

Summary of Non-consolidated Financial Results

for the first half of Fiscal Year Ending June 2021 (Japanese GAAP)

February 3, 2021

1. Financial results for this term (July 1, 2020 to December 31, 2020)

(Percentage represents year-on-year change)

(Rounded down to the nearest million yen)

(1) Results of operations (cumulative)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------------------------------|-------------|-------|------------------|------|-----------------|------|-------------|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| 1 st half, June 2021 | 5,247 | 5.7 | 405 | 10.0 | 421 | 17.0 | 285 | 20.5 |
| 1 st half, June 2020 | 4,967 | (1.4) | 368 | 37.1 | 360 | 27.8 | 237 | 15.8 |

| | EPS | | Fully diluted EPS | |
|---------------------------------|-------|--|-------------------|--|
| | Yen | | Yen | |
| 1 st half, June 2021 | 10.86 | | — | |
| 1 st half, June 2020 | 9.03 | | — | |

(2) Financial position

| | Total assets | | Net assets | | Shareholders' equity ratio | |
|---------------------------------|--------------|--|-------------|--|----------------------------|--|
| | Million yen | | Million yen | | % | |
| 1 st half, June 2021 | 10,430 | | 7,073 | | 67.8 | |
| FY ended June 2020 | 10,552 | | 6,983 | | 66.2 | |

(Reference) Shareholders' equity: As of 1st half, June 2021 ¥7,073 million. As of June 2020 ¥6,983 million.

2. Dividends

| | Dividend per share | | | | |
|---|--------------------|--------|--------|----------|--------|
| | Q1-end | Q2-end | Q3-end | Year-end | Annual |
| | Yen | | | | |
| Year ended June 30, 2020 | — | 0.00 | — | 10.00 | 10.00 |
| Year ending June 30, 2021 | — | 0.00 | | | |
| Year ending June 30, 2021 (Forecast) | | | — | 10.00 | 10.00 |

(Note) Revision of forecasts on the dividends: No

3. Forecast of financial results for the fiscal year ending June 30, 2021 (July 1, 2020 to June 30, 2021)

| | Net sales | | Operating income | | Ordinary income | | Net income | | EPS |
|-----------|-------------|-----|------------------|------|-----------------|------|-------------|-----|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 11,000 | 0.7 | 1,150 | 11.0 | 1,190 | 10.7 | 820 | 7.6 | 31.18 |

(Note) Revision of forecast on the financial results: No

Notes

(1) Adaption of unique accounting method for quarterly financial statements: No

(2) Changes in Accounting Policies and Accounting Estimates / Restatements

(i) Changes in accounting policies due to revisions of accounting standards, etc.: No

(ii) Changes in accounting policies other than (i) above: No

(iii) Changes in accounting estimates: No

(iv) Restatements: No

(3) Number of shares issued

(i) Number of shares issued
(including treasury stock)

| | | | |
|----------------------------|------------|----------------------------|------------|
| As of December 31, 2020 | 26,340,000 | As of June 30, 2020 | 26,340,000 |
| As of December 31, 2020 | 45,651 | As of June 30, 2020 | 41,651 |
| As of December 31, 2020 | 26,296,117 | As of December 31, 2019 | 26,246,126 |

(ii) Number of shares of treasury stock

(iii) Average number of shares

※ Summary of financial results are not subject to audit by a certified public accountant or audit corporations.

※ Explanation on the proper use of financial forecasts

The forward-looking statements and other forward-looking statements contained in this material are based on currently available information and uncertainty. Actual results may differ from forecast figures due to changes in business conditions.

Please refer to "(3) Statement for the Future Forecast such as Business Forecast" on page 6 of the accompanying materials for the assumptions underlying the performance and notes to the use of earnings forecasts.

Contents

| | |
|--|----|
| 1. Overview of Operating Results..... | 4 |
| (1) Report of Operating Results..... | 4 |
| (2) Report of Financial Position | 5 |
| (3) Statement for the Future Forecast such as Business Forecast..... | 6 |
| 2. Financial Statements..... | 7 |
| (1) Balance Sheet..... | 7 |
| (2) Income Statement..... | 9 |
| (3) Cash Flow Statement..... | 10 |
| (4) Notes..... | 11 |
| (Notes on the Going Concern Assumption)..... | 11 |
| (Significant Changes in the Amount of Shareholders' Equity) | 11 |
| (Adaption of unique accounting method for quarterly financial statements)..... | 11 |
| (Business Segment)..... | 11 |

1. Overview of Operating Results

(1) Report of Operating Results

The Japanese economy in the first half of the FY06/2021, from July to December 2020, was in a difficult environment due to the effects of COVID-19. Consumer spending is presumably coming to pick up overall, although consumption of services such as eating-out and accommodation were at a low level. The volumes of credit card shopping of major credit card companies since September 2020 have remained below the previous year's results, but monthly results are improving year over year.

Although, the company's business and results have remained stable without significant bad effect by far, if business condition of each credit card companies, our key business domain, would make the capex plan of each revised, then may affect to our earnings forecasts and mid-term business plan.

The Company, which is responsible for developing and operating systems that provide indispensable functions for credit card payment, properly recognizes its social mission and promotes its business with improving the facilities and systems necessary to continue business.

To prevent the spread of infection, we have taken measures such as assessing the health status of employees and staffs, implementing telework and staggered working hours, and limiting domestic and international business trips.*

* As we disclosed at January 8, 12 and February 1, 2021, one of our subcontractor's employees and two employees of ours had been infected with COVID-19.

The company is mainly engaged in the development of FEP (Front End Processing) systems that provide the functions for network-gateway and authorization required to complete credit card payment processing.

For example, in the newly development project of FEP system, net sales are recorded in each sales category as follows.

The sales of NET+1 (In-house products), which forms as the core of the FEP system, the sales of engineering work (System development) for customizing the NET+1 software package to meet the functional requirements from customers, the sales of servers (Hardware) deployed the FEP system developed by us and the sales of maintenance service (Maintenance) for the system consisting software and hardware.

In addition, we are engaged sales of In-house product to prevent enterprises from an internal information leakage and the third party products for cyber-security.

The financial results for the first half of the FY06/2021 has not been effected by COVID-19.

The company recorded the net sales of 5,247 million yen (increased 5.7%, YoY), operating income of 405 million yen (increased 10.0%, YoY), ordinary income of 421 million yen (increased 17.0%, YoY) and net income of 285 million yen (increased 20.5%, YoY).

Both net sales and operating income exceeded the initial forecasts and previous year results.

Regarding financial industry business, we had engaged system development projects to replace FEP system and fraud detection system and to add functions to system in operation, and hardware sales.

The hardware sales exceeded the previous fiscal year result by the sales of servers applying to system development projects we engaged, and the projects replacing specific model servers. The sales of the third party products for the new customers' development projects have exceeded the previous fiscal year results, too. In addition, cloud service business has grown from the previous fiscal year as initially planned.

Although the sales of system development has declined from the previous fiscal year results, it was in-line with the initial plan.

Meanwhile, information security business lost momentum of the third party products sales and lowered the previous fiscal year results.

(Reference) Sales by categories

(Million yen)

| Category | First half for FY06/20 | First half for FY06/21 | Stock / Flow |
|----------------------|---------------------------|---------------------------|--------------|
| System Development | 2,574 | 2,437 | Flow |
| Maintenance | 606 | 647 | Stock |
| In-house products | 179 | 209 | Flow |
| Cloud service | 390 | 470 | Stock |
| Hardware | 680 | 872 | Flow |
| Third party products | 95 | 240 | Flow |
| Security products | 440 | 369 | Flow |
| Total | 4,967 | 5,247 | |

(Note) Categories with contracts that allow us to record sales of a fixed amount on a regular basis are shown as "stock". Otherwise, categories with contracts that are not stationary in terms of the amount and timing are shown as "Flow".

Operating income has exceeded the initial forecast and previous fiscal year result.

We executed system development projects as initially planned and have had no unprofitable project. Operating income exceeded year over year because the sales both hardware and third party products increased from previous fiscal year.

Information security business missed the net sales in previous fiscal year, but the gross loss declined from the previous fiscal year by the reduction of expense.

We received a comparatively large new order in cloud service business in previous second quarter FY06/2020, new additional order was not booked in the business this second quarter FY06/2021. As a result, amount of orders lowered the previous fiscal year. Also orders on hand slightly declined from the previous year, but the backlog of orders from system development projects and hardware sales, which are expected to be recorded as sales in the second half of the current fiscal year, exceeds the previous fiscal year's results, and our business remains strong. There is no change in the forecast for the end of the current fiscal year ending June 30, 2021.

Although we may have a project in progress, which the timing of sales recorded will be postponed in the second half of this fiscal year, we project no major effect to the full-year forecasts under COVID-19.

(2) Report of Financial Position

(Assets)

The balance of assets at the end of the first half of this fiscal year decreased by 121 million yen from the end of the previous fiscal year to 10,430 million yen. Current assets increased by 75 million yen from the end of the previous fiscal year to 6,456 million yen. This was mainly due to the decrease of 133 million yen in notes and accounts receivable, increase of 99 million yen in cash and deposits and the increase of 108 million yen in inventories.

Non-current assets decreased 196 million yen from the end of the previous fiscal year to 3,974 million yen. This was mainly due to the decrease of 29 million yen in property, plant and equipment and the decrease of 146 million yen in software, and increase of 97 in investment securities.

(Liabilities)

The balance of liabilities at the end of the first half of this fiscal year decreased by 211 million yen from the end of the previous fiscal year to 3,357 million yen. This was mainly due to the decrease of 29 million yen in provision for bonuses and the decrease of 243 in advance received, and the increase of 52 million yen in income tax payable.

(Net Assets)

Net assets at the end of the first half of this fiscal year increased 89 million yen from the end of the previous fiscal year to 7,073 million yen. This was mainly due to the increase of 22 million yen in retained earnings and

increase of 67 million yen in valuation difference on available-for-sale securities.

(Report of Cash Flows)

The balance of cash and deposits at the end of first half of the current fiscal year was ended 3,741 million yen (2,498 million yen at the end of the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities in the first half of the current fiscal year amounted to 574 million yen (net cash amounted in the previous fiscal year was 38 million yen). This was mainly attributable to the fact that income before taxes amounted 421 million yen and depreciation amounted 357 million yen, and notes and accounts receivable increased 110 million yen, and inventories increased 108 million yen by the production cost of system development works in progress.

(Cash flows from investing activities)

Net cash used in investing activities in the first half of the current fiscal year was 195 million yen (compared with 405 million yen used in the previous fiscal year). This was mainly due to the purchase of intangible fixed assets by the development works of the software for sales purposes and the internal use by 164 million yen.

(Cash flows from financing activities)

Net cash used in financing activities in the first half of the current fiscal year was 278 million yen (389 million yen used in the previous fiscal year). This was mainly due to cash dividends paid of 262 million yen.

(3) Statement for the Future Forecast such as Business Forecast

There is no revision to the business forecast announced on August 5, 2020, "Summary of Non-consolidated Financial Results for the Fiscal Year Ended June 2020".

2. Financial Statements

(1) Balance Sheet

| | Thousands of yen | |
|---|---|--|
| | Previous term end (as of June 30,2020) | Current term end (as of December 31,2020) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,641,864 | 3,741,171 |
| Notes and accounts receivable | 1,720,318 | 1,586,894 |
| Inventories | 413,482 | 522,183 |
| Other | 605,574 | 606,216 |
| Total current assets | <u>6,381,239</u> | <u>6,456,466</u> |
| Non-current assets | | |
| Property, plant and equipment | 537,972 | 508,757 |
| Intangible assets | | |
| Software | 1,262,416 | 1,218,995 |
| Other | 202,895 | 100,260 |
| Total intangible assets | <u>1,465,312</u> | <u>1,319,255</u> |
| Investments and other assets | | |
| Investment securities | 1,359,193 | 1,457,124 |
| Other | 808,293 | 689,133 |
| Total investments and other assets | <u>2,167,487</u> | <u>2,146,257</u> |
| Total non-current assets | <u>4,170,771</u> | <u>3,974,270</u> |
| Total assets | <u>10,552,011</u> | <u>10,430,736</u> |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable | 627,020 | 623,767 |
| Income taxes payable | 61,971 | 114,692 |
| Advances received | 1,381,890 | 1,138,462 |
| Provision for bonuses | 295,182 | 265,388 |
| Provision for bonuses for directors | 42,682 | 17,173 |
| Other | 541,881 | 566,058 |
| Total current liabilities | <u>2,950,627</u> | <u>2,725,543</u> |
| Non-current liabilities | | |
| Provision for retirement benefits | 490,430 | 518,348 |
| Provision for retirement benefits for Directors | 30,052 | 20,250 |
| Asset retirement obligations | 87,421 | 87,454 |
| Other | 10,010 | 5,720 |
| Total non-current liabilities | <u>617,914</u> | <u>631,773</u> |
| Total liabilities | <u>3,568,542</u> | <u>3,357,317</u> |

| | Thousands of yen | |
|--|---|--|
| | Previous term end (as of June 30,2020) | Current term end (as of December 31,2020) |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 843,750 | 843,750 |
| Capital surplus | 573,099 | 573,099 |
| Retained earnings | 5,043,372 | 5,066,017 |
| Treasury stock | (26,712) | (26,712) |
| Total shareholders' equity | 6,433,508 | 6,456,153 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale Securities | 549,960 | 617,265 |
| Total valuation and translation Adjustments | 549,960 | 617,265 |
| Total net assets | 6,983,469 | 7,073,419 |
| Total liabilities and net assets | 10,552,011 | 10,430,736 |

(2) Income Statement

| | Thousands of yen | |
|--|--|---|
| | Previous term (from July 1, 2019 to December 31, 2019) | Current term (from July 1, 2020 to December 31, 2020) |
| Net sales | 4,967,041 | 5,247,940 |
| Cost of sales | 3,633,129 | 3,858,124 |
| Gross income | 1,333,911 | 1,389,816 |
| Selling, general and administrative expenses | 965,130 | 984,228 |
| Operating income | 368,781 | 405,587 |
| Non-operating income | | |
| Interest income | 305 | 344 |
| Dividend income | 20,735 | 20,887 |
| Other | 2,366 | 3,805 |
| Total non-operating income | 23,408 | 25,036 |
| Non-operating expenses | | |
| Interest expenses | 55 | 21 |
| Commitment fee | 2,113 | 2,758 |
| Compensation expenses | 29,618 | 5,000 |
| Other | 348 | 1,744 |
| Total non-current expenses | 32,135 | 9,524 |
| Ordinary income | 360,053 | 421,100 |
| Extraordinary income | — | — |
| Extraordinary losses | — | — |
| Income before income taxes | 360,053 | 421,100 |
| Income taxes - current | 65,785 | 92,125 |
| Income taxes - deferred | 57,161 | 43,345 |
| Total income taxes | 122,947 | 135,471 |
| Net income | 237,106 | 285,628 |

(3) Cash Flow Statement

| | Thousands of yen | |
|---|---|--|
| | Previous term (from July 1,2019 to December 31, 2019) | Current term (from July 1,2020 to December 31, 2020) |
| Cash flows from operating activities | | |
| Income before income taxes | 360,053 | 421,100 |
| Depreciation | 291,632 | 357,515 |
| Share-based remuneration expenses | 24,282 | 38,787 |
| Increase (decrease) in provision for bonuses | (46,380) | (29,794) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (25,005) | (25,508) |
| Increase (decrease) in provision for retirement benefits | 22,868 | 27,918 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 3,057 | (9,802) |
| Interest and dividend income | (21,041) | (21,231) |
| Interest expenses | 55 | 21 |
| Compensation expenses | 29,618 | 5,000 |
| Commitment fee | 2,113 | 2,758 |
| Decrease (increase) in notes and accounts receivable | (85,257) | (110,002) |
| Decrease (increase) in inventories | (206,849) | (108,700) |
| Increase (decrease) in notes and accounts payable | 100,471 | (11,150) |
| Other | (100,209) | 60,782 |
| Subtotal | 349,408 | 597,692 |
| Interest and dividend income received | 21,099 | 21,226 |
| Interest expenses paid | (47) | (19) |
| Commitment fee paid | (2,215) | (2,443) |
| Income taxes paid | (329,871) | (41,726) |
| Net cash provided by (used in) operating activities | 38,373 | 574,730 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (119,233) | (29,044) |
| Purchase of intangible assets | (295,949) | (164,866) |
| Purchase of investment securities | (1,043) | (1,218) |
| Other | 10,450 | (384) |
| Net cash provided by (used in) investing activities | (405,776) | (195,513) |
| Cash flows from financing activities | | |
| Repayments of lease obligations | (17,781) | (16,704) |
| Purchase of treasury stock | (136,100) | — |
| Cash dividends paid | (235,921) | (262,209) |
| Net cash provided by (used in) financing activities | (389,803) | (278,914) |
| Effect of exchange rate change on cash and cash equivalents | 414 | (994) |
| Net increase (decrease) in cash and cash equivalents | (756,791) | 99,307 |
| Cash and cash equivalents at beginning of period | 3,254,913 | 3,641,864 |
| Cash and cash equivalents at end of period | 2,498,122 | 3,741,171 |

(4) Notes

(Notes on the Going Concern Assumption)

Not applicable.

(Significant Changes in the Amount of Shareholders' Equity)

For the first half of the current fiscal year (July 1, 2020 to December 31, 2020),

Not applicable.

(Adaption of unique accounting method for quarterly financial statements)

For the first half of the current fiscal year (July 1, 2020 to December 31, 2020),

Not applicable.

(Business Segment)

The Business Segment information is omitted because the company consolidated two different business segments, Financial Systems Solutions and Product Solutions, to the single business segment in the first quarter of current fiscal year.