



Consolidated Financial Report for the Fiscal Year Ended March 31, 2020 [Japan GAAP]

May 18, 2020

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, 2020 |
| Scheduled Starting Date for Dividend Payment: | June 26, 2020 |
| Scheduled Submission Date for Securities Report: | June 26, 2020 |
| 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 FY2020 (from April 1, 2019 to March 31, 2020)

(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 | % |
| FY2020 | 311,554 | 4.2 | 26,139 | 26.8 | 26,615 | 29.7 | 18,182 | 27.7 |
| FY2019 | 299,029 | 4.2 | 20,622 | 26.3 | 20,515 | 27.5 | 14,238 | 19.2 |

(Note) Comprehensive Income FY2020: 12,188 Million Yen (-22.7%) FY2019: 15,776 Million Yen (-6.1%)

| | Earnings Per Share | Diluted Earnings Per Share | Return on Equity | Ordinary Income to Total Assets | Operating Income to Net Sales |
|---------------|--------------------|----------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| FY2020 | 181.19 | 180.53 | 15.5 | 12.5 | 8.4 |
| FY2019 | 141.90 | 141.40 | 13.1 | 10.0 | 6.9 |

(Reference) Share of Profit of Entities Accounted for Using Equity Method FY2020: (271) Million Yen FY2019: (574) Million Yen

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets Per Share |
|---------------|-----------------|-----------------|--------------|----------------------|
| | Millions of Yen | Millions of Yen | % | Yen |
| FY2020 | 214,975 | 122,598 | 56.0 | 1,200.32 |
| FY2019 | 211,421 | 116,615 | 54.2 | 1,142.41 |

(Reference) Equity FY2020: 120,473 Million Yen FY2019: 114,638 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 |
| FY2020 | 27,539 | (13,259) | (8,202) | 33,287 |
| FY2019 | 27,438 | (10,586) | (8,226) | 27,200 |

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 | % | % |
| FY2019 | — | 25.00 | — | 30.00 | 55.00 | 5,519 | 38.8 | 5.1 |
| FY2020 | — | 32.50 | — | 37.50 | 70.00 | 7,025 | 38.6 | 6.0 |
| FY2021 (Forecast) | — | 35.00 | — | 35.00 | 70.00 | | 41.3 | |

3. Consolidated Earnings Forecast for FY2021 (from April 1, 2020 to March 31, 2021)

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

| | Net Sales | | Operating Income | | Ordinary Income | | Profit Attributable to Owners of Parent | | Earnings Per Share |
|---------------|-----------------|-----|------------------|-------|-----------------|-------|---|-------|--------------------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of yen | % | Yen |
| FY2021 | 320,000 | 2.7 | 26,000 | (0.5) | 25,600 | (3.8) | 17,000 | (6.5) | 169.38 |

It is difficult to provide highly reliable performance forecasts in the current environment where it is impossible to predict reasonably how long it will take before the Novel Coronavirus pandemic is going to settle down and fade away. Thus, the full-year forecast alone is provided.

If a revision is needed depending on the future trajectories of COVID-19, the forecast will be revised and announced promptly.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): No

(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) | FY2020 | 109,663,524 | FY2019 | 109,663,524 |
| 2. Number of shares of treasury shares | FY2020 | 9,295,807 | FY2019 | 9,315,429 |
| 3. Average number of shares outstanding (during the period) | FY2020 | 100,353,126 | FY2019 | 100,337,359 |

(Reference) Summary of Non-Consolidated Performance Results

1. Non-Consolidated Financial Results for FY2020 (from April 1, 2019 to March 31, 2020)

(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 | % |
| FY2020 | 178,966 | 2.1 | 14,878 | 16.3 | 20,560 | 12.5 | 15,647 | 12.7 |
| FY2019 | 175,298 | 4.5 | 12,793 | 45.0 | 18,269 | 61.8 | 13,886 | 33.9 |

| | Earnings Per Share | Diluted Earnings Per Share |
|---------------|--------------------|----------------------------|
| | Yen | Yen |
| FY2020 | 155.92 | 155.35 |
| FY2019 | 138.40 | 137.90 |

(2) Non-Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets Per Share |
|---------------|-----------------|-----------------|--------------|----------------------|
| | Millions of Yen | Millions of Yen | % | Yen |
| FY2020 | 167,588 | 103,745 | 61.6 | 1028.74 |
| FY2019 | 160,255 | 95,813 | 59.5 | 950.49 |

(Reference) Equity FY2020: 103,253 Million Yen FY2019: 95,381 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 under review, the Japanese economy continuously showed signs of slow recovery on the basis of improvements in employment as well as increases in salaries and company earnings.

However, an unpredictable future has continued due to impacts of the Novel Coronavirus pandemic in addition to international affairs including conditions of overseas economies.

The information services market in Japan has continuously witnessed strong investments in the information systems. However, we will continue to operate business in difficult circumstances susceptible to unpredictable IT investment trends attributable to a long-lasting period of the coronavirus's spread that constrains corporate business activities.

In this environment, the Nihon Unisys group established the mid-term management plan, 'Foresight in sight® 2020' (for the period from the fiscal year 2018 to the fiscal year 2020). The plan describes the Group as a corporate group solving social issues through socially beneficial services capable of creating a more affluent society together with customers and business partners. It also states that the Company aims to be at the center of the creation of business ecosystems that connect industries and business types across conventional boundaries and to provide platforms capable of digital transformation ^(Note 1). The Company has made efforts on key issues as therein indicated. We have been making cross-functional activities to deal with social issues across the boundaries of the four focal areas stipulated in the mid-term management plan.

Our efforts with an eye towards creating a smart society have been reflected in a steady increase in the business through MY HOME MARKET ^{® (Note 2)}, a virtual display homes village that we have been operating since March 2018.

The Company received the GOOD DESIGN AWARD 2019 for giving home purchasers a sense of content through an innovative experience enabled by the solution. We have seen the service attract more consumers such as double-income families of the twenties and the thirties since we listed the solution on Rakuten in October 2019.

Canal Payment Service, Ltd. one of our subsidiaries is aware of a cashless economy being advanced. Canal Payment Service, Ltd. has continued diligent efforts to promote a QR code/bar code payment solution, partly by riding on a wave of many types of campaigns related to a consumption tax hike. Thus, the amount of payments handled in Japan through the service has continued to increase even the circumstances afflicted from stagnant demands from inbound tourism.

We aim to create a resilient society ^(Note 3) to natural disasters and a spread of epidemics/pandemics. We have been providing mechanisms to enable and help telework and visualize information through digital technologies. For example, we have provided many types of solutions and a secure environment suitable to actual situations and issues of individual customers through 'Connected Work[®]', service to help their workstyle reforms. The service helps us aim to further promote telework.

We have digitalized and visualized information through our ‘Saigai Net’. The solution chronologically visualizes information needed in an event of disaster through easy data operations as if the data is recorded on a whiteboard. ‘Saigai Net’ reduces significantly time and effort for organizing data. The solution has served many types of businesses, as reflected in the steadily increasing sales.

In the field of energy management, we have continued efforts about tracking information for the FIT non-fossil fuel energy certificate ^(Note 4) since we launched in the fiscal year 2018. Also, we have continued the certification business for non-FIT non-fossil power supply since we launched in the fiscal year 2019. Thus, we have been endeavoring to disseminate and expand the non-fossil fuel energy value trading market through our continuing efforts.

Our efforts to care environments surrounding energy are exemplified by our efforts to digitalize and streamline inspection operations of power equipment through robots and AI technologies. Furthermore, we have implemented a proof-of-concept approach for drone-powered automated inspection/monitoring service for power station equipment and power transmission towers’ inclination status in cooperation with power companies. Thus, we have been contributing to maintain and develop surrounding environments for energy.

We have seen digital transformation businesses remain strong in our other focal area comprised of a wide variety of businesses. One example is a renewal of front-end financial systems in order to strengthen customer interaction for financial institutions.

Our ICT Core businesses have remained strong mainly on the basis of projects to renew existing systems. Also, we made a success of launching an outsourcing service for a financial institution and stably operated mid- and small-sized outsourcing projects. As a result, we have witnessed that this business category contributed to an increase in net sales.

We have attempted to strengthen productivity of system development and operation in this business category mainly through continued efforts to reuse knowledge and expertise as well as select projects after careful risk examination. As a result, profitability has been enhanced.

With respect to investments, we have continuously invested in funds with the aim of obtaining business seeds and knowing business trends in our focal areas. Also, we have continued CVC ^(Note 5) fund operations through our subsidiary, Canal Ventures, Ltd. We will invest in new technologies and businesses capable of contributing to digital transformation. We will make efforts to accelerate open innovation and create business ecosystems with a view to contributing to social issue solutions.

We aim to become a diversified and innovative company. Thus, we have continued efforts mainly in light of reforming corporate culture to enable a creative and innovative organization, implementing organizational reforms in order to incorporate multifaceted perspectives, and enabling personnel development programs in order to reveal creativity and innovativeness of individuals.

We have seen more employees be engaged in self-directed activities by using time obtained as a result of corporate efforts to reduce over-time work in our corporate culture where diversity has become appreciated. In addition, we have seen them make attempts with an eye towards creating new businesses across conventional boundaries of types/categories of businesses and organizations. This is evidenced in an improved engagement score, an indicator to measure progresses of corporate culture reform.

The Company was recognized again for many types of our efforts and achievements in the fiscal year 2019, evidenced partly under the ‘2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program’ (Note 6) and at the ‘Advanced Corporation Awards for the Promotion of Women’ (Note 7).

In summary, the Nihon Unisys group as a whole has been studious in achieving its goals set forth in the mid-term management plan, ‘Foresight in sight 2020’.

(Notes)

1. Digital Transformation: Companies transform themselves through data and digital technologies in an attempt to enable agile responses to customers’ needs in society. Such transformation in light of businesses, organizations, processes, and corporate culture helps companies strengthen and establish competitive edges to cope with drastic changes in a business environment.
2. MY HOME MARKET: Service operated by the Company through the use of digital devices such as smartphone. It enables users to check display houses through VR simulated experiences and helps users design a home in conformance with their ideal homes.
3. Resilient society: Strong and sustainable society that has recuperative and elastic strength to manage through natural disasters such as earthquakes and climate changes as well as infectious diseases
4. Non-fossil fuel energy certificates: The Ministry of Economy, Trade and Industry established a non-fossil value trading market in May 2018. This is the market where non-fossil fuel energy certificates are traded. The certificates represent the environmental value of power which is generated by power generation facilities of non-fossil energy sources such as natural energies without emitting CO² (carbon dioxide).
5. CVC: acronym for Corporate Venture Capital
6. Certified Health & Productivity Management Organization Recognition Program: Program designed by the Ministry of Economy, Trade and Industry (METI) through which companies are identified and recognized for excellent health and productivity management, on the basis of local health initiatives and projects promoted by the Nippon Kenko Kaigi, regardless of company size
7. Advanced Corporation Awards for the Promotion of Women: This award was established in 2014 with the aim of helping to enable a working environment where women can play an active role in contributing to the creation of a ‘society where all women shine’. The award recognizes companies that have made significant achievements in light of policies, initiatives and performances of promoting women to executive and managerial positions as well as disclosing the information thereof.
8. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For this fiscal year, net sales were ¥311,554 million (a 4.2% increase compared with the previous fiscal year) as a result of the continued strength of system services and outsourcing sales.

An increase in net income driven by system services and outsourcing and improved profitability outweighed an increase in R&D costs. As a result, we posted: operating income of ¥26,139 million (an increase of 26.8% compared with the previous fiscal year); ordinary income of ¥26,615 million (an increase of 29.7%); and profit attributable to owners of parent of ¥18,182 million (an increase of 27.7%).

With regard to the results on a non-consolidated basis, net sales were ¥178,966 million, up by 2.1 % from the previous fiscal year; operating income was ¥14,878 million, up by 16.3%; ordinary income was ¥20,560 million, up by 12.5 %; and profit was ¥15,647 million, up by 12.7%.

<2> Forecast for the Next Fiscal Year

We plan to post ¥320,000 million net sales for the next fiscal year, up by 2.7 %, on a consolidated basis.

We plan ¥ 26,000 million operating income (down by 0.5 %), ¥ 25,600 million ordinary income (down by 3.8%) and ¥17,000 million profit attributable to owners of parent (down by 6.5%).

It is difficult to provide highly reliable performance forecasts in the current environment where it is impossible to predict reasonably how long it will take before the Novel Coronavirus pandemic is going to settle down and fade away. Thus, the full-year forecast alone is provided. If a revision is needed depending on the future trajectories of COVID-19, the forecast will be revised and announced promptly.

Forecast of the consolidated performance for the fiscal year ending in March 2021

(Millions of yen)

| | FY2021 | FY2020 | Changes |
|---|---------|---------|---------|
| Net Sales | 320,000 | 311,554 | 2.7% |
| Operating Income | 26,000 | 26,139 | −0.5% |
| Ordinary Income | 25,600 | 26,615 | −3.8% |
| Profit attributable to Owners of Parent | 17,000 | 18,182 | −6.5% |

(2) Analysis of Financial Condition

In the fiscal year under review, partly due to an increase in cash and deposits, total assets were ¥214,975 million, an increase of ¥ 3,554 million compared with the end of the previous fiscal year.

Liabilities were ¥ 92,377million, a ¥ 2,428 million decrease from the end of the previous fiscal year, partly due to a decrease in notes and accounts payable – trade and loans.

Net assets were ¥122,598 million, a ¥ 5,983 million increase compared with the end of the previous fiscal year, partly attributable to an increase in retained earnings. Shareholders' equity ratio was 56.0%, up by 1.8 percentage points from the end of the previous fiscal year

(Cash Flow Situations)

Cash and cash equivalents at the end of the fiscal year under review were ¥33,287 million.

See below the situation of each cash flow and the factors thereof.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥27,539 million (an increase of ¥ 101 million in proceeds from the previous fiscal year). This is attributable to factors increasing the proceeds of ¥25,205million in profit before income taxes (up by ¥5,715 million from the previous period), despite factors decreasing the proceeds.

The factors increasing the proceeds include ¥10,900 million in depreciation and amortization, non-cash expenses. The factors decreasing the proceeds include a decrease of ¥3,637 million in notes and accounts payable-trade.

(Cash flows from investing activities)

Net cash spent in investing activities was ¥13,259 million (an increase of ¥ 2,672 million in expenditures compared with the previous period). This includes: expenditures of ¥ 3,304million (an increase of ¥378 million in expenditures compared with the previous fiscal year) as a result of purchasing property, plant and equipment such as computers for business activities; expenditures of ¥ 6,057 million due to the acquisitions of intangible assets such as the investments in software for outsourcing (an increase of ¥1,387 million in expenditures); and, expenditures of ¥3,661 million (an increase of ¥1,353 million in expenditures) 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 ¥ 8,202 million (a decrease of ¥24 million in expenditures from the previous period). This reflects expenditures due to dividends payment of ¥6,267 million (an increase of ¥ 1,756 million in expenditures from the previous period).

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

| | FY2020 | FY2019 | FY2018 | FY2017 |
|--|--------|--------|--------|--------|
| Equity ratio (%) | 56.0 | 54.2 | 52.2 | 46.7 |
| Equity ratio (Market cap.) (%) | 135.1 | 139.2 | 116.7 | 79.1 |
| Ratio of cash flow to interest-bearing debts (years) | 0.8 | 0.9 | 1.1 | 1.3 |
| Interest coverage ratio (times) | 316.1 | 275.1 | 209.9 | 148.5 |

(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 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 (¥ 32.5 for the mid-term dividend and ¥37.5 for the term-end dividend). This is an annual increase of ¥15 compared with the previous period.

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), which is the same amount as for this period.

(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 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', closed spaces with poor ventilation, crowded places with many people nearby, and close-contact settings such as close-range conversations, from overlapping.

- 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 | |
|---|------------------------|------------------------|
| | FY2019 | FY2020 |
| | (As of March 31, 2019) | (As of March 31, 2020) |
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 27,200 | 33,287 |
| Notes and accounts receivable - trade | 72,479 | 70,840 |
| Merchandise and finished goods | 8,248 | 7,443 |
| Work in process | 1,947 | 1,843 |
| Raw materials and supplies | 86 | 77 |
| Prepaid expenses | 12,011 | 10,941 |
| Other | 6,353 | 8,883 |
| Allowance for doubtful accounts | (56) | (21) |
| Total current assets | 128,270 | 133,297 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 12,760 | 12,797 |
| Accumulated depreciation | (8,678) | (9,033) |
| Buildings and structures, net | 4,082 | 3,764 |
| Machinery, equipment and vehicles | 30,560 | 32,011 |
| Accumulated depreciation | (23,889) | (25,597) |
| Machinery, equipment and vehicles, net | 6,670 | 6,414 |
| Land | 599 | 599 |
| Other | 10,180 | 10,435 |
| Accumulated depreciation | (7,283) | (7,747) |
| Other, net | 2,897 | 2,687 |
| Total property, plant and equipment | 14,249 | 13,465 |
| Intangible assets | | |
| Goodwill | 1,288 | 1,509 |
| Software | 19,982 | 18,711 |
| Other | 102 | 203 |
| Total intangible assets | 21,373 | 20,423 |
| Investments and other assets | | |
| Investment securities | 23,854 | 23,272 |
| Deferred tax assets | 1,656 | 3,818 |
| Net defined benefit asset | 7,087 | 4,357 |
| Other | 15,237 | 16,637 |
| Allowance for doubtful accounts | (307) | (296) |
| Total investments and other assets | 47,528 | 47,789 |
| Total non-current assets | 83,151 | 81,678 |
| Total assets | 211,421 | 214,975 |

Millions of Yen

| | FY2019 | FY2020 |
|---|------------------------|------------------------|
| | (As of March 31, 2019) | (As of March 31, 2020) |
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 26,009 | 22,475 |
| Short-term loans payable | 1,050 | - |
| Current portion of long-term loans payable | 5,255 | 5,617 |
| Income taxes payable | 2,905 | 4,654 |
| Accrued expenses | 11,155 | 10,905 |
| Advances received | 15,761 | 18,477 |
| Provision for loss on contract development | 652 | 708 |
| Other provisions | 1,555 | 846 |
| Other | 10,254 | 10,431 |
| Total current liabilities | 74,600 | 74,117 |
| Non-current liabilities | | |
| Long-term loans payable | 16,635 | 15,717 |
| Provisions | 416 | 94 |
| Net defined benefit liability | 614 | 651 |
| Asset retirement obligations | 1,131 | 1,128 |
| Other | 1,408 | 668 |
| Total non-current liabilities | 20,206 | 18,260 |
| Total liabilities | 94,806 | 92,377 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 5,483 | 5,483 |
| Capital surplus | 14,909 | 14,909 |
| Retained earnings | 97,893 | 109,795 |
| Treasury shares | (13,540) | (13,513) |
| Total shareholders' equity | 104,745 | 116,675 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,561 | 4,886 |
| Deferred gains or losses on hedges | 0 | 0 |
| Foreign currency translation adjustment | (31) | (33) |
| Remeasurements of defined benefit plans | 3,361 | (1,056) |
| Total accumulated other comprehensive income | 9,892 | 3,798 |
| Stock acquisition rights | 432 | 491 |
| Non-controlling interests | 1,544 | 1,633 |
| Total net assets | 116,615 | 122,598 |
| Total liabilities and net assets | 211,421 | 214,975 |

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

Millions of Yen

| | FY2019 (Fiscal year ended March 31, 2019) | FY2020 (Fiscal year ended March 31, 2020) |
|---|---|---|
| Net sales | 299,029 | 311,554 |
| Cost of sales | 225,859 | 231,754 |
| Gross profit | 73,169 | 79,799 |
| Selling, general and administrative expenses | | |
| Selling expenses | 8,119 | 7,689 |
| General and administrative expenses | 44,427 | 45,970 |
| Total selling, general and administrative expenses | 52,547 | 53,659 |
| Operating income | 20,622 | 26,139 |
| Non-operating income | | |
| Interest income | 8 | 24 |
| Dividend income | 466 | 487 |
| Reversal of reserve for contingent losses | 67 | 485 |
| Other | 245 | 285 |
| Total non-operating income | 788 | 1,283 |
| Non-operating expenses | | |
| Interest expenses | 98 | 86 |
| Share of loss of entities accounted for using equity method | 574 | 271 |
| Loss on investments in partnership | 176 | 187 |
| Settlement package | - | 228 |
| Other | 44 | 33 |
| Total non-operating expenses | 895 | 806 |
| Ordinary income | 20,515 | 26,615 |
| Extraordinary income | | |
| Gain on sales of investment securities | 133 | 118 |
| Other | 0 | 1 |
| Total extraordinary income | 133 | 120 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 13 | 23 |
| Impairment loss | 361 | 284 |
| Loss on valuation of investment securities | 774 | 1,198 |
| Other | 8 | 22 |
| Total extraordinary losses | 1,159 | 1,530 |
| Profit before income taxes | 19,490 | 25,205 |
| Income taxes - current | 3,150 | 6,396 |
| Income taxes - deferred | 1,906 | 528 |
| Total income taxes | 5,057 | 6,924 |
| Profit | 14,433 | 18,280 |
| Profit attributable to non-controlling interests | 195 | 98 |
| Profit attributable to owners of parent | 14,238 | 18,182 |

(Consolidated Statements of Comprehensive Income)

Millions of Yen

| | FY2019 | FY2020 |
|--|---------------------------------------|---------------------------------------|
| | (Fiscal year ended March 31, 2019) | (Fiscal year ended March 31, 2020) |
| Profit | 14,433 | 18,280 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 14 | (1,676) |
| Deferred gains or losses on hedges | 0 | 0 |
| Foreign currency translation adjustment | - | 9 |
| Remeasurements of defined benefit plans | 1,364 | (4,417) |
| Share of other comprehensive income of entities accounted for using equity method | (37) | (8) |
| Total other comprehensive income | 1,343 | (6,092) |
| Comprehensive income | 15,776 | 12,188 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 15,580 | 12,087 |
| Comprehensive income attributable to non-controlling interests | 195 | 100 |

(3) Consolidated Statement of Changes in Equity

FY2019 [From April 1, 2018 to March 31, 2019]

Millions of Yen

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 5,483 | 14,361 | 88,185 | (13,578) | 94,451 |
| Changes of items during the period | | | | | |
| Dividends of surplus | | | (4,514) | | (4,514) |
| Profit attributable to owners of parent | | | 14,238 | | 14,238 |
| Purchase of treasury shares | | | | (1) | (1) |
| Disposal of treasury shares | | | (15) | 38 | 23 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 547 | | | 547 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | — | 547 | 9,708 | 37 | 10,293 |
| Balance at end of period | 5,483 | 14,909 | 97,893 | (13,540) | 104,745 |

| | 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 | 6,547 | 0 | 5 | 1,997 | 8,550 | 369 | 1,302 | 104,674 |
| Changes of items during the period | | | | | | | | |
| Dividends of surplus | | | | | | | | (4,514) |
| Profit attributable to owners of parent | | | | | | | | 14,238 |
| Purchase of treasury shares | | | | | | | | (1) |
| Disposal of treasury shares | | | | | | | | 23 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | | 547 |
| Net changes of items other than shareholders' equity | 14 | 0 | (37) | 1,364 | 1,342 | 62 | 242 | 1,647 |
| Total changes of items during the period | 14 | 0 | (37) | 1,364 | 1,342 | 62 | 242 | 11,941 |
| Balance at end of period | 6,561 | 0 | (31) | 3,361 | 9,892 | 432 | 1,544 | 116,615 |

(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 |

(4) Consolidated Statements of Cash Flows

Millions of Yen

| | FY2019 (Fiscal year ended March 31, 2019) | FY2020 (Fiscal year ended March 31, 2020) |
|---|---|---|
| Net cash provided by (used in) operating activities: | | |
| Profit before income taxes | 19,490 | 25,205 |
| Depreciation and amortization | 11,537 | 10,900 |
| Impairment loss | 361 | 284 |
| Amortization of goodwill | 116 | 261 |
| Share of loss (profit) of entities accounted for using equity method | 574 | 271 |
| Loss (gain) on sales of investment securities | (127) | (113) |
| Loss (gain) on valuation of investment securities | 774 | 1,198 |
| Increase (decrease) in allowance for loss on contract development | 425 | 56 |
| Increase (decrease) in other provisions | (437) | (1,083) |
| Increase (decrease) in retirement benefit liability | (72) | 36 |
| Decrease (increase) in retirement benefit asset | (3,531) | 2,730 |
| Increase (decrease) in remeasurements of defined benefit plans | 1,966 | (6,365) |
| Interest and dividend income | (475) | (511) |
| Interest expenses | 98 | 86 |
| Decrease (increase) in notes and accounts receivable-trade | (3,829) | 1,788 |
| Decrease (increase) in inventories | (3,516) | 917 |
| Decrease (increase) in advances paid | (1,082) | (2,162) |
| Increase (decrease) in notes and accounts payable-trade | 4,189 | (3,637) |
| Increase (decrease) in accrued expenses | 622 | (278) |
| Other | 2,388 | 2,133 |
| Subtotal | 29,474 | 31,717 |
| Interest and dividends received | 476 | 497 |
| Interest paid | (99) | (87) |
| Income taxes (paid) refund | (2,413) | (4,588) |
| Net cash provided by (used in) operating activities | 27,438 | 27,539 |
| Investing activities: | | |
| Purchase of property, plant and equipment | (2,925) | (3,304) |
| Proceeds from sales of property, plant and equipment | 27 | - |
| Purchase of intangible assets | (4,669) | (6,057) |
| Purchase of investment securities | (2,307) | (3,661) |
| Proceeds from sales of investment securities | 271 | 211 |
| Loan advances to subsidiaries and associates | (230) | - |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (733) | (524) |
| Other | (18) | 76 |
| Net cash provided by (used in) investing activities | (10,586) | (13,259) |
| Financing activities: | | |
| Net increase (decrease) in short-term loans payable | (300) | (1,050) |
| Proceeds from long-term borrowings | 737 | 4,700 |
| Repayments of long-term borrowings | (5,492) | (5,255) |
| Proceeds from sale and leaseback transactions | 1,098 | 182 |
| Repayments of other borrowings | (593) | (401) |
| Cash dividends paid | (4,511) | (6,267) |
| Dividends paid to non-controlling interests | (64) | (109) |
| Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | 900 | - |
| Other | (1) | (1) |
| Net cash provided by (used in) financing activities | (8,226) | (8,202) |
| Effect of exchange rate change on cash and cash equivalents | - | 8 |
| Net increase (decrease) in cash and cash equivalents | 8,625 | 6,086 |
| Cash and cash equivalents at beginning of period | 18,575 | 27,200 |
| Cash and cash equivalents at end of period | 27,200 | 33,287 |

(5) Notes on Going Concern Assumption

None applicable

(6) Changes in Representation Methods

(Consolidated State of Income)

‘Reversal of reserve for contingent losses’ included in the ‘Other’ of non-operating income in the previous fiscal year 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 ¥485 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 was ¥67 million.

‘Rebate Revenue’ separately described in the previous fiscal year is included in the ‘Other’ of non-operating income for the fiscal year under review because it constitutes less than 10/100 of the amount of total non-operating income. (Note that it is ¥111 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 ¥94 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 units 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. Our businesses involve proposing comprehensive strategies for products and services that together constitute IT solution services.

The Company's operations therefore consist of segments comprised 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: Entrusted software development business, system engineer services and consulting
- Support Services: Software and hardware maintenance, installation support and related services
- Outsourcing: Entrusted management of information systems, 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

FY2019 (from April 1, 2018 to March 31, 2019)

(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 | 95,972 | 53,578 | 51,148 | 33,877 | 54,677 | 289,253 | 9,776 | 299,029 | - | 299,029 |
| Segment profits | 27,356 | 15,289 | 11,993 | 7,239 | 9,133 | 71,012 | 2,157 | 73,169 | (52,547) | 20,622 |
| Segment assets | 1,798 | 1,214 | 20,376 | 5,281 | 5,091 | 33,762 | 251 | 34,014 | 177,407 | 211,421 |
| Other items | | | | | | | | | | |
| Depreciation and amortization | 108 | 137 | 6,805 | 2,053 | 489 | 9,593 | 110 | 9,704 | 1,832 | 11,537 |
| Increased amount of property, plant and equipment and intangible assets | 139 | 77 | 4,718 | 1,524 | 174 | 6,633 | 34 | 6,668 | 1,514 | 8,183 |

(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 (¥52,547) million to segment profits includes research and development expenses of ¥3,958 million, amortization of goodwill of ¥116 million, and selling, general and administrative expenses of ¥48,471 million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥177,407 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥1,832 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 ¥1,514 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.

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 ¥ 261million, 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.

[Related Information]

FY2019 (from April 1, 2018 to March 31, 2019)

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.

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.

[Information on impairment loss of non-current assets by reportable segment]

FY 2019 (from April 1, 2018 to March 31, 2019)

(Millions of Yen)

| | System Services | Support Services | Outsourcing | Software | Hardware | Other | Eliminations and Corporate (Note) | Total |
|-----------------|-----------------|------------------|-------------|----------|----------|-------|-----------------------------------|-------|
| Impairment loss | — | — | 272 | — | — | — | 89 | 361 |

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

[Information about the amount of amortization of goodwill and the amount of the unamortized balance of goodwill by reportable segment]

FY 2019 (from April 1, 2018 to March 31, 2019)

(Millions of Yen)

| | System Services | Support Services | Outsourcing | Software | Hardware | Other | Eliminations and Corporate | Total |
|--|-----------------|------------------|-------------|----------|----------|-------|----------------------------|-------|
| Amount of amortization for this period | — | — | — | — | — | — | 116 | 116 |
| Balance at the end of this period | — | — | — | — | — | — | 1,288 | 1,288 |

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 |

[Information about the gain on bargain purchase by reportable segment]

FY 2019 (from April 1, 2018 to March 31, 2019)

None applicable

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

None applicable

(Per-Share Information)

| Items | FY 2019 (from April 1, 2018 to March 31, 2019) | FY 2020 (from April 1, 2019 to March 31, 2020) |
|--------------------------------|--|--|
| Net assets per share (¥) | 1,142.1 | 1,200.32 |
| Earnings per share (¥) | 141.90 | 181.19 |
| Diluted earnings per share (¥) | 141.40 | 180.53 |

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

| Items | FY 2019 (from April 1, 2018 to March 31, 2019) | FY 2020 (from April 1, 2019 to March 31, 2020) |
|--|--|--|
| Earnings per share | | |
| Profit attributable to owners of parent for the year (¥ mil) | 14,238 | 18,182 |
| Amount that does not belong to ordinary shareholders (¥ mil) | — | — |
| Profit attributable to owners of parent, attributable to common stock (¥ mil) | 14,238 | 18,182 |
| Average number of common stock outstanding during the year (thousand shares) | 100,337 | 100,353 |
| Diluted earnings per share | | |
| Adjustments to profit attributable to owners of parent (¥ mil) | — | — |
| Increase of common stock (thousand shares) | 360 | 365 |
| (Share acquisition rights (thousand shares)) | (360) | (365) |
| 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 2019 (March 31, 2019) | End of FY 2020 (March 31, 2020) |
|---|------------------------------------|------------------------------------|
| Total net assets (¥ mil) | 116,615 | 122,598 |
| Amounts to be deducted from the total net assets (¥ mil) | 1,976 | 2,125 |
| (Share acquisition rights) (¥ mil) | (432) | (491) |
| (Non-controlling interests) (¥ mil) | (1,544) | (1,633) |
| Net assets at the end of period attributable to common stock (¥ mil) | 114,638 | 120,473 |
| Number of common stock at the end of period utilized for the calculation of net assets per share (thousand shares) | 100,348 | 100,367 |

(Significant Subsequent Events)

None