

Summary of Consolidated Financial Results for the First Three Quarters of Fiscal Year ending December 31, 2020 (Japanese Accounting Standards)



November 12, 2020

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): November 13, 2020

Scheduled date of dividend payment: –

Supplementary documents for quarterly results: Yes

Yes

Quarterly results briefing: Yes (for institutional investors and analysts)

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, 2020 (January 1, 2020 – September 30, 2020)

(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 9/20	181,708	4.3	12,644	18.5	12,936	18.4	6,229	2.2
Nine months ended 9/19	174,153	14.0	10,667	23.2	10,922	17.3	6,095	32.6

(Note) Comprehensive income (million yen) Nine months ended 9/20: 7,382 (2.8%) Nine months ended 9/19: 7,183 (70.3%)

	Net income per share	Net income per share/diluted
	Yen	Yen
Nine months ended 9/20	199.07	–
Nine months ended 9/19	194.78	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Nine months ended 9/20	226,712	132,161	51.3
Year ended 12/19	207,618	126,820	54.1

Reference: Shareholders' equity (million yen) Nine months ended 9/20: 116,194 Year ended 12/19: 112,258

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 12/19	–	20.00	–	22.00	42.00
Year ending 12/20	–	28.00	–		
Year ending 12/20 (forecast)				23.00	51.00

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

(Note) Breakdown of the dividend at the end of the interim period of the fiscal year ending December 31, 2020

Ordinary dividend: 23.00 yen

Commemorative dividend: 5.00 yen

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2020 (Jan. 1, 2020 – Dec. 31, 2020)

(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	238,000	3.0	13,600	2.5	13,850	0.7	8,000	255.64

(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

(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

(4) Number of outstanding shares (common shares)

- 1) Number of shares outstanding at the end of period (including treasury shares):
- 2) Number of treasury shares at the end of period
- 3) Average number of shares during the period (quarterly consolidated cumulative period)

9/20:	33,700,000 shares	Year ended 12/19:	33,700,000 shares
9/20:	2,406,217 shares	Year ended 12/19:	2,406,447 shares
9/20:	31,293,789 shares	9/19:	31,294,013 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, 2020, (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 Three Quarters Ended September 30, 2020

(1) Details of consolidated results

During the consolidated first three quarters under review (from January 1, 2020 to September 30, 2020), the Japanese economy shifted to a sharp slowdown in April amid the impact of the coronavirus disease (COVID-19) in addition to U.S.-China trade friction. The world economy was facing very harsh circumstances as a result of the global spread of COVID-19. While economic activities are being resumed slowly, the activities in Japan and beyond have stalled partly due to concerns over the resurgence of COVID-19. The economic outlook is consequently uncertain.

In the information services industry, moves toward the creation of new digital businesses and innovation based on digital transformation (DX), including artificial intelligence (AI), Internet of things (IoT), robotic process automation (RPA), cloud services, and virtualization technologies, remained as brisk as before. However, business confidence deteriorated with the escalating uncertainty reflecting the spread of COVID-19. Companies took cautious stances on investment in systems. On the other hand, there was rapid growth in demand related to the new normal, such as the expansion of the domain of online business and the establishment of a teleworking environment in the COVID-19 and post-COVID-19 eras.

In this business environment, the FUJISOFT GROUP worked to expand its business by concentrating its resources on domains with high demand such as system infrastructure construction based on cloud services and virtualization technologies as well as online business, while quickly responding to changes in the business environment, and focused mainly on the training of specialists in cutting-edge technologies.

With regard to teleworking that took root across the Group, it fully verified the effects of that work style and aimed to improve operational efficiency and productivity by taking advantage of its accumulated expertise and technological abilities.

In the operation system development in the System Construction Segment, there were moves in response to the impact of the COVID-19 pandemic, such as review and postponement of investments in systems. However, the Group expanded business in the domain of online business, where demand continued to be robust in the reconstruction of e-commerce sites and digital content, as well as in the domain of system infrastructure construction, where the system integration business using cloud services and virtualization technologies of global vendors was strong. It had been combining its expertise with services from different vendors to offer solutions that best respond to the diverse needs of customers. Above all, the public cloud market continued to grow rapidly due to an increase in customers who introduce backbone systems or operation systems on the public cloud. Amazon Web Services, Inc., which has the world's largest share in the public cloud market, certified the Company as an APN Premier Consulting Partner. It is the highest tier in the partner program of AWS Partner Network (APN). The Company had been serving customers with a high level of technological expertise. The Company was also certified as a Principal Partner and was granted the VMware Global Partner of the Year Award (in the region of the Asia-Pacific and Japan) by VMware, Inc. and won the Technology Innovation Award in the NetApp Japan Partner Award 2020 hosted by NetApp LLC. With these and other achievements, the Company's technological expertise has been highly rated.

Meanwhile, in response to the demand for groupware renewal that grew amid the spread of the new normal and the progress of work style reforms, the Group provided high value-added total support that integrates its expertise and technological expertise, including support for security enhancement and for even more effective use of groupware.

In embedded/control system development, the automotive sector and the machine control field were weak because investments in systems and product development slowed down due to a decline in sales of automobiles, machine tools for factory automation, and other products reflecting the COVID-19 pandemic and the resultant decline in business performance. However, potential demand remained high for next-generation technologies called connected, autonomous, shared and electric (CASE) technologies in the automotive sector and for advanced technologies such as AI and IoT in the field of machine control, with companies' appetite for investment showing signs of recovery. Amid such trends, the Group focused its efforts on the development of engineers in the field of advanced technologies while looking toward the future, in addition to carrying out aggressive sales activities.

Meanwhile, in social infrastructure systems, commercial services of fifth-generation mobile communication systems (5G) were launched. The Group expanded business with a focus on the development of services for telecommunications carriers and development related to infrastructure devices for mobile communication networks.

In the Products and Services segment, demand for ICT equipment, including mobile communication terminals, grew rapidly due in part to the increase in teleworking and the GIGA School Program reflecting the COVID-19 pandemic. In response, the Group promptly laid out a framework for increasing the production of the +F FS030W Wi-Fi router for consumers and the FS040U data communication terminal for corporations. This resulted in a significant increase in the sales volume of these products. In addition, the Group began to provide the +F FS040W, a terminal that can be used as both a mobile router and a home router, thereby responding to the rising demand. In addition, a contactless lifestyle is spreading as the new normal for coexisting with the coronavirus. The Group gave customers suggestions for living in the COVID-19 and post-COVID-19 eras

with a sense of security, by combining products that can provide a secure environment anytime, anywhere, with its products such as moreNOTE, a paperless system which can be used for teleworking and online meetings, and moreReception, an unmanned reception system.

As a result of these initiatives, in the first three quarters under review, net sales stood at 181,708 million yen, up 4.3% year on year, thanks to the strong performance of the System Integration business. Selling, general and administrative expenses decreased 2.0% year on year, to 28,946 million yen, due in part to a decrease in movement attributed to remote recruitment and the remote training of human resources as well as the establishment of teleworking, reflecting the impact of the COVID-19 pandemic. Operating income stood at 12,644 million yen, up 18.5% year on year, ordinary income at 12,936 million yen, up 18.4% year on year, and profit attributable to owners of parent at 6,229 million yen, up 2.2% year on year.

Results by business segment were as follows:

(i) SI (system integration) business

In the SI business, both sales and income of embedded/control software increased, reflecting the strong performance of social infrastructure systems. In operation software, sales and income increased because of the bullish results in the domain of online business and the system infrastructure construction. In Products and Services, sales and income rose thanks to strong sales of licenses and the Company's products. In the outsourcing business, sales decreased due mainly to a drop in sales to the distribution and service sector. Meanwhile, income rose thanks in part to the reduction in selling, general and administrative expenses.

As a result, net sales stood at 171,908 million yen, up 6.2% year on year. Operating income amounted to 11,708 million yen, up 25.1%.

* 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	171,908	106.2	11,709	125.1
System construction	100,330	101.9	6,492	110.0
Embedded/control software	49,114	102.0	3,625	109.9
Operation software	51,215	101.8	2,866	110.0
Products and services	71,578	112.9	5,216	150.8
Products and services	61,035	116.5	4,458	163.3
Outsourcing	10,542	95.8	758	103.9

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

(ii) Facility business

Net sales stood at 1,982 million yen, down 8.2% 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 27.0% year on year, to 664 million yen.

(iii) Other businesses

Net sales from other businesses amounted to 7,818 million yen, down 23.0% year on year, due to a fall in sales in the data entry business and the contact center business. Operating income decreased 31.3% year on year, to 271 million yen.

(2) Details of financial position

Total assets

Total assets stood at 226,712 million yen at the end of the consolidated first three quarters under review, up 19,093 million yen from the end of the preceding consolidated fiscal year. Current assets were 98,504 million yen (up 10,495 million yen from the end of the previous fiscal year), and non-current assets were 128,207 million yen (up 8,597 million yen).

The main factor for the change in current assets was an increase in cash and deposits by 12,870 million yen from the end of the previous fiscal year, to 35,148 million yen.

The main factor for the change in non-current assets was a 4,647 million yen increase in construction in progress from the end of the previous fiscal year, to 4,869 million yen.

Liabilities

At the end of the consolidated first three quarters under review, total liabilities amounted to 94,550 million yen, up 13,753 million yen from the end of the previous fiscal year. Current liabilities were 62,087 million yen (up 13,980 million yen from the end of the previous fiscal year), and non-current liabilities were 32,463 million yen (down 227 million yen).

Primary factors in the change of current liabilities included a decrease in notes and accounts payable-trade by 1,494 million yen from the end of the previous fiscal year, to 11,867 million yen and an increase in short-term loans payable by 18,253 million yen from the end of the previous fiscal year, to 21,446 million yen.

The main factor in the change in non-current liabilities was an 816 million yen decrease in deferred tax liabilities from the end of the previous fiscal year, to 776 million yen.

Net assets

Net assets rose 5,340 million yen from the end of the preceding fiscal year, to 132,161 million yen at the end of the consolidated first three quarters under review. As a result, the equity ratio fell to 51.3% from 54.1% 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 35,965 million yen, an increase of 9,806 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 9,266 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 three quarters of the fiscal year under review came to 13,296 million yen.

This was primarily due to the acquisition of non-current assets associated with investment in equipment.

(Cash flows from financing activities)

Net cash provided by financing activities in the cumulative first three quarters of the fiscal year under review was 13,864 million yen.

This was mainly due to proceeds from short-term loans payable.

(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, 2019 announced on February 13, 2020.

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)

	FY2019 (As of December 31, 2019)	Q3 FY2020 (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	22,278	35,148
Notes and accounts receivable - trade	49,570	48,085
Short-term investment securities	7,000	5,500
Merchandise	2,190	2,646
Work in process	3,680	3,502
Raw materials and supplies	59	43
Other	3,311	3,661
Allowance for doubtful accounts	-82	-83
Total current assets	88,009	98,504
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,356	58,500
Accumulated depreciation	-28,623	-29,564
Buildings and structures, net	29,732	28,935
Land	53,135	53,155
Construction in progress	221	4,869
Other	13,479	13,923
Accumulated depreciation	-10,234	-10,748
Other, net	3,244	3,174
Total property, plant and equipment	86,334	90,135
Intangible assets		
Goodwill	275	459
Software	3,704	4,348
Other	63	58
Total intangible assets	4,043	4,866
Investments and other assets		
Investment securities	17,445	18,391
Net defined benefit asset	4,837	5,406
Deferred tax assets	3,085	2,335
Other	4,037	7,215
Allowance for doubtful accounts	-174	-142
Total investments and other assets	29,231	33,205
Total non-current assets	119,609	128,207
Total assets	207,618	226,712

(Million yen)

	FY2019 (As of December 31, 2019)	Q3 FY2020 (As of September 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,361	11,867
Short-term loans payable	3,193	21,446
Commercial paper	3,000	-
Current portion of long-term loans payable	965	1,056
Accrued expenses	4,562	3,740
Income taxes payable	3,534	2,044
Provision for bonuses	5,913	7,912
Provision for directors' bonuses	261	246
Provision for loss on construction contracts	194	85
Provision for loss on withdrawal from business	-	104
Other	13,118	13,581
Total current liabilities	48,106	62,087
Non-current liabilities		
Long-term loans payable	22,618	23,191
Deferred tax liabilities	1,592	776
Provision for directors' retirement benefits	482	499
Net defined benefit liability	5,780	5,821
Other	2,217	2,174
Total non-current liabilities	32,691	32,463
Total liabilities	80,797	94,550
Net assets		
Shareholders' equity		
Capital stock	26,200	26,200
Capital surplus	28,807	28,814
Retained earnings	68,040	72,523
Treasury shares	-4,867	-4,867
Total shareholders' equity	118,180	122,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,939	3,336
Deferred gains or losses on hedges	0	-0
Revaluation reserve for land	-8,047	-8,047
Foreign currency translation adjustment	-17	-69
Remeasurements of defined benefit plans	-1,796	-1,695
Total accumulated other comprehensive income	-5,922	-6,476
Subscription rights to shares	234	482
Non-controlling interests	14,327	15,484
Total net assets	126,820	132,161
Total liabilities and net assets	207,618	226,712

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

Consolidated statements of income

Consolidated first three quarters results

(Million yen)

	Q3 FY2019 (From January 1, 2019 to September 30, 2019)	Q3 FY2020 (From January 1, 2020 to September 30, 2020)
Net sales	174,153	181,708
Cost of sales	133,946	140,116
Gross profit	40,207	41,591
Selling, general and administrative expenses	29,539	28,946
Operating income	10,667	12,644
Non-operating income		
Interest income	61	49
Dividends income	112	128
Share of profit of entities accounted for using equity method	131	220
Subsidy income	112	56
Other	149	141
Total non-operating income	568	597
Non-operating expenses		
Interest expenses	66	47
Foreign exchange losses	130	80
Compensation loss	–	30
Loss on retirement of non-current assets	28	7
Expenses for dealing with system failure	25	25
Loss on subsidy repayment	–	77
Other	62	36
Total non-operating expenses	314	305
Ordinary income	10,922	12,936
Extraordinary income		
Gain on reversal of share acquisition rights	86	–
Gain on sales of investment securities	137	–
Compensation for forced relocation	–	224
Total extraordinary income	224	224
Extraordinary loss		
Impairment loss	5	–
Loss on valuation of investment securities	53	696
Loss on business withdrawal	–	209
Office transfer expenses	77	–
Expenses for measures against infectious diseases	–	186
Total extraordinary loss	136	1,092
Income before income taxes	11,010	12,068
Income taxes-current	3,628	4,013
Income taxes-deferred	-259	112
Total income taxes	3,369	4,125
Net income	7,641	7,943
Profit attributable to non-controlling interests	1,546	1,713
Profit attributable to owners of parent	6,095	6,229

Consolidated statements of comprehensive income
 Consolidated first three quarters results

(Million yen)

	Q3 FY2019 (From January 1, 2019 to September 30, 2019)	Q3 FY2020 (From January 1, 2020 to September 30, 2020)
Net income	7,641	7,943
Other comprehensive income		
Valuation difference on available-for-sale securities	-427	-579
Deferred gains or losses on hedges	–	-0
Foreign currency translation adjustment	-164	-89
Remeasurements of defined benefit plans, net of tax	159	189
Share of other comprehensive income of entities accounted for using equity method	-25	-81
Total other comprehensive income	-458	-560
Comprehensive income	7,183	7,382
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,682	5,675
Comprehensive income attributable to non-controlling interests	1,501	1,707

(3) Consolidated cash flow statement

	(Million yen)	
	Q3 FY2019 (From January 1, 2019 to September 30, 2019)	Q3 FY2020 (From January 1, 2020 to September 30, 2020)
Net cash from operating activities		
Income before income taxes	11,010	12,068
Depreciation	3,773	4,337
Impairment loss	5	-
Compensation for forced relocation	-	-224
Loss on withdrawal from business	-	209
Expenses for measures against infectious diseases	-	186
Amortization of goodwill	36	44
Increase (decrease) in provision for loss on construction contracts	-105	-108
Increase (decrease) in net defined benefit liability	-32	36
Decrease (increase) in net defined benefit asset	-389	-379
Equity in (earnings) losses of affiliates	-131	-220
Interest expenses	66	47
Foreign exchange losses (gains)	152	90
Loss (gain) on sales of investment securities	-137	-
Gain on reversal of share acquisition rights	-86	-
Loss (gain) on valuation of investment securities	53	696
Office transfer expenses	77	-
Decrease (increase) in notes and accounts receivable-trade	-4,430	2,924
Decrease (increase) in inventories	-2,047	-303
Increase (decrease) in notes and accounts payable - trade	4,882	-1,512
Increase (decrease) in accounts payable - labor cost	2,554	1,849
Increase (decrease) in accrued consumption taxes	-569	-461
Increase (decrease) in accounts payable-other	-12	-404
Decrease (increase) in long-term prepaid expenses	-701	-2,853
Other	-1,701	-2,002
Subtotal	12,266	14,019
Interest and dividends income received	243	261
Interest expenses paid	-72	-52
Income taxes paid	-3,638	-5,188
Income taxes refund	92	-
Proceeds from compensation for forced relocation	-	433
Payments for loss on withdrawal from business	-	-34
Expenses for measures against infectious diseases paid	-	-172
Net cash provided by (used in) operating activities	8,890	9,266

	(Million yen)	
	Q3 FY2019 (From January 1, 2019 to September 30, 2019)	Q3 FY2020 (From January 1, 2020 to September 30, 2020)
Net cash from investing activities		
Payments into time deposits	-2,559	-7,867
Proceeds from withdrawal of time deposits	2,427	6,207
Purchase of property, plant and equipment	-1,258	-5,234
Purchase of intangible assets	-1,813	-3,187
Purchase of investment securities	-211	-2,596
Proceeds from sales of investment securities	32	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-210
Other	-848	-407
Net cash provided by (used in) investing activities	-4,231	-13,296
Net cash from financing activities		
Increase in short-term loans payable	4,762	23,455
Decrease in short-term loans payable	-14,701	-5,202
Proceeds from long-term loans payable	10,767	1,456
Repayment of long-term loans payable	-2,546	-780
Net increase (decrease) in commercial papers	-	-3,000
Purchase of treasury stock	-1	-0
Cash dividends paid	-1,180	-1,498
Dividends paid to non-controlling interests	-384	-536
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-6	-0
Repayments of lease obligations	-57	-36
Other	2	6
Net cash provided by (used in) financing activities	-3,345	13,864
Effect of exchange rate change on cash and cash equivalents	-130	-27
Net increase (decrease) in cash and cash equivalents	1,182	9,806
Cash and cash equivalents at beginning of period	24,587	26,158
Cash and cash equivalents at end of period	25,770	35,965

(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 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.

(Segment information)

[Segment information]

I. 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 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.

II. Q3 FY2020 (From January 1, 2020 to September 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 consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	171,908	1,982	173,890	7,818	181,708	–	181,708
Inter-segment sales or transfers	45	551	596	468	1,065	-1,065	–
Total	171,953	2,533	174,487	8,286	182,773	-1,065	181,708
Segment profit	11,708	664	12,373	271	12,644	0	12,644

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.