

Summary of Consolidated Financial Results for the First Half of Fiscal Year ending December 31, 2023 (Japanese Accounting Standards)



August 10, 2023

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 (<i>Shihanki Houkokusho</i>):	August 14, 2023
Scheduled date of dividend payment:	September 8, 2023
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, 2023 (January 1, 2023 – June 30, 2023)

(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 6/23	151,480	7.2	9,790	8.8	10,166	2.1	6,061	3.6
Six months ended 6/22	141,328	6.7	8,995	3.0	9,954	5.2	5,850	25.7

(Note) Comprehensive income (million yen) Six months ended 6/23: 8,424 (12.9%) Six months ended 6/22: 7,459 (64.7%)

	Net profit per share	Net profit per share/diluted
	Yen	Yen
Six months ended 6/23	96.44	96.34
Six months ended 6/22	93.26	93.16

(Note) On July 1, 2023, the Company conducted a two-for-one split of its common stock. Accordingly, net profit per share was 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 6/23	242,398	158,461	57.4
Year ended 12/22	240,835	152,744	55.7

Reference: Shareholders' equity (million yen) Six months ended 6/23: 139,221 Year ended 12/22: 134,048

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 12/22	-	54.00	-	73.00	127.00
Year ending 12/23	-	68.00	-	-	-
Year ending 12/23 (forecast)	-	-	-	34.50	-

(Note) 1. Revisions to dividend forecasts published most recently: No

(Note) 2. 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 ending 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 ending December 31, 2023 (forecast) is indicated as "-." The year-end dividend per share for the fiscal year ending December 31, 2023 (forecast) 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, 2023 (Jan. 1, 2023 – Dec. 31, 2023)

(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	300,000	7.6	20,000	9.5	20,300	5.7	12,300	8.1	195.81

(Note) 1. Revisions to forecast for consolidated business results published most recently: No

(Note) 2. On July 1, 2023, the Company conducted a two-for-one split of its common stock. Accordingly, net profit per share was calculated assuming the above stock split was conducted at the beginning of the consolidated fiscal year under review. The full-year net profit per share for the fiscal year ending December 31, 2023 calculated assuming the stock split had not occurred is 391.61 yen.

* Notes

- (1) Important changes in subsidiaries during this quarter (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

New: — (company name)

Exception: — (company name)

- (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 Major 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 Major 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):

6/23:	67,400,000 shares	Year ended 12/22:	67,400,000 shares
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2) Number of treasury shares at the end of period:

6/23:	4,520,261 shares	Year ended 12/22:	4,582,619 shares
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3) Average number of shares during the period (quarterly consolidated cumulative period):

6/23:	62,851,342 shares	6/22:	62,735,185 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 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, 2023, (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, 2023

(1) Details of consolidated results

During the first half of the consolidated fiscal year under review (from January 1, 2023 to June 30, 2023), the Japanese economy recovered modestly due to the normalization of economic activity, although uncertainties continued, including uncertainty related to rising interest rates that resulted from the monetary restraint measures being implemented to control inflation globally, as well as the continued rise in resource and energy costs and the resultant price increases.

Uncertainties remain, such as foreign exchange rates and prices that are rising globally. In the information services industry, however, demand for strategic system investment to keep pace with the trend toward digital transformation (DX) has continued to increase, with companies in a wide range of industries remaining highly motivated to invest in systems to expand business or increase competitiveness.

Further, attention is being drawn to large language models (LLM), a kind of AI model, an example of which is ChatGPT, and models and tools which significantly facilitate and dramatically lower the cost of communication and information collection are expected to emerge. At the same time, it is expected that there will be innovations in various fields.

In this business environment, the FUJISOFT GROUP is working to achieve sustainable growth and improve its added value under “Lead DX in the aspects of both IT and OT with digital technologies and contribute to value improvement and innovations by customers and society,” its three-year management policy set in the Medium-Term Management Plan (2022 to 2024) that was announced in 2022.

In addition, the Company has focused its efforts on its own DX, driving internal reforms based on operational reforms and measures to boost business competitiveness, while also taking steps to improve profitability, such as developing new business domains with higher added value and improving productivity.

The Company has been working on intelligent technologies and AI for many years. Regarding ChatGPT, it began the validation of a service ahead of others and has been considering efficient, effective ways of using it. At present, the Company has built its unique ChatGPT environment and been validating it by introducing it internally where there are approx. 10,000 users. Thus, the Company aims to contribute to customers’ businesses by continuing to experiment with advanced technologies to provide better services to customers.

In operation system development in the System Construction Segment, demand remained strong reflecting the movement to promote DX, mainly in the domain of system infrastructure construction realizing virtualization and the shift to cloud computing, which are essential for achievements including increased business efficiency and productivity, by utilizing the technologies of global vendors, the reconstruction of backbone systems for responding to the aging of systems or reinforcing business foundations, and the development of service systems for the provision of new services, among other domains.

Alongside the extensive experience the Company has in the development of cloud environments for many customers, it possesses high-level technological capabilities related to cloud security, risk management and various security solutions that support safety. The Company has been engaged in aggressive sales activities targeting public institutions and financial services firms, which are cautious about the shift to cloud computing, in an effort to expand its business. While new development methods and speedy development are demanded in system development using these new technologies, the Company has been moving forward with the acquisition of higher-level qualifications and providing training on new system development methods, such as agile development methods, and implementing them.

In embedded/control system development, the Company performed strongly. In the machine control field, performance remained strong in fields related to semiconductor manufacturing facilities, where market remained strong mainly for products for industrial applications while major manufacturers continued investments in the digital consumer electronics field. Further, the shift to EVs in the automobile industry has accelerated and capital investment in machine tools to increase the production of EV parts is expected. In response, the Company has been carrying out aggressive sales activities.

In the automotive sector, business remained strong due to robust investment in the CASE domain, including the shift to EVs for the achievement of global carbon neutrality and the continued evolution of autonomous vehicles. Further, partly reflecting an increase in investments in new domains including software-defined vehicles (SDV), where software enables the evolution of automobiles, the Company has been implementing an aggressive strategy to receive orders.

In the products and services segment, sales remained strong mainly in the license business operated in cooperation with a global vendor. In addition, regarding the moreNOTE paperless conference system which has the largest share of its industry’s market, the Company began to provide the moreNOTE digital package for meetings of committees for the certification of need, which enables the digitalization of the meetings of committees for the certification of need. The Company developed dedicated functions for committees for the certification of need. With moreNOTE, the Company contributed to the operational reform of these committees as well as the digitalization of the materials used at their meetings.

The Company will continue to provide high-quality products which meet customers’ needs and develop and sell new products by responding flexibly to social change in its efforts to strengthen and expand its business.

As a result of these initiatives, in the first half under review, net sales stood at 151,480 million yen, up 7.2% year on year, thanks to the strong performance of the System Integration business. While SG&A expenses increased 8.5% year on year, to 23,184 million yen, the sales growth resulted in operating profit of 9,790 million yen, up 8.8% year on year, ordinary profit of 10,166 million yen, up 2.1% year on year, and profit attributable to owners of parent of 6,061 million yen, up 3.6% year on year.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, both sales and profit from embedded/control software increased, despite a decline in mobile systems and social infrastructure systems, more than offset by the steady performance of development projects in the EV-related field for automotive systems and development projects involving machine control systems in the industrial and consumer electronics fields. In operation software, sales increased because of the favorable results in the projects for the construction of system infrastructure and backbone systems mainly in the financial service and manufacturing industries, and operating profit increased due in part to the increase of sales and improvement of productivity. In Products and Services, sales and profit rose thanks mainly to strong sales of licenses from other companies and of POS-related products of the Company's subsidiaries. In the outsourcing business, sales decreased mainly reflecting a decrease in IT services for overseas retailers, and operating profit also decreased due in part to the decrease of sales and the impact of rising electricity prices on data center services.

As a result, net sales stood at 143,152 million yen, up 7.0% year on year. Operating profit amounted to 8,935 million yen, up 8.6%.

* 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	143,152	107.0	8,935	108.6
System Construction	88,218	109.9	6,056	117.8
Embedded/Control Software	38,983	106.9	3,253	107.9
Operation Software	49,234	112.4	2,803	131.8
Products and Services	54,933	102.6	2,879	93.3
Products and Services	47,753	103.8	2,569	100.8
Outsourcing	7,180	95.6	309	57.8

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

(ii) Facility business

In the facility business, net sales stood at 1,461 million yen, up 9.0% year on year, and operating profit amounted to 480 million yen, up 28.7%, mainly reflecting an increase in tenants.

(iii) Other businesses

Net sales from other businesses amounted to 6,867 million yen, up 10.7% year on year, thanks to the significant contribution of the pension-related operations which were started in the previous fiscal year for both call center services and BPO services. Operating profit stood at 374 million yen, down 4.9% year on year, due to an increase in costs resulting from an increase in contract projects.

(2) Details of financial position

Total assets

Total assets stood at 242,398 million yen at the end of the consolidated first half under review, up 1,562 million yen from the end of the preceding consolidated fiscal year. Current assets were 114,036 million yen (up 1,305 million yen from the end of the previous fiscal year), and non-current assets were 128,362 million yen (up 257 million yen).

The main factors for the change in current assets were an increase in prepaid expenses of 921 million yen, to 6,811 million yen, an increase in advance payments to suppliers of 738 million yen, to 3,443 million yen, and a decrease in work in process of 463 million yen, to 3,300 million yen.

The main factors for the change in non-current assets include an increase in buildings and structures by 4,237 million yen from the end of the previous fiscal year, to 31,845 million yen, a decrease in construction in progress of 3,900 million yen, to 9,079 million yen.

Liabilities

At the end of the consolidated first half under review, total liabilities amounted to 83,937 million yen, down 4,153 million yen from the end of the previous fiscal year. Current liabilities were 67,949 million yen (down 3,995 million yen from the end of the previous fiscal year), and non-current liabilities were 15,987 million yen (down 158 million yen).

Major factors of the change in current liabilities include short-term borrowings and the current portion of long-term borrowings totaling 14,833 million yen (down 3,021 million yen from the end of the previous fiscal year), accounts payable - other of 4,406 million yen (down 1,944 million yen from the end of the previous fiscal year), accrued consumption taxes of 4,068 million yen (down 1,893 million yen from the end of previous fiscal year), and provision for bonuses of 10,595 million yen (up 3,125 million yen from the end of the previous fiscal year).

The main factors of the change in non-current liabilities include a decrease of 215 million yen in long-term loans payable from the end of the previous fiscal year, to 8,567 million yen, and an increase of 91 million yen in retirement benefit liability from the end of the previous fiscal year, to 4,595 million yen.

Net assets

Net assets rose 5,716 million yen from the end of the preceding fiscal year, to 158,461 million yen at the end of the consolidated first half under review. As a result, the equity ratio rose to 57.4% from 55.7% 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 32,075 million yen, a decrease of 1,011 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 8,615 million yen. This was mainly due to an increase in money received reflecting the increase in sales and income.

(Cash flows from investment activities)

Net cash used in investing activities in the cumulative first half of the fiscal year under review came to 3,934 million yen.

This was primarily due to proceeds from sales of property, plant and equipment and expenses for office construction and investment in securities.

(Cash flows from financing activities)

Net cash used in financing activities in the cumulative first half of the fiscal year under review was 5,927 million yen.

This was due to payments of dividends and repayments of borrowings.

(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, 2022 announced on February 14, 2023.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Million yen)

	FY2022 (As of December 31, 2022)	Q2 FY2023 (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	32,736	33,099
Notes and accounts receivable - trade, and contract assets	56,634	57,020
Securities	8,500	8,300
Merchandise	1,732	1,604
Work in process	3,763	3,300
Raw materials and supplies	55	72
Other	9,421	10,760
Allowance for doubtful accounts	-113	-121
Total current assets	112,730	114,036
Non-current assets		
Property, plant and equipment		
Buildings and structures	59,733	64,389
Accumulated depreciation	-32,125	-32,544
Buildings and structures, net	27,607	31,845
Land	55,892	55,326
Construction in progress	12,979	9,079
Other	13,041	13,286
Accumulated depreciation	-10,360	-10,453
Other, net	2,680	2,832
Total property, plant and equipment	99,160	99,084
Intangible assets		
Goodwill	336	304
Software	5,050	4,914
Other	39	35
Total intangible assets	5,426	5,254
Investments and other assets		
Investment securities	7,693	9,006
Retirement benefit asset	7,274	7,697
Deferred tax assets	3,454	3,296
Other	5,117	4,078
Allowance for doubtful accounts	-20	-54
Total investments and other assets	23,518	24,024
Total non-current assets	128,104	128,362
Total assets	240,835	242,398

(Million yen)

	FY2022 (As of December 31, 2022)	Q2 FY2023 (As of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	14,083	14,256
Short-term borrowings	12,141	14,319
Current portion of long-term borrowings	5,714	514
Accrued expenses	5,503	4,551
Income taxes payable	2,828	4,439
Provision for bonuses	7,470	10,595
Provision for bonuses for directors (and other officers)	286	243
Provision for loss on construction contracts	421	255
Provision for loss on withdrawal from business	30	24
Provision for subsidy repayment	429	479
Provision for compensation loss	212	151
Other	22,823	18,119
Total current liabilities	71,945	67,949
Non-current liabilities		
Long-term borrowings	8,783	8,567
Provision for retirement benefits for directors (and other officers)	410	416
Retirement benefit liability	4,504	4,595
Other	2,447	2,407
Total non-current liabilities	16,145	15,987
Total liabilities	88,091	83,937
Net assets		
Shareholders' equity		
Share capital	26,200	26,200
Capital surplus	29,089	29,146
Retained earnings	91,020	94,788
Treasury shares	-4,593	-4,485
Total shareholders' equity	141,717	145,650
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,224	2,243
Deferred gains or losses on hedges	-0	-0
Revaluation reserve for land	-8,228	-8,228
Foreign currency translation adjustment	485	674
Remeasurements of defined benefit plans	-1,149	-1,119
Total accumulated other comprehensive income	-7,668	-6,429
Stock acquisition rights	646	692
Non-controlling interests	18,049	18,546
Total net assets	152,744	158,461
Total liabilities and net assets	240,835	242,398

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

Consolidated statements of income

Consolidated first half results

(Million yen)

	H1 FY2022 (From January 1, 2022 to June 30, 2022)	H1 FY2023 (From January 1, 2023 to June 30, 2023)
Net sales	141,328	151,480
Cost of sales	110,969	118,504
Gross profit	30,358	32,975
Selling, general and administrative expenses	21,363	23,184
Operating profit	8,995	9,790
Non-operating income		
Interest income	41	106
Dividends income	99	122
Share of profit of entities accounted for using equity method	9	–
Foreign exchange gains	788	224
Insurance claim income	–	151
Other	173	71
Total non-operating income	1,111	676
Non-operating expenses		
Interest expenses	24	22
Share of loss of entities accounted for using equity method	–	156
Loss on retirement of non-current assets	76	10
Expenses for dealing with system failure	1	28
Other	49	82
Total non-operating expenses	151	300
Ordinary profit	9,954	10,166
Extraordinary income		
Gain on sale of shares of subsidiaries	–	16
Gain on sale of non-current assets	–	472
Reversal of allowance for doubtful accounts	76	0
Reversal of provision for retirement benefits	80	–
Total extraordinary income	157	489
Extraordinary losses		
Impairment losses	28	88
Office relocation expenses	44	1
Expenses for measures against infectious diseases	64	9
Provision for compensation loss	199	–
Other	19	18
Total extraordinary losses	356	117
Profit before income taxes	9,755	10,539
Income taxes-current	2,536	3,903
Income taxes-deferred	283	-355
Total income taxes	2,819	3,547
Profit	6,935	6,991
Profit attributable to non-controlling interests	1,084	930
Profit attributable to owners of parent	5,850	6,061

Consolidated statements of comprehensive income
 Consolidated first half results

(Million yen)

	H1 FY2022 (From January 1, 2022 to June 30, 2022)	H1 FY2023 (From January 1, 2023 to June 30, 2023)
Profit	6,935	6,991
Other comprehensive income		
Valuation difference on available-for-sale securities	-350	1,022
Deferred gains or losses on hedges	-0	-
Foreign currency translation adjustment	680	323
Remeasurements of defined benefit plans, net of tax	177	86
Share of other comprehensive income of entities accounted for using equity method	17	0
Total other comprehensive income	523	1,433
Comprehensive income	7,459	8,424
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,055	7,352
Comprehensive income attributable to non- controlling interests	1,403	1,072

(3) Consolidated cash flow statement

	(Million yen)	
	H1 FY2022 (From January 1, 2022 to June 30, 2022)	H1 FY2023 (From January 1, 2023 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	9,755	10,539
Depreciation	2,373	2,009
Impairment losses	28	88
Expenses for measures against infectious diseases	64	9
Amortization of goodwill	29	31
Increase (decrease) in provision for loss on construction contracts	-94	-172
Increase (decrease) in retirement benefit liability	-118	66
Decrease (increase) in retirement benefit asset	-264	-312
Transfer of securities to retirement benefit trust	-1,000	-
Share of loss (profit) of entities accounted for using equity method	-9	156
Interest expenses	24	22
Foreign exchange losses (gains)	-727	-158
Decrease (increase) in notes and accounts receivable - trade and contract assets	2,738	272
Decrease (increase) in inventories	159	576
Increase (decrease) in trade payables	2,119	115
Loss (gain) on sale of shares of subsidiaries and associates	-	-16
Decrease (increase) in prepaid expenses	-2,959	-873
Increase (decrease) in accrued consumption taxes	-2,167	-1,496
Increase (decrease) in accounts payable - other	135	-167
Increase (decrease) in accounts payable - personnel expenses	-462	2,988
Decrease (increase) in long-term prepaid expenses	580	411
Other	-388	-3,499
Subtotal	9,818	10,592
Interest and dividends income received	142	230
Interest paid	-25	-22
Income taxes paid	-4,582	-2,169
Payments for loss on withdrawal from business	-14	-6
Expenses for measures against infectious diseases paid	-60	-9
Net cash provided by (used in) operating activities	5,278	8,615

(Million yen)

	H1 FY2022 (From January 1, 2022 to June 30, 2022)	H1 FY2023 (From January 1, 2023 to June 30, 2023)
Cash flows from investing activities		
Payments into time deposits	-3,042	-2,530
Proceeds from withdrawal of time deposits	802	3,374
Purchase of property, plant and equipment	-3,211	-3,698
Proceeds from sale of property, plant and equipment	—	967
Purchase of intangible assets	-1,395	-987
Purchase of securities	-1,000	-5,100
Proceeds from sale of securities	—	3,300
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	10
Other	132	731
Net cash provided by (used in) investing activities	-7,714	-3,934
Cash flows from financing activities		
Proceeds from short-term borrowings	4,993	6,624
Repayments of short-term borrowings	-5,099	-4,449
Proceeds from long-term borrowings	5,000	—
Repayments of long-term borrowings	-3,862	-5,415
Purchase of treasury shares	-0	-3
Dividends paid	-814	-2,290
Dividends paid to non-controlling interests	-453	-518
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-4	-16
Repayments to non-controlling shareholders	-121	—
Proceeds from exercise of employee share options	145	159
Purchase of treasury shares of subsidiaries	-361	-48
Other	6	31
Net cash provided by (used in) financing activities	-572	-5,927
Effect of exchange rate change on cash and cash equivalents	700	234
Net increase (decrease) in cash and cash equivalents	-2,308	-1,011
Cash and cash equivalents at beginning of period	40,876	33,086
Cash and cash equivalents at end of period	38,568	32,075

(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.

(Important changes in subsidiaries during this quarter)

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 FY2022 (From January 1, 2022 to June 30, 2022)

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 first-half consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Goods transferred at a point in time	110,057	224	110,281	824	111,106	—	111,106
Goods transferred over time	23,728	—	23,728	5,372	29,101	—	29,101
Revenue from contracts with customers	133,786	224	134,010	6,196	140,207	—	140,207
Other revenue (Note 4)	0	1,115	1,115	4	1,120	—	1,120
Sales to outside customers	133,786	1,340	135,126	6,201	141,328	—	141,328
Inter-segment sales or transfers	46	265	312	333	645	-645	—
Total	133,833	1,605	135,438	6,534	141,973	-645	141,328
Segment profit	8,226	373	8,599	393	8,993	1	8,995

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 profit stated in the consolidated income statement.
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 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 first-half consolidated statement 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 consolidated income statement.
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.