

# Summary of Consolidated Financial Results for the First Three Quarters of Fiscal Year ending December 31, 2019 (Japanese Accounting Standards)



November 7, 2019

Listed Company Name: FUJI SOFT INCORPORATED  
 Securities Code: 9749  
 Representative: Satoyasu Sakashita, President & Representative Director  
 Contact: Tatsuya Naito, Operating Officer  
 Phone: +81-45-650-8811

Listing Exchanges: Tokyo Stock Exchange  
 URL <http://www.fsi.co.jp/>

Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): November 8, 2019  
 Scheduled date of dividend payment: –  
 Supplementary documents for quarterly results: Yes  
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Figures less than one million yen are omitted)

## 1. Consolidated Business Results for the Nine Months Ended September 30, 2019 (January 1, 2019 – September 30, 2019)

### (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	%
Nine months ended 9/19	174,153	14.0	10,667	23.2	10,922	17.3	6,095	32.6
Nine months ended 9/18	152,783	13.3	8,660	27.6	9,315	30.6	4,597	17.4

(Note) Comprehensive income (million yen)      Nine months ended 9/19: 7,183 (70.3%)      Nine months ended 9/18: 4,217 (-22.3%)

	Net income per share	Net income per share/diluted
	Yen	Yen
Nine months ended 9/19	194.78	–
Nine months ended 9/18	146.90	146.36

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Nine months ended 9/19	201,569	125,123	55.0
Year ended 12/18	192,625	119,670	55.1

Reference: Shareholders' equity (million yen)      Nine months ended 9/19: 110,786      Year ended 12/18: 106,123

## 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 12/18	–	18.00	–	19.00	37.00
Year ending 12/19	–	20.00	–	–	–
Year ending 12/19 (forecast)	–	–	–	20.00	40.00

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

## 3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2019 (Jan. 1, 2019 – Dec. 31, 2019)

(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	210,500	3.0	11,700	2.6	12,200	1.1	6,700	2.8	214.10

(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): Yes

New Not applicable  
 Excluded Two companies CYBERNET HOLDINGS CANADA, INC.  
 WATERLOO MAPLE INC.

- (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):	9/19:	33,700,000 shares	Year ended 12/18:	33,700,000 shares
2) Number of treasury shares at the end of period	9/19:	2,406,147 shares	Year ended 12/18:	2,405,901 shares
3) Average number of shares during the period (quarterly consolidated cumulative period)	9/19:	31,294,013 shares	9/18:	31,294,481 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 Three Quarters Ended September 30, 2019, (3) Information on the future outlook, including forecast for consolidated business results on page 4 of the accompanying materials.
- Previously, figures in the Company’s quarterly financial statements and other items were listed in thousand-yen units. However, beginning the first quarter and the cumulative first quarter of the fiscal year under review, figures will be shown in million-yen units.
- Concerning the cash flow statement, beginning in the cumulative first quarter of the fiscal year under review, a consolidated cash flow statement has been and will be created.

Accompanying Materials – Contents

1. Qualitative Information on Consolidated Results for the First Three Quarters Ended September 30, 2019 .....	2
(1) Details of consolidated results.....	2
(2) Details of financial position.....	3
(3) Information on the future outlook, including forecast for consolidated business results.....	4
2. Consolidated Financial Statements and Key Notes .....	5
(1) Consolidated balance sheet.....	5
(2) Consolidated statements of income and consolidated statements of comprehensive income .....	7
Consolidated statements of income	
Consolidated first three quarters results.....	7
Consolidated statements of comprehensive income	
Consolidated first three quarters results.....	8
(3) Consolidated cash flow statement .....	9
(4) Notes to consolidated financial statements .....	11
Note on going concern assumptions.....	11
Note when there is a considerable change in the amount of shareholders' equity .....	11
Important changes in subsidiaries during this quarter .....	11
Application of specific accounting treatment to the preparation of quarterly consolidated financial statements .....	11
Changes in accounting principles and changes or restatement of accounting estimates .....	11
Additional information .....	11
Segment information .....	12

## 1. Qualitative Information on Consolidated Results for the First Three Quarters Ended September 30, 2019

## (1) Details of consolidated results

During the consolidated first three quarters under review (from January 1, 2019 to September 30, 2019), the Japanese economy continued to remain on a moderate recovery track, driven by improving employment and income conditions. However, uncertainty over the outlook was increasing given deteriorated business indicators and business conditions, mainly in the manufacturing sector, due to the trend of U.S. trade policy.

In the information services industry, growing use of ICT is expected, and measures to strengthen cyber security have become a challenge to realize digitalization in the “Society 5.0 (\*1)” era announced by the Japanese government. In addition, while the shortage of ICT engineers to respond to the sophistication and diversification of these new technologies has also become a challenge, demand for ICT services is expected to continue to increase.

In this business environment, the FUJISOFT Group focused on hiring of human resources and training global human resources, and developed systems including those for strengthening cooperation with its business partners. In the area of the latest technologies, in line with its AIS CRM strategy (\*2) which positions technologies such as AI and IoT as priority technical fields, the Group worked on technical research, product development and collaboration with cutting-edge ventures and also on the provision of comprehensive value-added solutions that combine its own products and services with platforms provided by vendors in Japan and overseas. The Group also aimed to achieve its medium-term goal of becoming an innovative corporate group that links ICT development to greater value for customers through its efforts to improve productivity and enhance corporate value.

In System Construction, business expansion remained steady in the development of auto-related embedded/control systems, mainly those for automated driving (AD), advanced driver assistance system (ADAS), and those for electronic operation and connected vehicles. In particular, demand for new technologies supporting automated driving has been growing further. In response, the Group has been accelerating efforts in new technologies, such as AI, security, and software platforms. In social infrastructure systems, the development of next-generation systems remained strong at electric power companies, and the Group also worked actively on the development of 5G mobile networks, a new growth area, as well as on the industrial robot SI business and on the utilization of IoT.

In operation system development, the Group expanded orders on the back of a willingness to invest in the development and upgrade of BtoB e-commerce websites. In infrastructure building business, cloud services provided by global vendors, such as Microsoft Corporation, Oracle Corporation, Salesforce.com, and Amazon Web Services, Inc., and services that use the Company’s data centers expanded steadily. Further, there was also a strong demand for systems improvement and groupware renewal themed on workstyle reform and for the replacement of client devices and application migration associated with upgrading to Windows 10. In response, the Company expanded orders by offering total support, from development to operation and maintenance, with comprehensive proposals capitalizing on the Company’s strengths. The Company’s initiatives were highly evaluated by Microsoft Corporation, and the Company received the highest award in the 2019 Microsoft Partner of the Year Awards. In the financial sector, demand remained strong, mainly from the credit industry, reflecting increasing needs due to the government-initiated promotion of a cashless society and investment in fintech on the topic of greater operational efficiency.

In the Product and Service sector, sales in areas such as the license business were strong. In the area of education, the Group announced the release of Mirai School Platform in October 2019, which will enable the Group to develop and provide digital textbooks and educational materials easily at low cost, and several textbook publishers and educational material companies have already decided to adopt it. The Company has also distributed a tablet terminal to all its employees to promote workstyle reform through the realization of a mobile workstyle that is able to work at any time and in any location using the Company’s product moreNOTE, and its expertise has been leading to proposals to customers.

As a result of these initiatives, in the first three quarters under review, net sales stood at 174,153 million yen, up 14.0% year on year, thanks to the strong performance of the System Integration business. SG&A expenses came to 29,539 million yen, up 9.4% year on year, due in part to the increase in labor costs that resulted from the enhancement of the structure and expenses associated with development of the Group’s operating network. However, operating income rose 23.2% year on year, to 10,667 million yen, thanks to the increase of net sales, and ordinary income climbed 17.3%, to 10,922 million yen. Profit attributable to owners of parent was 6,095 million yen, up 32.6% year on year.

\*1: Society 5.0

A super smart society, the fifth new society using AI and IoT, etc., following “hunting and gathering society,” “agrarian society,” “industrial society” and “information society.”

\*2: AIS-CRM (A: AI; I: IoT; S: Security; C: Cloud; R: Robot; M: Mobile & AutoMotive)  
 Technical field which the Group positions as a priority technology

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, sales of and income from embedded/control software increased, reflecting brisk sales of auto-related systems, social infrastructure systems, and machine control systems. In operation software, sales and income increased because sales to the telecommunications, distribution, and services sectors were strong. In Products and Services, sales and income rose thanks mainly to strong sales of the Company's products, other companies' products, and related services. In the outsourcing business, sales and income decreased mainly due to a fall in sales in the distribution and services sectors.

As a result, net sales stood at 161,837 million yen, up 14.1% year on year. Operating income amounted to 9,362 million yen, up 26.8%.

\* 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	161,837	114.1	9,362	126.8
System construction	98,425	116.7	5,902	134.6
Embedded/control software	48,127	109.8	3,297	120.2
Operation software	50,297	124.1	2,605	158.7
Products and services	63,411	110.3	3,460	115.3
Products and services	52,407	113.9	2,729	125.8
Outsourcing	11,004	96.0	730	88.0

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

(ii) Facility business

Net sales, including rental income from office buildings owned by the Company and certain consolidated subsidiaries, stood at 2,159 million yen, down 0.4% year on year. However, operating income rose 14.9% year on year, to 910 million yen.

(iii) Other businesses

Net sales from other businesses amounted to 10,156 million yen, up 15.7% year on year, reflecting strong performances in the data entry business and the contact center business. Operating income decreased 18.0%, to 394 million yen, due to an increase in selling, general and administrative expenses that resulted from the enhancement of structure aimed at commercialization in the regenerative medicine sector.

(2) Details of financial position

Total assets

Total assets stood at 201,569 million yen at the end of the consolidated first three quarters under review, up 8,943 million yen from the end of the preceding consolidated fiscal year. Current assets were 85,430 million yen (up 8,114 million yen from the end of the previous fiscal year), and non-current assets were 116,139 million yen (up 828 million yen).

The main factors for the change in current assets were an increase in notes and accounts receivable-trade by 4,373 million yen from the end of the previous fiscal year, to 48,829 million yen, and an increase in merchandise by 1,553 million yen, to 2,206 million yen.

Liabilities

At the end of the consolidated first three quarters under review, total liabilities amounted to 76,446 million yen, up 3,491 million yen from the end of the previous fiscal year. Current liabilities were 44,073 million yen (down 5,355 million yen from the end of the previous fiscal year), and non-current liabilities were 32,373 million yen (up 8,846 million yen).

Primary factors in the change of current liabilities included an increase in notes and accounts payable-trade by 4,851 million yen from the end of the previous fiscal year, to 14,378 million yen and a decrease in short-term loans payable by 9,939 million yen from the end of the previous fiscal year, to 4,029 million yen.

The main factors in the change in non-current liabilities included 9,483 million yen increase in long-term loans payable from the end of the previous fiscal year, to 22,803 million yen.

Net assets

Net assets rose 5,452 million yen from the end of the preceding fiscal year, to 125,123 million yen at the end of the consolidated first three quarters under review. As a result, the equity ratio fell to 55.0% from 55.1% at the end of the previous fiscal year.

Cash flows

Consolidated cash and cash equivalents (“cash”) at the end of the cumulative first three quarters of the fiscal year under review were 25,770 million yen, an increase of 1,182 million yen from the end of the previous fiscal year.

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

(Cash flows from operating activities)

Net cash provided by operating activities in the cumulative first three quarters of the fiscal year under review stood at 8,890 million yen.

This is was mainly due to increased sales.

(Cash flows from investment activities)

Net cash used in investing activities in the cumulative first three quarters of the fiscal year under review came to 4,231 million yen.

This was primarily due to the acquisition of noncurrent assets associated with investment in equipment.

(Cash flows from financing activities)

Net cash used in financing activities in the cumulative first three quarters of the fiscal year under review was 3,345 million yen.

This was largely due to the repayment of loans payable and the payment of dividends.

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

The results forecasts remain unchanged from those announced in the financial results for the fiscal year ended December 31, 2018 announced on February 14, 2019.

## 2. Consolidated Financial Statements and Key Notes

## (1) Consolidated balance sheet

(Million yen)

	FY2018 (As of December 31, 2018)	Q3 FY2019 (As of September 30, 2019)
Assets		
Current assets		
Cash and deposits	22,554	21,715
Notes and accounts receivable - trade	44,456	48,829
Short-term investment securities	4,000	6,000
Merchandise	652	2,206
Work in process	2,678	3,135
Raw materials and supplies	22	59
Other	3,019	3,541
Allowance for doubtful accounts	-68	-56
Total current assets	77,315	85,430
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,298	58,745
Accumulated depreciation	-27,699	-28,699
Buildings and structures, net	30,598	30,045
Land	47,959	47,959
Construction in progress	558	622
Other	13,836	14,179
Accumulated depreciation	-10,596	-10,911
Other, net	3,239	3,268
Total property, plant and equipment	82,356	81,895
Intangible assets		
Goodwill	321	284
Software	4,198	4,065
Other	218	211
Total intangible assets	4,738	4,561
Investments and other assets		
Investment securities	17,990	17,636
Net defined benefit asset	4,633	5,179
Deferred tax assets	3,004	2,662
Other	2,639	4,245
Allowance for doubtful accounts	-52	-41
Total investments and other assets	28,214	29,682
Total non-current assets	115,310	116,139
Total assets	192,625	201,569

(Million yen)

	FY2018 (As of December 31, 2018)	Q3 FY2019 (As of September 30, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,526	14,378
Short-term loans payable	13,968	4,029
Current portion of long-term loans payable	2,239	959
Accrued expenses	4,228	3,704
Income taxes payable	2,492	2,711
Provision for bonuses	4,926	7,442
Provision for directors' bonuses	205	231
Provision for loss on construction contracts	252	147
Other	11,588	10,468
Total current liabilities	49,428	44,073
Non-current liabilities		
Long-term loans payable	13,319	22,803
Deferred tax liabilities	1,643	937
Provision for directors' retirement benefits	461	465
Net defined benefit liability	5,912	5,845
Other	2,190	2,320
Total non-current liabilities	23,526	32,373
Total liabilities	72,955	76,446
<b>Net assets</b>		
Shareholders' equity		
Capital stock	26,200	26,200
Capital surplus	28,796	28,815
Retained earnings	61,424	66,299
Treasury shares	-4,866	-4,867
Total shareholders' equity	111,555	116,447
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,345	3,917
Revaluation reserve for land	-8,228	-8,047
Foreign currency translation adjustment	22	-75
Remeasurements of defined benefit plans	-1,571	-1,455
Total accumulated other comprehensive income	-5,432	-5,661
Subscription rights to shares	85	150
Non-controlling interests	13,462	14,186
Total net assets	119,670	125,123
Total liabilities and net assets	192,625	201,569



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

## Consolidated statements of income

## Consolidated first three quarters results

(Million yen)

	Q3 FY2018 (From January 1, 2018 to September 30, 2018)	Q3 FY2019 (From January 1, 2019 to September 30, 2019)
Net sales	152,783	174,153
Cost of sales	117,114	133,946
Gross profit	35,669	40,207
Selling, general and administrative expenses	27,008	29,539
Operating income	152,783	10,667
Non-operating income		
Interest income	47	61
Dividends income	97	112
Share of profit of entities accounted for using equity method	301	131
Foreign exchange gains	73	—
Subsidy income	101	112
Other	112	149
Total non-operating income	734	568
Non-operating expenses		
Interest expenses	50	66
Foreign exchange losses	—	130
Loss on retirement of non-current assets	17	28
Expenses for dealing with system failure	1	25
Other	10	62
Total non-operating expenses	79	314
Ordinary income	9,315	10,922
Extraordinary income		
Gain on reversal of share acquisition rights	—	86
Gain on sales of investment securities	505	137
Gain on transfer of business	498	—
Total extraordinary income	1,004	224
Extraordinary loss		
Impairment loss	1,716	5
Loss on retirement of non-current assets	242	—
Loss on valuation of investment securities	—	53
Loss on business withdrawal	128	—
Office transfer expenses	20	77
Total extraordinary loss	2,108	136
Income before income taxes	8,211	11,010
Income taxes-current	3,541	3,628
Income taxes-deferred	-177	-259
Total income taxes	3,364	3,369
Net income	4,846	7,641
Profit attributable to non-controlling interests	249	1,546
Profit attributable to owners of parent	4,597	6,095

Consolidated statements of comprehensive income  
 Consolidated first three quarters results

(Million yen)

	Q3 FY2018 (From January 1, 2018 to September 30, 2018)	Q3 FY2019 (From January 1, 2019 to September 30, 2019)
Net income	4,846	7,641
Other comprehensive income		
Valuation difference on available-for-sale securities	-489	-427
Foreign currency translation adjustment	-154	-164
Remeasurements of defined benefit plans, net of tax	37	159
Share of other comprehensive income of entities accounted for using equity method	-21	-25
Total other comprehensive income	-629	-458
Comprehensive income	4,217	7,183
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,006	5,682
Comprehensive income attributable to non-controlling interests	210	1,501

## (3) Consolidated cash flow statement

	(Thousand yen)	
	Q3 FY2018 (From January 1, 2018 to September 30, 2018)	Q3 FY2019 (From January 1, 2019 to September 30, 2019)
Net cash from operating activities		
Income before income taxes	8,211	11,010
Depreciation	3,629	3,773
Impairment loss	1,716	5
Amortization of goodwill	248	36
Increase (decrease) in provision for loss on construction contracts	-72	-105
Increase (decrease) in net defined benefit liability	45	-32
Decrease (increase) in net defined benefit asset	-593	-389
Equity in (earnings) losses of affiliates	-301	-131
Interest expenses	50	66
Foreign exchange losses (gains)	-31	152
Gain on transfer of business	-498	-
Loss (gain) on sales of investment securities	-505	-137
Gain on reversal of share acquisition rights	-	-86
Loss on retirement of non-current assets	242	-
Loss (gain) on valuation of investment securities	-	53
Loss on business withdrawal	128	-
Office transfer expenses	20	77
Decrease (increase) in notes and accounts receivable-trade	-1,771	-4,430
Decrease (increase) in inventories	-851	-2,047
Increase (decrease) in notes and accounts payable - trade	498	4,882
Increase (decrease) in accounts payable - labor cost	2,756	2,554
Increase (decrease) in accrued consumption taxes	-219	-569
Increase (decrease) in accounts payable-other	-38	-12
Decrease (increase) in long-term prepaid expenses	36	-701
Other	-1,549	-1,701
Subtotal	11,152	12,266
Interest and dividends income received	242	243
Interest expenses paid	-59	-72
Income taxes paid	-3,124	-3,638
Income taxes refund	-	92
Net cash provided by (used in) operating activities	8,210	8,890
Net cash from investing activities		
Payments into time deposits	-2,725	-2,559
Proceeds from withdrawal of time deposits	2,426	2,427
Purchase of property, plant and equipment	-19,418	-1,258
Purchase of intangible assets	-2,269	-1,813
Purchase of investment securities	-213	-211
Proceeds from sales of investment securities	622	32
Other	-582	-848
Net cash provided by (used in) investing activities	-22,161	-4,231

(Thousand yen)

	Q3 FY2018 (From January 1, 2018 to September 30, 2018)	Q3 FY2019 (From January 1, 2019 to September 30, 2019)
Net cash from financing activities		
Increase in short-term loans payable	15,517	4,762
Decrease in short-term loans payable	-3,831	-14,701
Proceeds from long-term loans payable	2,514	10,767
Repayment of long-term loans payable	-2,620	-2,546
Net increase (decrease) in commercial papers	3,500	-
Purchase of treasury stock	-1	-1
Cash dividends paid	-1,089	-1,180
Dividends paid to non-controlling interests	-374	-384
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-7	-6
Repayments of lease obligations	-41	-57
Other	-	2
Net cash provided by (used in) financing activities	13,564	-3,345
Effect of exchange rate change on cash and cash equivalents	-79	-130
Net increase (decrease) in cash and cash equivalents	-465	1,182
Cash and cash equivalents at beginning of period	22,157	24,587
Cash and cash equivalents at end of period	21,691	25,770

(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)

Two companies, namely CYBERNET HOLDINGS CANADA, INC. and WATERLOO MAPLE INC., which had been specified subsidiaries of the Company, no longer came under specified subsidiaries of the Company in the second quarter of the current consolidated fiscal year because they disappeared through a consolidation-type merger based on the local law after a capital decrease. However, newly formed companies continue to conduct business activities as consolidated subsidiaries of the Company (indirect ownership ratio of the Company: 100%).

(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 third quarter under review and multiply quarterly income before income taxes by the estimated effective tax rate.

(Changes in accounting principles and changes or restatement of accounting estimates)

Not applicable.

(Additional information)

(Tax effect accounting)

The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28 on February 16, 2018) is adopted at the beginning of the consolidated first quarter. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

(Segment information)

[Segment information]

I. Q3 FY2018 (From January 1, 2018 to September 30, 2018)

## 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	141,836	2,167	144,003	8,779	152,783	–	152,783
Inter-segment sales or transfers	83	466	549	589	1,139	-1,139	–
Total	141,919	2,633	144,553	9,369	153,922	-1,139	152,783
Segment profit	7,386	792	8,178	481	8,659	0	8,660

Notes:

- “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.
- An adjustment of segment profit of 0 million yen includes an elimination of inter-segment transactions of 0 million yen.
- 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

(Significant impairment loss in non-current assets)

An impairment loss in non-current assets is posted in the SI business. The impairment loss amount posted in the first three quarters under review is 1,698 million yen.

(Significant changes in the amount of goodwill)

In the SI business, an impairment loss of goodwill was recorded and consequently the amount of goodwill decreased. The amount of decrease in goodwill due to the impairment loss is 1,534 million yen for the consolidated first three quarters under review.

II. Q3 FY2019 (From January 1, 2019 to September 30, 2019)

## 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	161,837	2,159	163,996	10,156	174,153	–	174,153
Inter-segment sales or transfers	120	451	571	552	1,124	-1,124	–
Total	161,957	2,610	164,567	10,709	175,277	-1,124	174,153
Segment profit	9,362	910	10,272	394	10,667	0	10,667

Notes:

- “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.
- An adjustment of segment profit of 0 million yen includes an elimination of inter-segment transactions of 0 million yen.
- 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.