

Consolidated Financial Report for the Fiscal Year Ended March 31, 2021 [Japan GAAP]

May 7, 2021

Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	https://www.unisys.co.jp/
Representative:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Date for Ordinary General Meeting of Shareholders:	June 25, 2021
Scheduled Starting Date for Dividend Payment:	June 28, 2021
Scheduled Submission Date for Securities Report:	June 28, 2021
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors, analysts and press)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for FY2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from previous year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2021	309,685	(0.6)	26,724	2.2	26,544	(0.3)	17,076	(6.1)
FY2020	311,554	4.2	26,139	26.8	26,615	29.7	18,182	27.7

(Note) Comprehensive Income FY2021: 21,486 Million Yen (76.3%) FY2020: 12,188 Million Yen (-22.7%)

	Earnings Per Share	Diluted Earnings Per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2021	170.13	169.52	13.4	11.9	8.6
FY2020	181.19	180.53	15.5	12.5	8.4

(Reference) Share of Profit of Entities Accounted for Using Equity Method FY2021: (396) Million Yen FY2020: (271) Million Yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
FY2021	231,980	136,887	58.0	1,341.04
FY2020	214,975	122,598	56.0	1,200.32

(Reference) Equity FY2021: 134,632 Million Yen FY2020: 120,473 Million Yen

(3) Consolidated Cash Flow Status

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2021	31,933	(11,206)	(8,177)	45,833
FY2020	27,539	(13,259)	(8,202)	33,287

2. Dividends

	Dividends Per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2020	—	32.50	—	37.50	70.00	7,025	38.6	6.0
FY2021	—	35.00	—	35.00	70.00	7,026	41.1	5.5
FY2022 (Forecast)	—	35.00	—	35.00	70.00		40.2	

3. Consolidated Earnings Forecast for FY2022 (from April 1, 2021 to March 31, 2022)

(Percentage below represents increase (decrease) from previous year)

	Revenue		Operating Income		Income before tax		Profit Attributable to Owners of Parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of yen	%	Yen
FY2022	320,000	-	26,000	-	25,600	-	17,500	-	174.35

(Note 1)

Adjusted operating income (Full Year) 26,500 Million Yen (-)

Adjusted operating income is the result obtained after deducting selling, general and administrative expenses and cost of sales from revenue.

(Note 2)

The company has decided to adopt voluntarily the International Financial Reporting Standards (hereinafter referred to as 'IFRS') from the fiscal year ending March 2022.

The company prepared the full-year earnings forecast for the fiscal year ending March 2022 on a consolidated basis pursuant to IFRS. The forecast table does not include percentage changes from the actual results for the fiscal year ended March 2021 predicated upon the previously employed Japan GAAP.

* Notes

(1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries) during this period: Yes
 Newly consolidated company : CVCF2 Investment Limited Partnership

(2) Changes in accounting policies, changes in accounting estimates and restatement of corrections

1. Changes in accounting policies in association with revision in accounting standards: No
2. Other changes in accounting policies: No
3. Changes in accounting estimates: No
4. Restatement of corrections: No

(3) Number of shares outstanding (common stock) (shares)

1. Number of shares outstanding (including treasury shares)	FY2021	109,663,524	FY2020	109,663,524
2. Number of shares of treasury shares	FY2021	9,269,280	FY2020	9,295,807
3. Average number of shares outstanding (during the period)	FY2021	100,375,598	FY2020	100,353,126

(Reference) Summary of Non-Consolidated Performance Results

1. Non-Consolidated Financial Results for FY2021 (from April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Results of Operations

(Percentage below presents increase (decrease) from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2021	179,758	0.4	15,506	4.2	22,817	11.0	18,088	15.6
FY2020	178,966	2.1	14,878	16.3	20,560	12.5	15,647	12.7

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2021	180.21	179.56
FY2020	155.92	155.35

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
FY2021	181,089	116,774	64.2	1157.99
FY2020	167,588	103,745	61.6	1028.74

(Reference) Equity FY2021: 116,256 Million Yen FY2020: 103,253 Million Yen

* Implementation status of audit procedures

This Consolidated Financial Report is not subject to audit procedures.

* Comment regarding appropriate usage of earnings forecast, and other special notes

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

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1. 【Performance Summaries】

(1) Analysis of Operating Results

① Summary of the Fiscal Year Under Review

For the fiscal year ended March 2021, the Japanese economy has been continuously put in a difficult situation where it suffers the long-term impacts of COVID-19 pandemic. Business recoveries are desired. However, there are no prospects of the pandemic coming to an end, and the outlook of economy remains uncertain.

We have seen the pandemic impacting investment trends in the domestic information services market. Companies are forced to postpone ICT investments with no end in sight to the pandemic. We know that we are operating in a difficult environment.

Against this background, the Nihon Unisys group made continuous efforts about key issues indicated in its mid-term management plan ‘Foresight in sight@2020’ (FY2018-FY2020), as a ‘corporate group resolving social issues through socially beneficial services capable of creating a more affluent society together with customers and business partners’. The group aims to be at the center of the creation of business ecosystems that connect various companies across conventional boundaries of industry and business sector. It also aims to provide platforms capable of digital transformation ^{Note 1}.

Net sales of system service in the ICT Core business were decreased from the previous fiscal year, attributable to companies of some industries having shied away from making investments due to the pandemic. On the other hand, our digital transformation (DX)-related business and outsourcing business have been steadily increasing. We acquired a new user for an outsourcing service, the BankVision open core-banking service, in the fourth quarter. We will continue to focus on the outsourcing business, our growth driver.

In the Focal Area, we have seen a continuously stable transaction volume of value card business and digital code service, our commission-type businesses. Furthermore, our services related to dashcams (driving recorders) and energy management have been steadily increasing. The commission-type business as a whole increased compared with the same quarter of the previous fiscal year. It is conducive to a growth of the Focal Area business.

We aim to develop the energy management technology that may contribute to maximizing the value of energy and mobility, as a part of our initiatives of energy business area. We have been implementing a demonstration experiment about optimizing the charge-discharge control of EVs and rechargeable batteries in cooperation with Idemitsu Kosan Co., Ltd., since March 2021. This project is mainly based on predicted values of power demand of buildings, power amount by solar power generation, EV ^{Note 2} service situations and situations in the wholesale power market.

Our future businesses are related to low carbonization of transportation through promoting the use of EVs and PHEVs ^{Note 2}, stable power supply, and further implementation of renewable energies such as solar power. We expect the businesses to originate in energy and mobility, grow and contribute to renovating communities through improving living convenience and comfort.

Furthermore, we have seen a significant increase in the digital transformation (DX) projects such as those of an AI-driven service for demand forecast and automatic order placement and an electronic shelf label solution in the retail industry. As a result, the net sales from the Focal Area were ¥68.4 billion, an increase of 42.6% compared with the same period of the previous fiscal year, significantly outperforming ¥60 billion targeted in our mid-term management plan.

Our DX business initiative for the retail industry is exemplified by our automatic order placement service ‘AI-Order Foresight®’. The service is enabled based on an AI-driven demand forecast solution jointly developed by our company and LIFE CORPORATION. The service implemented at all Life Corporation shops requires no maintenance. The AI-driven automatic tuning function enables highly precise forecasts about daily foods (chilled groceries) and perishables and automatically place orders for goods. The solution enables the supermarket company experiencing retail labor shortage in the midst of COVID-19 pandemic to efficiently operate shops with a small workforce serving for limited working hours.

Also, we are aware of a significant change in the priorities of consumers. Ordinary people become keen on reducing time for shopping and the BOPIS (Buy Online Pick up in Store) purchase scheme to buy on e-commerce sites and receive at real physical shops. We will enable futuristic shops that serve customers with new customer experience value composed of physical shop operations and digital shop operations. Such shops will

largely rely on our ICT expertise as well as business ecosystems harnessing our collaborations with various types of stakeholders.

Furthermore, general consumers have significantly changed their commodity purchase process as a result of self-quarantine and self-isolation. People have become rapidly interested in a live commerce scheme capable of live streaming and online commodity sales at the same time. In response, we released 'Live kit™' solution to enable commodity sales through live streaming on the websites such as e-commerce sites operated by companies.

This service concludes on one screen a process of commodity sales from throwing sales pitches at audience via live streaming to audience becoming enticed to purchase. This scheme will not dump audience's appetite for purchase.

Also, we will expand our business in the areas of customer interactions and sales promotion mainly through online capabilities. For example, we will help sellers by processing data in the live-commerce communications with consumers, in addition to providing our customer relations management CRM services.

As described above, our DX business has been becoming a key business, and we expect it to grow steadily in the future. We will continue to focus on providing DX solutions for many industries based on our awareness of social issues.

The company has received several awards and certifications again for various types of corporate culture reforms and achievements in the fiscal year 2020. We were also selected as a progressive enterprise engaging in efforts for diversity management under the Diversity Management Selection 100 Prime^{Note 3} program. The company was granted the 'Semi-Nadeshiko Brand'^{Note 4} designation for the third straight year.

The Nihon Unisys group as a whole was studious in achieving its goals set forth in the mid-term management plan, 'Foresight in sight 2020'. We will aim to continue communications with various stakeholders and continuously increase corporate value pursuant to the new business policies stipulated in 'Vision 2030'.

(Notes)

1. Digital Transformation:

Companies transform themselves through the use of data and digital technologies in an attempt to enable agile responses to needs of customers and needs of society. Such a transformation in light of products, services, and business models, as well as businesses, organizations, processes, and corporate culture helps companies establish and strengthen competitive edges to cope with drastic changes in a business environment.

2. EVs/PHEVs:

An electric vehicle (abbreviated as EV) is a vehicle running on electric power. A plug-in hybrid electric vehicle (abbreviated as PHEV) means a hybrid vehicle equipped with batteries that can be directly charged using outlets and attachment plugs.

3. The Diversity Management Selection 100 Prime program:

Initiative sponsored by the Ministry of Economy, Trade and Industry to honor companies engaging in efforts for diversity management, Diversity 2.0 and creating value over the medium and long term on the basis of a diverse workforce

4. Semi Nadeshiko:

The Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange select companies that made excellent efforts to promote women in the workplace as 'Nadeshiko Brands' for each of 27 industries. Companies are selected pursuant to certain scoring criteria for measuring the empowerment of women and then are screened based on a point-addition method of assessing financial performance (ROE). Companies out of the high-scoring companies that have not been selected as Nadeshiko Brands are selected as 'Semi-Nadeshiko Brands' regardless of industries.

5. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For this fiscal year, despite an increase in the outsourcing net sales, net sales were ¥ 309,685 million (a 0.6% decrease compared with the previous fiscal year) as a result of a decrease in the net sales of system services partly impacted by the ongoing COVID 19 pandemic spreads.

Despite an increase in the R&D costs, an increase in operating income on the basis of the strength of outsourcing net sales and improved profitability enabled a ¥ 26,724 million operating income (a 2.2 % increase from the previous period). Ordinary income was ¥ 26,544 million (a 0.3% decrease) and profit attributable to owners of parent was ¥ 17, 076million (a 6.1% decrease).

② Forecast for the Next Fiscal Year

This company applies the International Financial Reporting Standards (IFRS) from the fiscal year ending March 2022 for the purpose of improving global comparability of financial information in the capital market. Also, the company uses ‘adjusted operating income’ as a performance management indicator after applying IFRS. ‘Adjusted operating income’ is obtained after deducting selling, general and administrative expenses and cost of sales from revenue.

The performance forecast for the next fiscal year stated below is predicated upon the above.

Forecast of the consolidated performance for FY 2022

(Billions of Yen)

	FY2021			FY2022	
	Japan GAAP	IFRS (Estimates) [1]	Changes	IFRS [2]	Changes ([2]-[1])
Revenue (Net sales)	309.7	308.8	- 0.9	320.0	11.2
Operating Income	26.7	24.6	2.1	26.0	1.4
Income before Tax	25.6	24.7	0.9	25.6	0.9
Profit Attributable to Owners of Parent	17.1	16.8	0.3	17.5	0.7
Adjusted Operating Income	-	25.1	-	26.5	1.4

(Note) The amounts under IFRS for the fiscal year ended March 2021 are estimates only before audits are finished.

(2) Analysis of Financial Condition

In the fiscal year under review, partly due to an increase in cash and deposits, total assets were ¥231,980 million, an increase of ¥17,005 million compared with the end of the previous fiscal year.

Liabilities were ¥95,093 million, a ¥2,716 million increase from the end of the previous fiscal year, partly due to an increase in notes and accounts payable – trade.

Net assets were ¥136,887 million, a ¥14,288 million increase compared with the end of the previous fiscal year, partly attributable to an increase in retained earnings.

Shareholders' equity ratio was 58.0% up by 2.0 pts. from the end of previous fiscal year.

(Cash Flow Situations)

Cash and cash equivalents at the end of the fiscal year under review were ¥45,833 million, an increase of ¥12,546 million compared with the end of the previous fiscal year.

The cash flow situations and relevant factors are stated below.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥31,933 million (an increase of ¥4,394 million in proceeds from the previous fiscal year).

This is attributable to factors increasing proceeds of non-cash expenses including ¥10,599 million in depreciation and amortization as well as factors decreasing proceeds of an increase of ¥1,595 million in notes and accounts receivable-trade.

(Cash flows from investing activities)

Net cash spent in investing activities was ¥11,206 million (a decrease of ¥2,052 million in expenditures compared with the previous period). This includes: expenditures of ¥2,599 million (a decrease of ¥704 million compared with the previous fiscal year) as a result of purchasing property, plant and equipment such as computers for business activities; expenditures of ¥7,806 million due to the acquisitions of intangible assets such as the investments in software for outsourcing (an increase of ¥1,749 million in expenditures compared with the previous period); and, expenditures of ¥2,479 million (a decrease of ¥1,181 million) by making investments in funds as well as acquiring investment securities mainly for the purpose of operating a CVC (corporate venture capital) fund through our subsidiary, with the aim of strengthening and expanding the focal areas stipulated in the mid-term management plan.

(Cash flows from financing activities)

Net cash spent in the financing activities was ¥8,177 million (a decrease of ¥24 million in expenditures from the previous period). This includes dividends payment of ¥7,275 million (an increase of ¥1,007 million in expenditures from the previous period).

(Reference) Changes in the equity ratio and the indicators related to cash flow

	FY2021	FY2020	FY2019	FY2018
Equity ratio (%)	58.0	56.0	54.2	52.2
Equity ratio (Market cap.) (%)	147.6	135.1	139.2	116.7
Ratio of cash flow to interest-bearing debts (years)	0.7	0.8	0.9	1.1
Interest coverage ratio (times)	317.0	316.1	275.1	209.9

(Notes) Equity ratio: Equity/Total assets

Equity ratio (Market cap.): Market capitalization /Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest payments

* 1. All of the above indicators are calculated using financial figures on a consolidated basis.

* 2. Cash flows indicated above mean cash flows from operating activities.

(3) Basic Policy on Distribution of Profits

The Company seeks to achieve a stable and continuous distribution of profits in line with a policy of paying dividends in accordance with our performance. The specific amount of dividends will be determined by taking into consideration the need to secure internal reserves for business development, and also comprehensively considering the business environment and other factors.

For the fiscal year under review, we will pay a ¥ 70 annual dividend per share (¥ 35.0 for the mid-term dividend and ¥35.0 for the term-end dividend), which is the same amount as for the previous fiscal year.

As for the dividends of the next period, we plan to pay a ¥70 annual dividend per share (¥ 35.0 for the mid-term dividend and ¥35.0 for the term-end dividend).

(4) Responses to the Novel Coronavirus pandemic and risks involved

The Nihon Unisys Group gives top priority to ensuring safety for the stakeholders such as the employees, customers and business partners of our Group and subcontractors against impacts of the Novel Coronavirus pandemic. We have been implementing the measures listed below in accordance with the guidelines issued by the government and local authorities, with a view to containing the coronavirus's spread.

- Executives and employees to switch to telework, in principle.
- Use the staggered working hours system (partly in order to avoid crowded trains) after sufficient negotiations with supervisors in a case where telework cannot satisfy needs
- Use video conference systems, not meeting face-to-face in a crowded room
(If an in-person meeting is needed, take measures to keep the 'Three Cs' from overlapping.
(The 'Three Cs' are closed spaces with poor ventilation, crowded places with many people nearby, and close-contact settings such as close-range conversations.))
- Always take temperature before reporting to work. Take temperature of families in order to confirm health conditions, as recommended
- Thoroughly comply with good manners to cough and wash hands
- Restrain from going on a business trip and being outside for business reasons unless urgently required
- Do not report to work when sick with fever, etc., and do not in a case of becoming a close contact due to families who have fever, exhibit symptoms of cold or COVID-19, or are suspected of COVID-19
- Perform in compliance with rules stipulated by the Company in an event where self or families test positive for the coronavirus

The Group has been operating in the circumstances where the Novel Coronavirus pandemic has been spreading globally, and it is impossible to predict how long it will take before the pandemic is going to settle down and fade away.

The Group business activities may come under pressure in a long-lasting period of COVID-19 infection.

We may face risks of customers shying away from investing in large-scale IT projects such as those for renewing mission critical systems, risks of prolonged proposal activities that we implement mainly for new customers, and risks of procurement delays of products susceptible to the influence of supply-chain mechanism.

We have entrusted our partner companies such as those operating offshore mainly in China and Vietnam with part of our system development projects and support services. We have not witnessed significant impacts so far. However, we are aware of possibilities that our efforts to secure system development engineers may be impacted under a drastically changing economic trend in the future.

Furthermore, we may encounter risks of our productivity becoming diminished due to the officers and employees of our Group working under workstyle constraints. Eventually, we may not be able to prevent delays of system development projects, and deterioration of services quality.

We will be examining more carefully than before any changes and trends in external environments that may constitute risks to impact our Group business performances. We will endeavor to take appropriate measure at the appropriate time.

Please note that forward-looking statements are herein given on the basis of judgements made by the Group as of the day of publicizing our business performances. Risks that may actually occur are not subject to our judgement in the circumstances where it is unknown how long it takes before the pandemic fades away.

2. 【Basic Concept on the Selection of Accounting Standards】

We have decided to apply IFRS (International Financial Reporting Standards) instead of our conventional Japan GAAP in the first quarter of the fiscal year ending March 2022 and thereafter, in order to prepare our consolidated financial statements including the Consolidated Balance Sheets and Consolidated Statements of Income, in light of improving global comparability of financial information in the capital market.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
ASSETS		
Current assets		
Cash and deposits	33,287	45,833
Notes and accounts receivable - trade	70,840	72,429
Merchandise and finished goods	7,443	6,053
Work in process	1,843	1,685
Raw materials and supplies	77	56
Prepaid expenses	10,941	10,983
Other	8,883	7,707
Allowance for doubtful accounts	(21)	(51)
Total current assets	133,297	144,698
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,797	12,966
Accumulated depreciation	(9,033)	(9,444)
Buildings and structures, net	3,764	3,522
Machinery, equipment and vehicles	32,011	30,563
Accumulated depreciation	(25,597)	(24,988)
Machinery, equipment and vehicles, net	6,414	5,575
Land	599	599
Other	10,435	11,156
Accumulated depreciation	(7,747)	(8,531)
Other, net	2,687	2,624
Total property, plant and equipment	13,465	12,321
Intangible assets		
Goodwill	1,509	1,472
Software	18,711	19,806
Other	203	655
Total intangible assets	20,423	21,935
Investments and other assets		
Investment securities	23,272	27,003
Deferred tax assets	3,818	960
Retirement benefit asset	4,357	9,075
Other	16,637	16,278
Allowance for doubtful accounts	(296)	(291)
Total investments and other assets	47,789	53,025
Total non-current assets	81,678	87,282
Total assets	214,975	231,980

Millions of Yen

	FY2020 (As of March 31, 2020)	FY2021 (As of March 31, 2021)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	22,475	25,293
Current portion of long-term borrowings	5,617	4,317
Income taxes payable	4,654	5,113
Accrued expenses	10,905	11,229
Advances received	18,477	17,736
Provision for loss on contract development	708	328
Other provisions	846	417
Other	10,431	10,086
Total current liabilities	74,117	74,523
Non-current liabilities		
Long-term borrowings	15,717	17,012
Provisions	94	31
Retirement benefit liability	651	703
Asset retirement obligations	1,128	1,208
Other	668	1,614
Total non-current liabilities	18,260	20,570
Total liabilities	92,377	95,093
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	14,909	14,901
Retained earnings	109,795	119,586
Treasury shares	(13,513)	(13,475)
Total shareholders' equity	116,675	126,495
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,886	7,600
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(33)	(53)
Remeasurements of defined benefit plans	(1,056)	589
Total accumulated other comprehensive income	3,798	8,136
Stock acquisition rights	491	518
Non-controlling interests	1,633	1,736
Total net assets	122,598	136,887
Total liabilities and net assets	214,975	231,980

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

Millions of Yen

	FY2020 (Fiscal year ended March 31, 2020)	FY2021 (Fiscal year ended March 31, 2021)
Net sales	311,554	309,685
Cost of sales	231,754	228,605
Gross profit	79,799	81,079
Selling, general and administrative expenses		
Selling expenses	7,689	6,515
General and administrative expenses	45,970	47,838
Total selling, general and administrative expenses	53,659	54,354
Operating income	26,139	26,724
Non-operating income		
Interest income	24	10
Dividend income	487	415
Rebate revenue	111	72
Other	659	112
Total non-operating income	1,283	610
Non-operating expenses		
Interest expenses	86	100
Share of loss of entities accounted for using equity method	271	396
Loss on investments in partnership	187	188
Other	261	104
Total non-operating expenses	806	790
Ordinary income	26,615	26,544
Extraordinary income		
Gain on sale of investment securities	118	512
Gain on sale of shares of subsidiaries and associates	-	85
Other	1	17
Total extraordinary income	120	616
Extraordinary losses		
Loss on sale and retirement of non-current assets	23	18
Impairment loss	284	465
Loss on valuation of investment securities	1,198	1,027
Other	22	8
Total extraordinary losses	1,530	1,520
Profit before income taxes	25,205	25,640
Income taxes - current	6,396	7,232
Income taxes - deferred	528	1,253
Total income taxes	6,924	8,486
Profit	18,280	17,154
Profit attributable to non-controlling interests	98	77
Profit attributable to owners of parent	18,182	17,076

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2020	FY2021
	(Fiscal year ended March 31, 2020)	(Fiscal year ended March 31, 2021)
Profit	18,280	17,154
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,676)	2,714
Deferred gains or losses on hedges	0	(1)
Foreign currency translation adjustment	9	(25)
Remeasurements of defined benefit plans	(4,417)	1,645
Share of other comprehensive income of entities accounted for using equity method	(8)	(0)
Total other comprehensive income	(6,092)	4,332
Comprehensive income	12,188	21,486
(Breakdown)		
Comprehensive income attributable to owners of parent	12,087	21,415
Comprehensive income attributable to non-controlling interests	100	70

(3) Consolidated Statement of Changes in Equity

FY2020 [From April 1, 2019 to March 31, 2020]

Millions of Yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,483	14,909	97,893	(13,540)	104,745
Changes of items during the period					
Dividends of surplus			(6,271)		(6,271)
Profit attributable to owners of parent			18,182		18,182
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(8)	29	20
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	11,902	27	11,929
Balance at end of period	5,483	14,909	109,795	(13,513)	116,675

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	6,561	0	(31)	3,361	9,892	432	1,544	116,615
Changes of items during the period								
Dividends of surplus								(6,271)
Profit attributable to owners of parent								18,182
Purchase of treasury shares								(1)
Disposal of treasury shares								20
Net changes of items other than shareholders' equity	(1,675)	0	(1)	(4,417)	(6,094)	59	88	(5,946)
Total changes of items during the period	(1,675)	0	(1)	(4,417)	(6,094)	59	88	5,983
Balance at end of period	4,886	0	(33)	(1,056)	3,798	491	1,633	122,598

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,483	14,909	109,795	(13,513)	116,675
Changes of items during the period					
Dividends of surplus			(7,276)		(7,276)
Profit attributable to owners of parent			17,076		17,076
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(9)	37	28
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(7)			(7)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(7)	9,790	37	9,820
Balance at end of period	5,483	14,901	119,586	(13,475)	126,495

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	4,886	0	(33)	(1,056)	3,798	491	1,633	122,598
Changes of items during the period								
Dividends of surplus								(7,276)
Profit attributable to owners of parent								17,076
Purchase of treasury shares								(0)
Disposal of treasury shares								28
Change in treasury shares arising from change in equity in entities accounted for using equity method								0
Change in ownership interest of parent due to transactions with non-controlling interests								(7)
Net changes of items other than shareholders' equity	2,713	(0)	(20)	1,645	4,338	27	102	4,468
Total changes of items during the period	2,713	(0)	(20)	1,645	4,338	27	102	14,288
Balance at end of period	7,600	0	(53)	589	8,136	518	1,736	136,887

(4) Consolidated Statements of Cash Flows

Millions of Yen

	FY2020 (Fiscal year ended March 31, 2020)	FY2021 (Fiscal year ended March 31, 2021)
Net cash provided by (used in) operating activities:		
Profit before income taxes	25,205	25,640
Depreciation and amortization	10,900	10,599
Impairment losses	284	465
Amortization of goodwill	261	399
Share of loss (profit) of entities accounted for using equity method	271	396
Loss (gain) on sale of investment securities	(113)	(590)
Loss (gain) on valuation of investment securities	1,198	1,027
Decrease(increase) in allowance for loss on contract development	56	(380)
Increase (decrease) in other provisions	(1,083)	(466)
Increase (decrease) in retirement benefit liability	36	51
Decrease (increase) in retirement benefit asset	2,730	(4,717)
Increase (decrease) in remeasurements of defined benefit plans	(6,365)	2,371
Interest and dividend income	(511)	(425)
Interest expenses	86	100
Decrease (increase) in notes and accounts receivable-trade	1,788	(1,595)
Decrease (increase) in inventories	917	1,568
Decrease (increase) in advances paid	(2,162)	1,171
Increase (decrease) in notes and accounts payable-trade	(3,637)	2,821
Increase (decrease) in accrued expenses	(278)	325
Other	2,133	(411)
Subtotal	31,717	38,351
Interest and dividends received	497	438
Interest paid	(87)	(100)
Income taxes (paid) refund	(4,588)	(6,755)
Net cash provided by (used in) operating activities	27,539	31,933
Investing activities:		
Purchase of property, plant and equipment	(3,304)	(2,599)
Proceeds from sale of property, plant and equipment	-	1
Purchase of intangible assets	(6,057)	(7,806)
Purchase of investment securities	(3,661)	(2,479)
Proceeds from sale of investment securities	211	589
Proceeds from sale of shares of subsidiaries and associates	-	972
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△524	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	146
Other, net	76	(31)
Net cash provided by (used in) investing activities	(13,259)	(11,206)
Financing activities:		
Net increase (decrease) in short-term borrowings	(1,050)	-
Proceeds from long-term borrowings	4,700	5,612
Repayments of long-term borrowings	(5,255)	(5,617)
Proceeds from sale and leaseback transactions	182	194
Repayments of other borrowings	(401)	(692)
Dividends paid	(6,267)	(7,275)
Dividends paid to non-controlling interests	(109)	(117)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(281)
Other	(1)	(0)
Net cash provided by (used in) financing activities	(8,202)	(8,177)
Effect of exchange rate change on cash and cash equivalents	8	(2)
Net increase (decrease) in cash and cash equivalents	6,086	12,546
Cash and cash equivalents at beginning of period	27,200	33,287
Cash and cash equivalents at end of period	33,287	45,833

(5) Notes on Going Concern Assumption

None applicable

(6) Changes in Representation Methods (Consolidated State of Income)

‘Rebate Revenue’ was included in the ‘Others’ of non-operating income in the previous fiscal year. It is separately described for the fiscal year under review because it constitutes more than 10/100 of the amount of total non-operating income. (Note that it is ¥72 million for the fiscal year under review.)

Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

‘Rebate Revenue’ of the previous fiscal year was ¥111 million.

‘Reversal of reserve for contingent losses’ of non-operating income were described separately in the previous fiscal year.

‘Reversal of reserve for contingent losses’ are included in the ‘Others’ for the fiscal year under review since the amount constitutes less than 10/100 of the amount of total non-operating income. (Note that it is ¥0 million for the fiscal year under review.)

Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

‘Reversal of reserve for contingent losses’ of the previous fiscal year were ¥485 million.

‘Settlement package’ was described separately in the previous fiscal year.

‘Settlement package’ is included in the ‘Others’ for the fiscal year under review since the amount constitutes less than 10/100 of the amount of total non-operating income.

(Note that it is ¥6 million for the fiscal year under review.)

Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

‘Settlement package’ of the previous fiscal year were ¥228 million.

(7) Notes to Consolidated Financial Statements

(Segment Information and Others)

【Segment information】

1. Overview of reportable segments

The reportable segments of the Company are those among the constituent units of the Company for which separate financial statements can be obtained and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

By fully harnessing the collective capabilities of the Group, the Company provides comprehensive IT solution services, from identifying customers' management issues to providing solutions to them. The Company conducts businesses based on proposing comprehensive strategies for products and services that together constitute IT solution services.

The Company's operations therefore consist of segments composed of products and services that constitute our IT solution services. We have five reportable segments: System Services, Support Services, Outsourcing, Software, and Hardware.

Details of the reportable segments are as follows:

- System Services: Software contract development business, system engineer services and consulting
- Support Services: Software and hardware maintenance, installation support and related services
- Outsourcing: System operation by contract, and related services
- Software: Provision of software based on software license agreements
- Hardware: Provision of hardware based on equipment sales agreements or rental agreements

2. Methods to determine net sales, income or loss, assets, liabilities, and other amounts by reportable segment

The accounting methods by business segment reported herein are the same as described in the “Basis of Presentation of the Consolidated Financial Statements.”

3. Information on net sales, income or loss, assets, liabilities, and other amounts by reportable segment
FY2020 (from April 1, 2019 to March 31, 2020)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjust ment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Net Sales	102,919	55,022	55,183	33,943	55,098	302,167	9,387	311,554	-	311,554
Segment profits	31,722	16,186	13,966	6,774	9,011	77,660	2,139	79,799	(53,659)	26,139
Segment assets	1,935	1,450	19,359	4,556	4,429	31,732	194	31,926	183,049	214,975
Other items										
Depreciation and amortization	216	230	6,571	1,890	302	9,212	31	9,243	1,656	10,900
Increased amount of property, plant and equipment and intangible assets	210	291	6,277	1,618	570	8,968	43	9,012	1,324	10,336

(Note 1) The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.

(Note 2) The contents of adjustment are described below.

- (1) The adjustment of (¥53,659) million to segment profits includes research and development expenses of ¥4,512 million, amortization of goodwill of ¥ 261 million, and selling, general and administrative expenses of ¥ 48,886 million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥ 183,049 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥ 1,656 million to depreciation and amortization represents the depreciation and amortization of the corporate assets that have not been distributed to each reportable segment.
- (4) The adjustment of ¥ 1,324 million to increased amount of property, plant and equipment and intangible assets represents the increase in the corporate assets that have not been distributed to each reportable segment.

(Note 3) Segment profits have been adjusted with the operating income recorded in the consolidated financial statements.

FY2021(from April 1, 2020 to March 31, 2021)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjust ment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Net Sales	93,572	53,037	60,595	33,287	57,647	298,139	11,546	309,685	-	309,685
Segment profits	29,130	16,337	17,390	7,030	8,733	78,623	2,456	81,079	(54,354)	26,724
Segment assets	1,675	965	20,886	3,976	3,275	30,779	214	30,993	200,987	231,980
Other items										
Depreciation and amortization	228	143	6,467	1,666	258	8,764	33	8,798	1,801	10,599
Increased amount of property, plant and equipment and intangible assets	288	105	7,744	1,728	202	10,070	20	10,091	1,947	12,038

(Note 1) The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.

(Note 2) The contents of adjustment are described below.

- (1) The adjustment of (¥54,354) million to segment profits includes research and development expenses of ¥4,952 million, amortization of goodwill of ¥ 399 million, and selling, general and administrative expenses of ¥ 49,002 million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥ 200,987 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥ 1,801 million to depreciation and amortization represents the depreciation and amortization of the corporate assets that have not been distributed to each reportable segment.
- (4) The adjustment of ¥ 1,947 million to increased amount of property, plant and equipment and intangible assets represents the increase in the corporate assets that have not been distributed to each reportable segment.

(Note 3) Segment profits have been adjusted with the operating income recorded in the consolidated financial statements.

【Related information】

FY2020 (from April 1, 2019 to March 31, 2020)

1. Information by product and service

Information by product and service is not described because the same information is stated as part of segment information.

2. Information by region

(1) Net sales

Net sales by region are not disclosed because the amount of net sales to customers in Japan accounts for more than 90% of the amount of net sales of consolidated statements of income.

(2) Property, plant and equipment

Property, plant and equipment by region are not disclosed because the amount of property, plant and equipment that are located in Japan accounts for more than 90% of the amount of property, plant and equipment of consolidated balance sheets.

3. Information by major customer

No major customer is stated because no customer accounted for more than 10% of net sales as stated in the consolidated statements of income.

FY2021 (from April 1, 2020 to March 31, 2021)

1. Information by product and service

Information by product and service is not described because the same information is stated as part of segment information.

2. Information by region

(1) Net sales

Net sales by region are not disclosed because the amount of net sales to customers in Japan accounts for more than 90% of the amount of net sales of consolidated statements of income.

(2) Property, plant and equipment

Property, plant and equipment by region are not disclosed because the amount of property, plant and equipment that are located in Japan accounts for more than 90% of the amount of property, plant and equipment of consolidated balance sheets.

3. Information by major customer

No major customer is stated because no customer accounted for more than 10% of net sales as stated in the consolidated statements of income.

【Information on impairment loss of non-current assets by reportable segment】

FY 2020 (from April 1, 2019 to March 31, 2020)

(Millions of Yen)

	System Services	Support Services	Outsourcing	Software	Hardware	Other	Eliminations and Corporate (Note)	Total
Impairment loss	—	—	233	—	—	—	51	284

(Note) The amount of 'Eliminations and Corporate' represents impairment loss relating to the corporate assets that do not belong to any segment.

FY 2021 (from April 1, 2020 to March 31, 2021)

(Millions of Yen)

	System Services	Support Services	Outsourcing	Software	Hardware	Other	Eliminations and Corporate (Note)	Total
Impairment loss	—	—	461	—	—	—	4	465

(Note) The amount of 'Eliminations and Corporate' represents impairment loss relating to the corporate assets that do not belong to any segment.

【Information about the amount of amortization of goodwill and the amount of the unamortized balance of goodwill by reportable segment】

FY 2020 (from April 1, 2019 to March 31, 2020) (Millions of Yen)

	System Services	Support Services	Outsourcing	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	-	-	-	-	-	-	261	261
Balance at the end of this period	-	-	-	-	-	-	1,509	1,509

FY 2021 (from April 1, 2020 to March 31, 2021)

(Millions of Yen)

	System Services	Support Services	Outsourcing	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	-	-	-	-	-	-	399	399
Balance at the end of this period	-	-	-	-	-	-	1,472	1,472

【Information about the gain on bargain purchase by reportable segment】

FY 2020 (from April 1, 2019 to March 31, 2020)

None applicable

FY 2021 (from April 1, 2020 to March 31, 2021)

None applicable

(Per-Share Information)

Items	FY 2020 (from April 1, 2019 to March 31, 2020)	FY 2021 (from April 1, 2020 to March 31, 2021)
Net assets per share (¥)	1,200.32	1,341.04
Earnings per share (¥)	181.19	170.13
Diluted earnings per share (¥)	180.53	169.52

Note: 1. The basic information used to calculate earnings per share or diluted earnings per share is as follows.

Items	FY 2020 (from April 1, 2019 to March 31, 2020)	FY 2021 (from April 1, 2020 to March 31, 2021)
Earnings per share		
Profit attributable to owners of parent for the year (¥ mil)	18,182	17,076
Amount that does not belong to ordinary shareholders (¥ mil)	-	-
Profit attributable to owners of parent, attributable to common stock (¥ mil)	18,182	17,076
Average number of common stock outstanding during the year (thousand shares)	100,353	100,375
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (¥ mil)	-	-
Increase of common stock (thousand shares)	365	364
(Share acquisition rights (thousand shares))	(365)	(364)
Dilutive shares, which were not included in the calculation of diluted earnings per share, due to lack of dilution effect	—	—

Note: 2. The basic information used to calculate net asset per share is as follows.

	End of FY 2020 (March 31, 2020)	End of FY 2021 (March 31, 2021)
Total net assets (¥ mil)	122,598	136,887
Amounts to be deducted from the total net assets (¥ mil)	2,125	2,254
(Share acquisition rights) (¥ mil)	(491)	(518)
(Non-controlling interests) (¥ mil)	(1,633)	(1,736)
Net assets at the end of period attributable to common stock (¥ mil)	120,473	134,632
Number of common shares at the end of period utilized for the calculation of net assets per share (thousand shares)	100,367	100,394

(Significant Subsequent Events)

None