

**Summary of Non-consolidated Financial Results**  
**for the third quarter of Fiscal Year Ending June 2021 (Japanese GAAP)**

May 6, 2021

## 1. Financial results for this term (July 1, 2020 to March 31, 2021)

(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 | %      |
| 3 <sup>rd</sup> quarter, June 2021 | 8,067       | 3.4 | 678              | 15.9   | 696             | 15.9   | 470         | 18.1   |
| 3 <sup>rd</sup> quarter, June 2020 | 7,805       | 1.5 | 585              | (13.3) | 601             | (12.7) | 398         | (14.7) |

|                                    | EPS   |  | Fully diluted EPS |  |
|------------------------------------|-------|--|-------------------|--|
|                                    | Yen   |  | Yen               |  |
| 3 <sup>rd</sup> quarter, June 2021 | 17.90 |  | —                 |  |
| 3 <sup>rd</sup> quarter, June 2020 | 15.17 |  | —                 |  |

## (2) Financial position

|                                    | Total assets |  | Net assets  |  | Shareholders' equity ratio |  |
|------------------------------------|--------------|--|-------------|--|----------------------------|--|
|                                    | Million yen  |  | Million yen |  | %                          |  |
| 3 <sup>rd</sup> quarter, June 2021 | 10,673       |  | 7,217       |  | 67.6                       |  |
| FY ended June 2020                 | 10,552       |  | 6,983       |  | 66.2                       |  |

(Reference) Shareholders' equity: As of 3<sup>rd</sup> quarter, June 2021 ¥7,217 million. As of June 2020 ¥6,983 million.

## 2. Dividends

|   | Dividend per share |             |          |              |              |
|---|--------------------|-------------|----------|--------------|--------------|
|   | Q1-end             | Q2-end      | Q3-end   | Year-end     | Annual       |
| Year ended June 30, 2020                | Yen<br>—           | Yen<br>0.00 | Yen<br>— | Yen<br>10.00 | Yen<br>10.00 |
| Year ending June 30, 2021               | —                  | 0.00        | —        |              |              |
| Year ending June 30, 2021<br>(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 March 31,<br>2021 | As of June 30,<br>2020 | 26,340,000 |
|--|-------------------------|------------------------|------------|
| (ii) Number of shares of treasury stock                | As of March 31,<br>2021 | 47,651                 | 41,651     |
| (iii) Average number of shares<br>during the full year | As of March 31,<br>2021 | 26,295,363             | 26,264,403 |

(ii) Number of shares of treasury stock

(iii) Average number of shares  
during the full year

※ 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 5 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.....            | 5 |
| 2. Financial Statements.....  | 6 |
| (1) Balance Sheet.....  | 6 |
| (2) Income Statement.....   | 8 |
| (3) Notes.....  | 9 |
| (Notes on the Going Concern Assumption).....                                    | 9 |
| (Significant Changes in the Amount of Shareholders' Equity).....                | 9 |
| (Adaption of unique accounting method for quarterly financial statements) ..... | 9 |
| (Business Segment).....   | 9 |

## 1. Overview of Operating Results

### (1) Report of Operating Results

The Japanese economy in the third quarter of the FY06/2021, from January 2021 to March 2021, was in a difficult environment due to the effects of COVID-19. While it is said that the economy as a whole is presumably coming to pick up overall, its speed is very slow that uncertainty remains in growth forecast of enterprise and household expense.

Face-to-face consumption in consumer spending has shrunk and the credit card shopping transactions of major credit card companies have remained below the previous year's result.

Although the company's business and results have remained stable with no 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.

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 the In-house product to prevent enterprises from an internal information leakage and the third-party products for cyber-security.

The company recorded the net sales of 8,067 million yen (increased 3.4 %, YoY), operating income of 678 million yen (increased 15.9 %, YoY), ordinary income of 696 million yen (increased 15.9 %, YoY) and net income of 470 million yen (increased 18.1 %, YoY). Both net sales and operating income exceeded the previous fiscal year results.

In 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 results by the sales of hardware 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 have declined from the previous fiscal year results, the growth of sales of products such as hardware, offsets the decline.

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

(Reference) Sales by categories (Million yen)

| Category             | Q3 for FY06/20 | Q3 for FY06/21 | Stock / Flow |
|----------------------|----------------|----------------|--------------|
| System Development   | 4,382          | 3,710          | Flow         |
| Maintenance          | 926            | 992            | Stock        |
| In-house products    | 207            | 267            | Flow         |
| Cloud service        | 609            | 702            | Stock        |
| Hardware             | 869            | 1,339          | Flow         |
| Third-party products | 148            | 431            | Flow         |
| Security products    | 661            | 622            | Flow         |
| Total                | 7,805          | 8,067          |              |

(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 previous fiscal year result.

Financial industry business recorded the net sales of 7,444 million yen (increased 4.2 %, YoY), exceeded the previous fiscal year results. Although the sales of both Hardware and Third-party products surpassed the previous fiscal year results, System Development result declined. As a result, operating income was 740 million yen (increased 1.1 %, YoY) remained at the same level as the previous fiscal year.

The operating income of the information security business improved from the previous fiscal year by the reduction of expenses despite lower sales results.

Orders on hand of our Cloud service business was diminishing due to little amount of new order in this quarter. Orders on hand of our information security business declined from the previous fiscal year, as well. However, Orders on hand of Hardware sales, Third-party product sales and System Development increased from the previous fiscal year results. As a result, orders on hand of the company surpassed the previous year results. There is no change in the forecast for the end of the current fiscal year ending June 30, 2021.

Although the influence of COVID-19 may postpone the timing of sales recorded in system development in the fourth quarter of this fiscal year, it would not have significant impact on the full-year forecasts.

(2) Report of Financial Position

(Assets)

The balance of assets at the end of the third quarter of this fiscal year increased by 121 million yen from the end of the previous fiscal year to 10,673 million yen. Current assets increased by 292 million yen from the end of the previous fiscal year to 6,673 million yen. This was mainly due to the decrease of 381 million yen in notes and accounts receivable, increase of 533 million yen in cash and deposits, and the increase of 139 million yen in inventories. Non-current assets decreased by 170 million yen from the end of the previous fiscal year to 3,999 million yen. This was mainly due to the increase of 39 million yen in investment securities and the decrease of 147 million yen in software.

(Liabilities)

The balance of liabilities at the end of the third quarter of this fiscal year decreased by 112 million yen from the end of the previous fiscal year to 3,455 million yen. This was mainly due to the increase of 69 million yen in income tax payable, the increase of 178 million yen in provision for bonuses, the decrease of 57 million yen in Notes and accounts payable, and the decrease of 223 million yen in advance received.

(Net Assets)

Net assets at the end of the third quarter of this fiscal year increased by 234 million yen from the end of the previous fiscal year to 7,217 million yen. This was mainly due to the increase of 207 million yen in retained earnings and the increase of 26 million yen in valuation difference on available-for-sale securities.

(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<br>(as of June 30, 2020) | Current term end<br>(as of March 31, 2021) |
|---|--|--|
| <b>Assets</b>                                   |  |  |
| <b>Current assets</b>                           |  |  |
| Cash and deposits                               | 3,641,864                                  | 4,175,031                                  |
| Notes and accounts receivable                   | 1,720,318                                  | 1,338,380                                  |
| Inventories                                     | 413,482                                    | 553,004                                    |
| Other   | 605,574                                    | 607,105                                    |
| <b>Total current assets</b>                     | <b>6,381,239</b>                           | <b>6,673,522</b>                           |
| <b>Non-current assets</b>                       |  |  |
| Property, plant and equipment                   | 537,972                                    | 524,054                                    |
| Intangible assets                               |  |  |
| Software  | 1,262,416                                  | 1,177,008                                  |
| Other   | 202,895                                    | 141,031                                    |
| <b>Total intangible assets</b>                  | <b>1,465,312</b>                           | <b>1,318,039</b>                           |
| <b>Investments and other assets</b>             |  |  |
| Investment securities                           | 1,359,193                                  | 1,398,685                                  |
| Other   | 808,293                                    | 759,067                                    |
| <b>Total investments and other assets</b>       | <b>2,167,487</b>                           | <b>2,157,752</b>                           |
| <b>Total non-current assets</b>                 | <b>4,170,771</b>                           | <b>3,999,846</b>                           |
| <b>Total assets</b>                             | <b>10,552,011</b>                          | <b>10,673,369</b>                          |
| <b>Liabilities</b>                              |  |  |
| <b>Current liabilities</b>                      |  |  |
| Notes and accounts payable                      | 627,020                                    | 569,597                                    |
| Income taxes payable                            | 61,971                                     | 131,408                                    |
| Advances received                               | 1,381,890                                  | 1,158,179                                  |
| Provision for bonuses                           | 295,182                                    | 473,879                                    |
| Provision for bonuses for directors             | 42,682                                     | 28,735                                     |
| Other   | 541,881                                    | 451,337                                    |
| <b>Total current liabilities</b>                | <b>2,950,627</b>                           | <b>2,813,138</b>                           |
| <b>Non-current liabilities</b>                  |  |  |
| Provision for retirement benefits               | 490,430                                    | 530,024                                    |
| Provision for retirement benefits for directors | 30,052                                     | 21,411                                     |
| Asset retirement obligations                    | 87,421                                     | 87,471                                     |
| Other   | 10,010                                     | 3,575                                      |
| <b>Total non-current liabilities</b>            | <b>617,914</b>                             | <b>642,482</b>                             |
| <b>Total liabilities</b>                        | <b>3,568,542</b>                           | <b>3,455,620</b>                           |

Thousands of yen

|   | Previous term end<br>(as of June 30, 2020) | Current term end<br>(as of March 31, 2021) |
|---|--|--|
| Net assets  |  |  |
| Shareholders' equity                                  |  |  |
| Capital stock   | 843,750                                    | 843,750                                    |
| Capital surplus                                       | 573,099                                    | 573,099                                    |
| Retained earnings                                     | 5,043,372                                  | 5,251,019                                  |
| Treasury stock  | (26,712)                                   | (26,712)                                   |
| Total shareholders' equity                            | 6,433,508                                  | 6,641,156                                  |
| Valuation and translation adjustments                 |  |  |
| Valuation difference on available-for-sale securities | 549,960                                    | 576,592                                    |
| Total valuation and translation adjustments           | 549,960                                    | 576,592                                    |
| Total net assets                                      | 6,983,469                                  | 7,217,748                                  |
| Total liabilities and net assets                      | 10,552,011                                 | 10,673,369                                 |

(2) Income Statement

Thousands of yen

|  | Previous term<br>(from July 1, 2019<br>to March 31, 2020) | Current term<br>(from July 1, 2020<br>to March 31, 2021) |
|--|---|--|
| Net sales                                    | 7,805,470   | 8,067,013  |
| Cost of sales                                | 5,782,816   | 5,911,349  |
| Gross income                                 | 2,022,654   | 2,155,664  |
| Selling, general and administrative expenses | 1,436,913   | 1,477,002  |
| Operating income                             | 585,740   | 678,661  |
| Non-operating income                         |   |  |
| Interest income                              | 487   | 514  |
| Dividend income                              | 20,735  | 20,887   |
| Insurance claim income                       | 28,028  | —  |
| Other  | 3,196   | 5,097  |
| Total non-operating income                   | 52,448  | 26,499   |
| Non-operating expenses                       |   |  |
| Interest expenses                            | 76  | 25   |
| Commitment fee                               | 3,048   | 3,991  |
| Compensation expenses                        | 33,679  | 3,613  |
| Other  | 373   | 1,095  |
| Total non-current expenses                   | 37,178  | 8,726  |
| Ordinary income                              | 601,010   | 696,434  |
| Extraordinary income                         | —   | —  |
| Extraordinary losses                         |   |  |
| Loss on retirement of non-current assets     | —   | 4,713  |
| Total extraordinary losses                   | —   | 4,713  |
| Profit before income taxes                   | 601,010   | 691,721  |
| Income taxes - current                       | 191,563   | 234,526  |
| Income taxes - deferred                      | 11,027  | (13,437)   |
| Total income taxes                           | 202,591   | 221,089  |
| Net income                                   | 398,418   | 470,631  |

(3) Notes

(Notes on the Going Concern Assumption)

Not applicable.

(Significant Changes in the Amount of Shareholders' Equity)

For the third quarter of the current fiscal year (July 1, 2020 to March 31, 2021),

Not applicable.

(Adaption of unique accounting method for quarterly financial statements)

For the third quarter of the current fiscal year (July 1, 2020 to March 31, 2021),

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.