

Consolidated Financial Results for 2nd Quarter of Fiscal Year Ending March 2021

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Summary of Financial Results from Apr. to Sep. 2020

(PL/Incoming Orders/Backlog)

(Millions of yen)

	FY2019	FY2020	Increase/Decrease	
	(Apr. 2019 - Sep. 2019)	(Apr. 2020 - Sep. 2020)	Amount	Change
Net Sales	187,263	189,755	2,492	1.3%
Gross Profit	47,096	48,914	1,817	3.9%
Gross Profit Margin	25.2%	25.8%	0.6%	
SG&A Expenses [※]	-26,694	-27,697	-1,003	3.8%
Operating Profit	20,402	21,217	814	4.0%
Operating Profit Margin	10.9%	11.2%	0.3%	
Profit attributable to owners of parent	14,499	14,869	369	2.5%
Incoming Orders	179,629	179,915	285	0.2%
Backlog	129,873	137,301	7,427	5.7%

※Including other income and expenses

Summary of Financial Results from Jul. to Sep. 2020

(PL/Incoming Orders/Backlog)

(Millions of yen)

	FY2019	FY2020	Increase/Decrease	
	(Jul. 2019 - Sep. 2019)	(Jul. 2020 - Sep. 2020)	Amount	Change
Net Sales	95,932	95,398	-533	-0.6%
Gross Profit	25,035	24,869	-165	-0.7%
Gross Profit Margin	26.1%	26.1%	0.0%	
SG&A Expenses [※]	-13,045	-13,931	-886	6.8%
Operating Profit	11,989	10,937	-1,051	-8.8%
Operating Profit Margin	12.5%	11.5%	-1.0%	
Profit attributable to owners of parent	8,398	7,608	-789	-12.2%
Incoming Orders	92,073	96,176	4,103	4.5%
Backlog	129,873	137,301	7,427	5.7%

※Including other income and expenses

Comparison by Sales Segment (Sales/Incoming Orders/Backlog)

Systems Development

(Millions of yen)

	FY2019	FY2020	Increase/Decrease	
	(Apr. 2019 - Sep. 2019)	(Apr. 2020 - Sep. 2020)	Amount	Change
Net Sales	76,267	78,474	2,207	2.9%
Incoming Orders	77,129	80,298	3,168	4.1%
Backlog	35,701	38,190	2,488	7.0%

Net Sales :

Increased thanks to demand for electrical machinery core systems redevelopment projects and for strategic business investment by manufacturing industry. This demand offset the rebound from previously recorded orders from the banking and power industries.

Incoming Orders / Backlog :

Although decreased as a reactionary decline in large-scale projects for the securities industry, an overall increase in orders was achieved by concluding contracts of core systems redevelopment projects for the distribution industry.

Comparison by Sales Segment (Sales/Incoming Orders/Backlog)

System Maintenance and Operation / Services

(Millions of yen)

	FY2019	FY2020	Increase/Decrease	
	(Apr. 2019 - Sep. 2019)	(Apr. 2020 - Sep. 2020)	Amount	Change
Net Sales	70,044	74,524	4,480	6.4%
Incoming Orders	60,624	64,964	4,340	7.2%
Backlog	78,219	83,563	5,343	6.8%

Net Sales :

Increased due to the strong performance of managed services for the manufacturing and financial industries and of data center and business process outsourcing businesses.

Incoming Orders / Backlog :

Higher orders in data center businesses targeting the service industry and in business process outsourcing businesses, which offset a decrease in verification service orders from the manufacturing industry.

Comparison by Sales Segment (Sales/Incoming Orders/Backlog)

Packaged Software / Hardware Sales

(Millions of yen)

	FY2019	FY2020	Increase/Decrease	
	(Apr. 2019 - Sep. 2019)	(Apr. 2020 - Sep. 2020)	Amount	Change
Net Sales	40,951	36,756	-4,195	-10.2%
Incoming Orders	41,875	34,652	-7,223	-17.2%
Backlog	15,952	15,547	-405	-2.5%

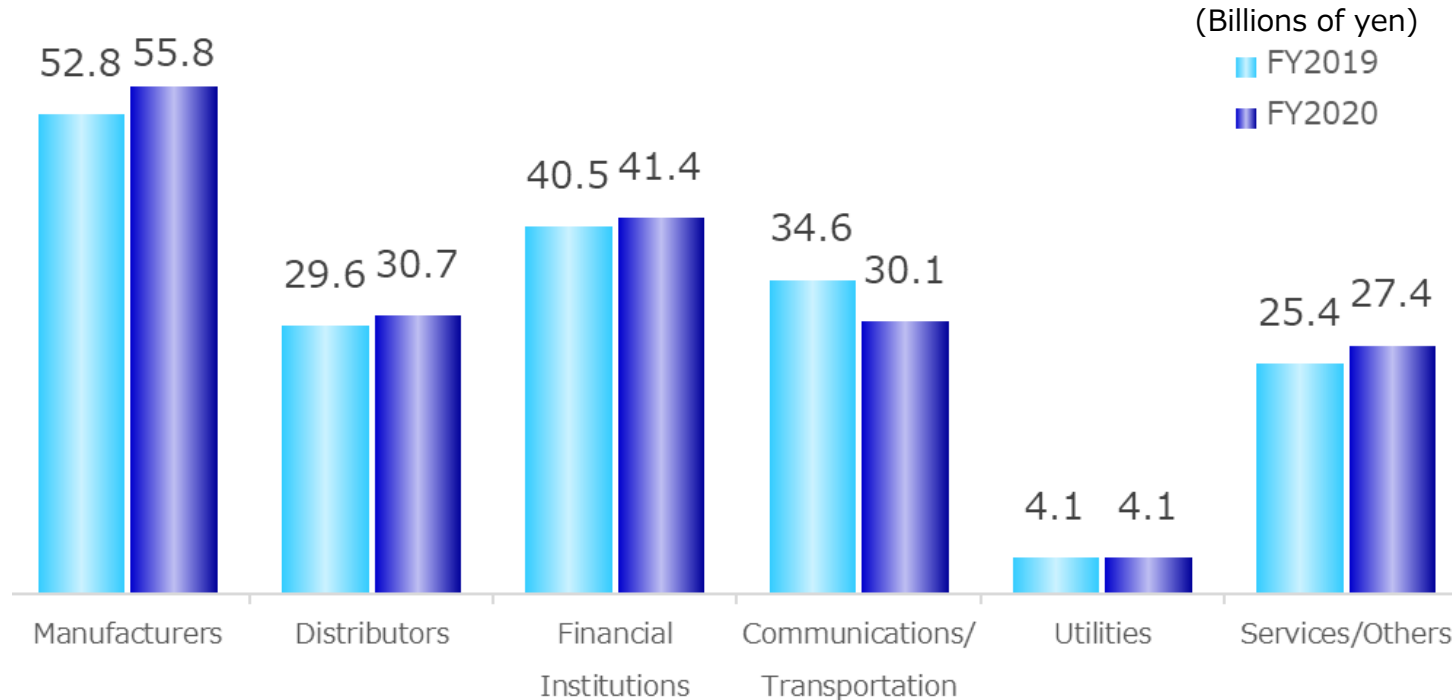
Net Sales :

Although sales of hardware for academic research institutions ordered in the previous fiscal year were up, sales of network equipment to the communications industry and large-scale hardware to the manufacturing industry are declined.

Incoming Orders / Backlog :

Orders of network equipment to the communications industry, hardware for academic research institutions and large-scale hardware to manufacturing industry are decreased.

Sales Comparison by Customer Industry

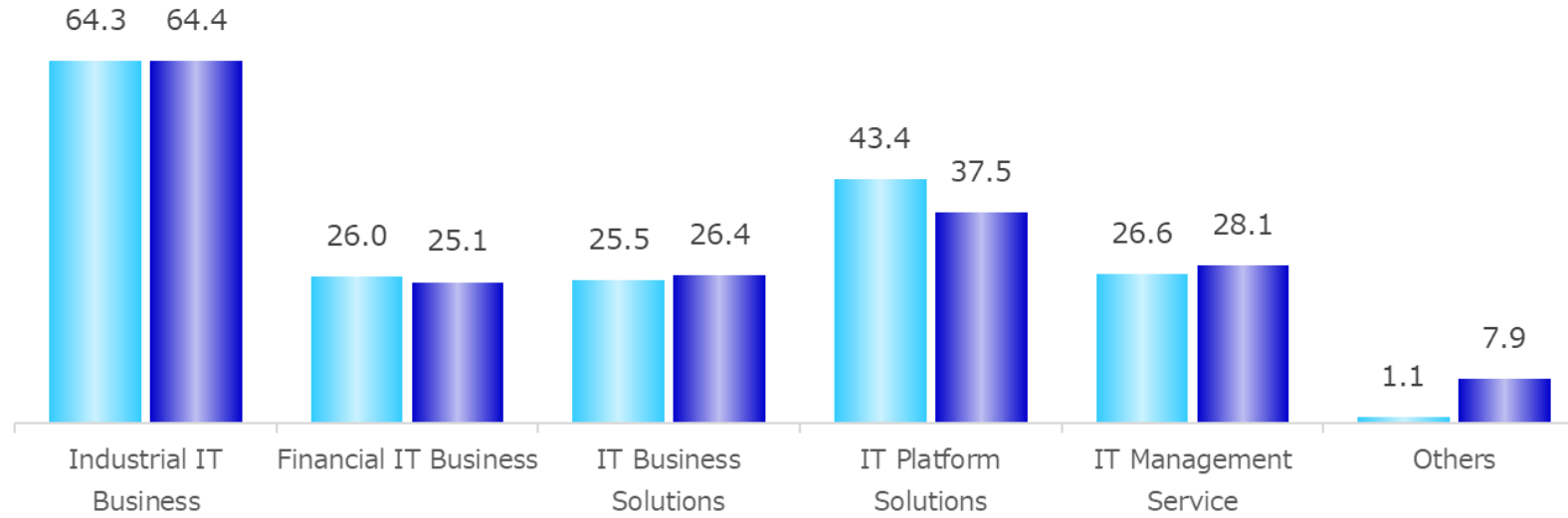


- In the manufacturing industry, system development for strategic IT investment demand for automobile manufacturers, investment demand for precision equipment manufacturers, and system upgrades demand for food products and electrical machinery manufacturers increased.
- In the distribution industry, sales were up due to demand for developing next-generation systems and core system redevelopment projects, increases in sales of network and security products following growth in demand for remote work applications.
- In the financial industry, sales were increased despite the rebound from previously recorded systems development sales, as a result of increases in maintenance, operation, and service sales stemming from higher demand for managed services and in data center businesses.
- In the service and other industries, sales were up due to large-scale hardware sales to academic research institutions and increased performance in data center businesses.

Business Performance by Reportable Segment

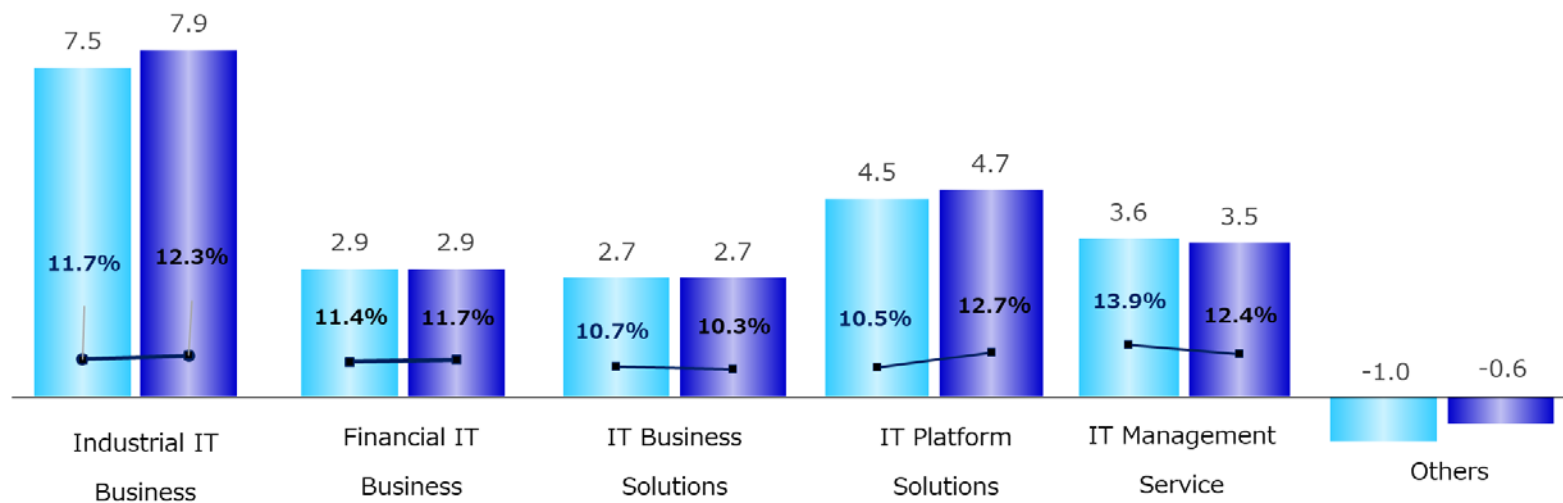
Net Sales

(Billions of yen) ■ FY2019 ■ FY2020



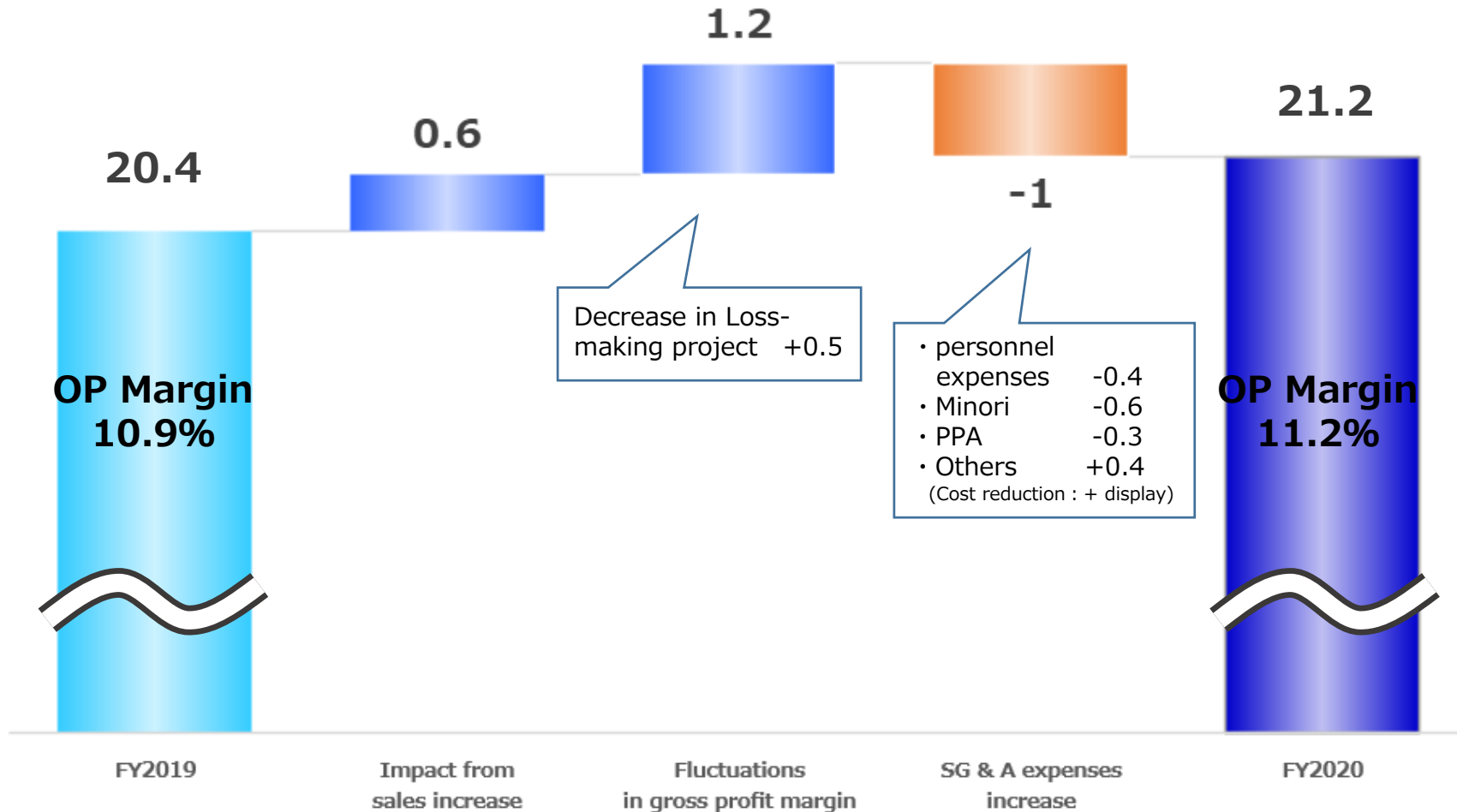
Operating Profit
Operating Profit margin(%)

■ FY2019 ■ FY2020



Operating Profit Analysis

(Billions of yen)



Consolidated Financial Forecasts / Interim Dividends

No change from initial forecasts

(Millions of yen)

	FY2019 Results	FY2020 Forecasts	Change Amount		
Net Sales	385,295	380,000	-5,295		
Operating Profit	40,048	41,000	952		
Operating Profit Margin	10.4%	10.8%	0.4%		
Profit Attributable to Owners of Parent	28,765	29,000	235		
Interim Dividends	FY2019			FY2020	Change Amount
	Ordinary Dividend	Commemorative Dividend	Total		
Dividends per share (Yen)	55	10	65	65	—

Attention on the use of this document

- We have made amendment of previous year's data in page 7 (Sales Comparison by Customer Industry) to reflect the revision of industry applied to some customers.
- We have made amendment of previous year's data in page 8 (Business Performance by Reportable Segment) to enable a fair comparison with this year's data under realigned reportable segments.

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