

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 | Listing Exchanges: Tokyo Stock Exchange |
| Securities Code: 9749 | URL http://www.fsi.co.jp/ |
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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.