per share of common shares

##### (b) Stock Acquisition Rights

- (i) 1,067,000 yen per stock acquisition right for the Fifth Series Stock Acquisition Rights issued based on a resolution of the Board of Directors held on March 29, 2022 (the “Fifth Series Stock Acquisition Rights”) (exercise period from April 1, 2024 to March 29, 2027)
- (ii) 929,600 yen per stock acquisition right for the Sixth Series Stock Acquisition Rights issued based on a resolution of the Board of Directors held on March 28, 2023 (the “Sixth Series Stock Acquisition Rights”) (exercise period from April 1, 2025 to March 28, 2028)
- (iii) 228,100 yen per stock acquisition right for the Seventh Series Stock Acquisition Rights issued based on a resolution of the Board of Directors held on March 26, 2024 (the “Seventh Series Stock Acquisition Rights,” and the Fifth Series Stock Acquisition Rights, the Sixth Series Stock Acquisition Rights, and the Seventh Series Stock Acquisition Rights, collectively, the “Stock Acquisition Rights”) (exercise period from March 27, 2026 to March 24, 2034)

##### (3) Number of Share Certificates to Be Purchased

Number of shares to be purchased: 63,790,275 shares (no upper limit)

Minimum number of shares to be purchased: 42,142,900 shares