



## Consolidated Financial Result

(For the 6-month period ended Jun 30, 2022)



July 28, 2022

Company name: **SIOS Corporation**  
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 Stock exchange listings: Tokyo Stock Exchange (TSE)  
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Scheduled date for filing of quarterly financial report: August 10, 2022

(Note) All figures in the financial statements are rounded down to the nearest millionth.

‘-’ indicates a loss or negative figure.

### 1. Consolidated results (January 1, 2022 through Jun 30, 2022) (% of change from previous second quarter)

#### (1) Consolidated business results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>6-month period(2022/6)</b>	<b>7,256</b>	<b>-10.2</b>	<b>-225</b>	<b>-</b>	<b>-207</b>	<b>-</b>	<b>-339</b>	<b>-</b>
6-month period(2021/6)	8,079	11.0	295	443.2	316	446.0	234	-

(Note) Comprehensive income

As of Jun. 30, 2022: -239 million yen/ -%

As of Jun. 30, 2021: 271 million yen/ -%

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
<b>6-month period(2022/6)</b>	<b>-39.21</b>	<b>-</b>
6-month period(2021/6)	27.06	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
<b>6-month period(2022/6)</b>	<b>6,104</b>	<b>1,551</b>	<b>24.2</b>
FY2021	6,649	1,897	27.7

(Reference) Equity

As of Jun. 30, 2022: 1,476 million yen

As of Dec. 31, 2021: 1,838 million yen

### 2. Cash dividends

Record Date	Dividend per share				
	End of Q1	Interim	End of Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2021	-	0.00	-	15.00	15.00
FY2022	-	0.00	-	-	-
FY2022 (expected)	-	-	-	10.00	10.00

(Note) Revisions to recent dividend forecast: None

### 3. Forecast of consolidated results for FY2022 (January 1, 2022 through December 31, 2022)

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
<b>FY2022</b>	<b>15,000</b>	<b>-4.6</b>	<b>-550</b>	<b>-</b>	<b>-500</b>	<b>-</b>	<b>-650</b>	<b>-</b>	<b>-74.98</b>

(Note) Revisions to recent business forecast: YES

**4. Others**

- (1) Reclassification of significant subsidiaries during the period (Reclassification due to change in scope of consolidation): None  
 (2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements: None  
 (3) Change in accounting policies, accounting estimates and restatement  
 (i) Change in accounting policies associated with revision of accounting standards: YES  
 (ii) Change arising from other factors: None  
 (iii) Change in accounting estimates: None  
 (iv) Restatement: None  
 (4) Number of outstanding shares (common shares)

(i) Number of outstanding shares (including treasury stock)	Second quarter of FY2022	8,874,400 shares	FY2021	8,874,400 shares
(ii) Number of treasury stock	Second quarter of FY2022	205,838 shares	FY2021	205,838 shares
(iii) Average number of outstanding shares (6-month period)	Second quarter of FY2022	8,668,562 shares	Second quarter of FY2021	8,668,562 shares

**Explanation about proper use of forecasts of consolidated financial results and other special notes**

- Information Regarding the Audit Review Procedure: This report is outside the scope of the procedures for quarterly review of financial statements as required under the financial instruments and Exchange Act of Japan. The aforementioned procedures have not been completed as of the time of disclosure of this document.
- Net income per share was calculated by the number of outstanding shares (excluding treasury stocks) at the end of fiscal year.
- Forecasts announced by the company referred to above were prepared based on management's assumption with information available at this time and therefore involve known and unknown risks and uncertainties. Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts.
- This information to above is an UNOFFICIAL English-language translation of the original Japanese-language version. The format and contents of this document are defined by the requirements of the Tokyo Stock Exchange's Standard. To the extent that there are discrepancies between this translation and the original version, the original version shall be definitive.

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## 1. Qualitative Information on Quarterly Results

### (1) Results of Operations

During the six months ended June 30, 2022, the global economy continued to face lingering uncertainty amid the alarming resurgence of COVID-19, the Russian invasion of Ukraine, the sharp devaluation of the Japanese yen, and the prolonged chip shortages.

To better adapt to this fast-changing socioeconomic landscape, many businesses continued to invest aggressively in implementing digital transformation<sup>1</sup> solutions, including making greater use of cloud environments. In this business environment, the SIOS Group leveraged its vast technical expertise and experience in open-source software development to offer corporate clients the right solutions to assist them in moving forward with DX, with a focus on products and services that work in the cloud, as well as the SaaS<sup>2</sup> business.

The Group achieved consolidated business results by segment for the six months ended June 30, 2022, as follows:

On a side note, effective at the beginning of the period under review, the Company has adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, issued on March 31, 2020) in its financial reporting.

#### (i) Open System Infrastructure Business Segment

Revenue from OSS<sup>3</sup>-related products and their support services increased over the same period the previous year. In contrast, sales of Red Hat Enterprise Linux<sup>4</sup> and other software products sourced from Red Hat, Inc.<sup>5</sup> plummeted. This was primarily because high-volume sales to corporate clients were sluggish, due to delays in their system development projects caused by longer delivery lead times for hardware products at the height of chip shortages. Sales of LifeKeeper<sup>6</sup>, which is one of the Group's core software products, decreased over the same period the previous year. This was because strong sales in the Americas, Asia, and Oceania were more than offset by weak perpetual license sales in Japan. As a result, net sales in this segment fell 14.9% year on year to 4,303 million yen.

Segment profit dropped 92.9% to 15 million yen, due to the decrease in sales described above and an increase in personnel expenses.

The application of the Accounting Standard for Revenue Recognition had no effect on the segment sales or profit during the period under review.

#### (ii) Application Business Segment

While revenue from the Gluegent series<sup>7</sup> and software applications for MFPs<sup>8</sup> was up from the previous year, sales of the management support system were slow to financial institutions. This was primarily because of delays in their system development projects, caused by longer delivery lead times for hardware products at the height of chip shortages. Combined with the effect of the application of the Accounting Standard for Revenue Recognition, net sales in this segment were down 2.6% year on year to 2,947 million yen.

The Group posted a segment loss of 246 million yen, compared with a profit of 79 million yen the year before, due to the decrease in sales described above, an increase in personnel expenses, and an increase in investments in new products and services.

The application of the Accounting Standard for Revenue Recognition resulted in a decrease of 186 million yen in segment sales and an increase of 9 million yen in segment profit.

The Group's combined net sales in these two segments for the period under review were down 10.2% year on year to 7,256 million yen. The Company posted a consolidated operating loss of 225 million yen, compared with an operating profit of 295 million yen the year before, and an ordinary loss of 207 million yen, compared with an ordinary profit of 316 million yen a year earlier. The Company posted a loss of 339 million yen attributable to owners of parent, compared with a profit of 234 million yen the year before. The loss included an impairment loss of 29 million on non-current assets associated with sales of the management support system to financial institutions, and deferred income taxes of 77 million yen resulting from the reversal of deferred tax assets.

The application of the Accounting Standard for Revenue Recognition resulted in a decrease of 186 million yen in consolidated net sales, an increase of 9 million yen each in operating profit and ordinary profit, and an increase of 13 million yen in profit attributable to owners of parent.

The Group's key management metrics EBITDA (the sum of operating profit, depreciation, and amortization of goodwill) and ROIC (ratio obtained by dividing operating profit after tax by the sum of shareholders' equity and interest-bearing debts) for the fiscal year under review are as follows:

EBITDA: -157 million yen, compared with +334 million yen for the same period the previous year

ROIC (annualized): -16.1%, compared with 16.9% for the same period the previous year

- 1 Digital transformation(DX)  
A process in which a company uses data and digital technology to transform its products, services, and business models to more effectively respond to constantly changing business environments and deliver greater value to customers and society as well as to transform its business processes and organizational structure and culture to gain greater competitive advantage.
- 2 SaaS  
Software as a Service. A software licensing and distribution model that allows users to connect to and use cloud-based software applications over the internet.
- 3 OSS  
Abbreviation for open source software, Software whose source code, which is the fundamental component of the program, is made available for free and can be used, modified, and redistributed.
- 4 Red Hat Enterprise Linux  
Linux OS developed by the open solution provider Red Hat, Inc.
- 5 Red Hat, Inc. Related Items  
Linux OS product developed by Red Hat, Inc., a provider of open source solutions.
- 6 LifeKeeper  
A failover software product that automatically switches a failed primary server to a backup server.
- 7 Gluegent series  
Service products designed to assist corporate clients in achieving greater operational efficiency using cloud solutions. The series includes the Gluegent Gate cloud-based management of user IDs, the Gluegent Flow cloud-based workflow system, and the Gluegent Apps Group Scheduler, which incorporated a function to manage schedules of team members into Google Calendar.
- 8 Software application for multifunction printers  
A multifunction printer (MFP) is a piece of office equipment that incorporates print, scan, copy, and fax capabilities into one unit. SIOS develops, markets, and updates Quick Scan and Speedoc, document management software applications running on an MFP.

## **(2) Summary of Financial Position**

### **(i) Assets**

Current assets amounted to 5,287 million yen as of June 30, 2022, down 8.4% from the end of the previous fiscal year, reflecting primarily a decrease of 410 million yen in cash and deposits.

Non-current assets amounted to 816 million yen, down 6.6%, reflecting a decrease of 29 million yen in guarantee deposits.

As a result, total assets decreased 8.2% to 6,104 million yen.

### **(ii) Liabilities**

Current liabilities amounted to 4,084 million yen, down 4.3% from the previous fiscal year-end, reflecting primarily a decrease of 321 million yen in accounts payable trade.

Non-current liabilities amounted to 468 million yen, down 3.2%, reflecting primarily a decrease of 33 million yen in long-term borrowings.

As a result, total liabilities decreased 4.2% to 4,552 million yen.

### **(iii) Net assets**

Total net assets amounted to 1,551 million yen, down 18.2% from the previous fiscal year-end, reflecting primarily a decrease of 461 million yen in retained earnings.

## **(3) Forward-looking Statements Including Consolidated Business Forecasts**

We have updated the consolidated business forecasts for the fiscal year ending December 31, 2022, which were originally announced on February 3, 2022.

For details, refer to “A Revision to Consolidated Business Forecasts,” announced on July 28, 2022.

## 2. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	FY 2021 (as of December 31, 2021)	FY 2022 Q2 (as of June 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	3,148,805	2,738,295
Notes and accounts receivable-trade	2,101,204	-
Notes and accounts receivable - trade, and contract assets	-	2,026,076
Merchandise	6,842	8,752
Work in progress	81,243	1,731
Advance payments to suppliers	223,317	214,630
Other	213,671	298,193
Allowance for doubtful accounts	-200	-200
<b>Total current assets</b>	<b>5,774,885</b>	<b>5,287,478</b>
Fixed assets		
Tangible fixed assets		
Buildings (net)	59,276	59,778
Other (net)	61,929	53,575
<b>Total tangible fixed assets</b>	<b>121,206</b>	<b>113,353</b>
Intangible fixed assets		
Software	86,913	66,651
Software in progress	11,524	29,879
Other	1,781	1,441
<b>Total intangible fixed assets</b>	<b>100,218</b>	<b>97,971</b>
Investment and other assets		
Investment securities	289,222	352,301
Retirement benefit asset	53,453	51,514
Guarantee deposits	172,939	143,044
Other	142,205	62,929
Allowance for doubtful accounts	-4,221	-4,221
<b>Total investment and other assets</b>	<b>653,599</b>	<b>605,568</b>
<b>Total fixed assets</b>	<b>875,025</b>	<b>816,893</b>
<b>Total assets</b>	<b>6,649,910</b>	<b>6,104,372</b>

(In thousands of yen)

	December 31, 2021	June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,216,499	894,823
Current portion of long-term borrowings	109,000	80,440
Lease liabilities	6,000	5,897
Income taxes payable	24,484	3,723
Advances received	2,399,175	—
Contract liabilities	—	2,740,500
Other	513,734	359,466
Total current liabilities	4,268,894	4,084,849
Non-current liabilities		
Long-term borrowings	181,500	148,500
Retirement benefit liability	271,844	292,530
Lease liabilities	18,353	15,409
Long-term deposits received	11,632	11,632
Total non-current liabilities	483,331	468,072
<b>Total liabilities</b>	<b>4,752,225</b>	<b>4,552,922</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,481,520	1,481,520
Capital surplus	630,831	168,928
Treasury shares	-87,254	-87,254
Total shareholders' equity	2,025,096	1,563,194
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-3,592	2,064
Foreign currency translation adjustment	-182,701	-88,454
Total accumulated other comprehensive income	-186,294	-86,389
Subscription rights to shares	58,882	74,646
<b>Total net assets</b>	<b>1,897,685</b>	<b>1,551,450</b>
<b>Total liabilities and net assets</b>	<b>6,649,910</b>	<b>6,104,372</b>

**(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**Quarterly Consolidated Statements of Income  
**Six months ended June 30**

(In thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	8,079,445	7,256,374
Cost of sales	5,592,718	4,958,021
Gross profit	2,486,726	2,298,353
Selling, general and administrative expenses	2,191,237	2,523,635
Operating profit	295,489	-225,282
Non-operating income		
Interest income	2,242	2,586
Gain on valuation of derivatives	35,479	94,202
Share of profit of entities accounted for using equity method	19,756	25,120
Other	7,329	6,236
Total non-operating income	64,808	128,145
Non-operating expenses		
Interest expenses	1,131	838
Loss on investments in investment partnerships	—	4,450
Foreign exchange losses	42,581	105,445
Other	255	—
Total non-operating expenses	43,968	110,735
Ordinary profit	316,329	-207,872
Extraordinary income		
Gain on sale of non-current assets	74	—
Total extraordinary income	74	—
Extraordinary losses		
Impairment losses	—	29,074
Loss on retirement of non-current assets	2,856	767
Total extraordinary losses	2,856	29,842
Profit before income taxes	313,546	-237,714
Income taxes-current	46,758	24,685
Income taxes-deferred	32,242	77,489
Total income taxes	79,000	102,174
Profit (loss)	234,546	-339,888
Profit (loss) attributable to owners of parent	234,546	-339,888



Quarterly Consolidated Statements of Comprehensive Income  
Six months ended June 30

(Unit: thousand yen)

	Six months ended June 30, 2021 (From January 1, 2021 through June 30, 2021)	Six months ended June 30, 2022 (From January 1, 2022 through June 30, 2022)
Profit (loss)	234,546	-339,888
Other comprehensive income		
Valuation difference on available-for-sale securities	3,032	5,657
Foreign currency translation adjustment	33,592	94,181
Share of other comprehensive income of entities accounted for using equity method	618	66
Total other comprehensive income	37,242	99,904
Quarterly comprehensive income	271,789	-239,984
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	271,789	-239,984

## (3) Quarterly Consolidated Statements of Cash Flows

(In thousands of yen)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	313,546	-237,714
Depreciation	39,461	67,311
Impairment losses	—	29,074
Interest and dividend income	-2,508	-3,492
Interest expenses	1,131	838
Loss (gain) on investments in partnership	—	4,450
Share of (profit) loss of entities accounted for using equity method	-19,756	-25,120
Decrease (increase) in trade receivables	420,868	—
Increase (decrease) in trade receivables and contract assets	—	110,911
Decrease (increase) in inventories	481,234	77,602
Increase (decrease) in trade payables	-865,208	-321,676
Increase (decrease) in retirement benefit liability	12,718	20,685
Increase (decrease) in advances received	467,414	—
Increase (decrease) in contract liabilities	—	220,933
Decrease (increase) in advance payments to suppliers	-13,898	8,687
Increase (decrease) in accrued consumption taxes	-29,776	-143,976
Other	-65,140	-2,980
Sub-total	740,084	-194,464
Interest and dividends received	2,508	9,067
Interest paid	-1,131	-838
Income taxes refund	—	40,802
Income taxes paid	-97,059	-73,194
Net cash provided by (used in) operating activities	644,402	-218,628
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	130,000	—
Purchase of property, plant and equipment	-7,119	-22,476
Purchase of intangible assets	-3,300	-18,354
Payments of guarantee deposits	-7,297	-418
Proceeds from refund of guarantee deposits	—	95
Payments for asset retirement obligations	-30,535	—
Purchase of short-term and long-term investment securities	-25,200	-45,000
Other	-8,559	—
Net cash provided by (used in) investing activities	47,989	-86,155
<b>Cash flows from financing activities</b>		
Dividends paid	-86,938	-129,272
Net increase (decrease) in short-term borrowings	-50,000	—
Repayments of long-term borrowings	-61,560	-61,560
Other	-9,529	-3,047
Net cash provided by (used in) financing activities	-208,027	-193,880
Effect of exchange rate changes on cash and cash equivalents	28,179	88,154
Net increase (decrease) in cash and cash equivalents	512,544	-410,509
Cash and cash equivalents at beginning of year	2,728,289	3,148,805
Cash and cash equivalents at end of quarter	3,240,834	2,738,295

**(4) Notes to Quarterly Consolidated Financial Statements****(Notes to Going Concern Assumption)**

Not applicable

**(Notes on significant changes in the amount of shareholders' equity)**

Not applicable.

**(Changes in accounting policies)****(Application of the Accounting Standard for Revenue Recognition)**

Effective at the beginning of the period under review, the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued on March 31, 2020) in its financial reporting. Under this standard, the Company recognizes revenue when control of a promised good or service has been transferred to a customer, and the recognized amount of revenue is the amount of the consideration expected to be received from the customer in exchange for the good or service.

With the application of the Accounting Standard for Revenue Recognition, the Company has made the following changes to its accounting policies:

**(1) Recognizing revenue from transactions in which the Group acts as an agent**

When the Group acts as an agent in providing a good or service to a customer, the Company previously recognized as revenue the total amount of the consideration to be received from the customer in exchange for the good or service. Under the new accounting policy, the Company recognizes as revenue the net amount after the amount to be paid to the supplier (principal) for the product or service is deducted from the amount of the consideration to be received from the customer.

**(2) Recognizing revenue from made-to-order software development projects**

The Company previously recognized revenue from made-to-order software development projects, based on the percentage-of-completion method when the outcome of the completed portion of development was deemed certain, and based on the completed-contract method when it was not. Under the new accounting policy, the Company recognizes revenue from such a project over a period of time, based on a reasonably estimated performance obligation satisfied to date as a percentage of the total obligation to be performed under the contract. In cases where such a reasonable estimate cannot be made, the Company recognizes revenue based on the cost-recovery method.

In a contract under which a performance obligation is expected to be fully satisfied shortly after the transaction begins, the Company employs an alternative method of recognizing revenue only when the performance obligation is fully satisfied.

**(3) Recognizing revenue from the transfer of control of a licensed intellectual property**

The Company previously recognized revenue from the transfer of control of a licensed intellectual property when the right to access the property was granted to a customer.

Under the new accounting policy, the Company recognizes revenue when the customer has acquired the ability to direct the use of, and receive the benefit from, a licensed intellectual property.

In accordance with the transitional treatment as permitted in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the Company has treated the assumed cumulative amount of effect from retroactively applying the new accounting policies up to the end of the previous fiscal year as an adjustment to retained earnings at the beginning of the period under review, and has begun to apply the new accounting policies to the beginning balance of retained earnings from the period under review.

As a result of the application of the new accounting policies, consolidated net sales decreased by 186.609 million yen for the period under review; cost of sales decreased by 196.172 million yen; operating profit, ordinary profit, and profit before income taxes increased by 9.562 million yen each; and profit attributable to owners of parent increased by 13.801 million yen. Retained earnings increased by 8.014 million yen at the beginning of the period under review.

With the application of the Accounting Standard for Revenue Recognition, “Notes and accounts payable trade,” presented under “Current Assets” in the Consolidated Balance Sheet for the previous fiscal year, is included in “Notes, accounts payable trade, and contract assets,” beginning in the period under review. “Advances received,” presented under “Current Liabilities” in the Consolidated Balance Sheet for the previous fiscal year, is included in “Contract liabilities,” beginning in the period under review. “Decrease (increase) in trade receivables,” presented under “Cash flows from operating activities” in the Consolidated Statement of Cash Flows for the same period the previous year, is included in “Decrease (increase) in trade receivables and contract assets,” and “Increase (decrease) in advances received” is included in “Increase (decrease) in contract liabilities,” beginning in the period under review.

In accordance with the transitional treatment as permitted in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Company has not restated the results for the previous fiscal year, using the new presentation methods described above.

#### Application of the Accounting Standard for Fair Value Measurement

Effective at the beginning of the period under review, the Company has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, issued on July 4, 2019) in its financial reporting. In accordance with the transitional treatment as permitted in Paragraph 19 of the standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, issued on July 4, 2019), the Company will prospectively apply a new accounting policy as prescribed by the Accounting Standard for Fair Value Measurement. The application of the new accounting policy has no effect on the Company's quarterly consolidated financial statements.

**(Segment Information)**  
**【Segment Information】**

I. For the Six months ended June 30, 2021 (From January 1, 2021 through June 30, 2021)

1. Information on the amount of sales and income/loss by reportable segment

(Unit: thousand yen)

	Reportable segment			Adjustments	Amount recorded in quarterly consolidated statements of income (Note)
	Open system infrastructure business	Application business	Total		
Net sales					
Sales to external customers	5,054,452	3,024,692	8,079,145	300	8,079,445
Inter-segment sales and transfers	928	9,828	10,757	-10,757	—
Total	5,055,381	3,034,520	8,089,902	-10,457	8,079,445
Segment profit (loss)	215,807	79,382	295,189	300	295,489

Note: The total amount of segment profits is adjusted to be equal to the operating profit presented in the Consolidated Statements of Income for the period under review.

**Supplementary Information**

Information by region

In addition to the disclosure required by “Accounting Standard for Quarterly Financial Statements,” information (Sales) by region is disclosed in accordance with “Accounting Standard for the Disclosure of Segment Information” for the purpose of providing users of financial statement with valuable information.

Net sales

Six months ended June 30, 2021 (From January 1, 2021 through June 30, 2021)

(Unit: thousand yen)

Japan	Americas	Europe	Other regions	Total
7,742,208	221,740	78,596	36,899	8,079,445

Note: Sales are classified by country or region in which customers are located.

2. Information on impairment loss of fixed assets or goodwill by reportable segment

Not applicable

## II. For the six months ended June 30, 2022 (From January 1, 2022 through June 30, 2022)

## 1. Information on the amount of sales and income by reportable segment

(Unit: thousand yen)

	Reportable segment			Adjustments	Amount recorded in quarterly consolidated statements of income (Note)
	Open system infrastructure business	Application business	Total		
Net sales					
Sales to external customers	4,303,677	2,947,285	7,250,962	5,411	7,256,374
Inter-segment sales and transfers	—	3,996	3,996	-3,996	—
Total	4,303,677	2,951,282	7,254,959	1,414	7,256,374
Segment profit	15,331	-246,024	-230,693	5,411	-225,282

Note: The total amount of segment profits or losses is the same as the amount of operating loss presented in the Consolidated Statements of Income for the period under review.

**Supplementary Information**

## Information by region

In addition to the disclosure required by “Accounting Standard for Quarterly Financial Statements,” information (Sales) by region is disclosed in accordance with “Accounting Standard for the Disclosure of Segment Information” for the purpose of providing users of financial statement with valuable information.

For the six months ended June 30, 2022 (From January 1, 2022 through June 30, 2022)

(Unit: thousand yen)

Japan	Americas	Europe	Other regions	Total
6,879,442	248,178	81,875	46,877	7,256,374

Note: Sales are classified by country or region in which customers are located.

## 2. Information on impairment loss of fixed assets or goodwill by reportable segment

As described in “Changes in accounting policies,” effective at the beginning of the period under review, the Company has adopted the Accounting Standard for Revenue Recognition and revised the accounting methods for revenue recognition. Accordingly, the Company has changed the methods of accounting for net sales and profit/loss for each reportable segment.

As a result of this change, net sales in the Application Business Segment for the period under review decreased by 186.609 million yen, and the segment profit increased by 9.562 million yen, compared with using the previous methods. The change had no effect on net sales or profit/loss in the Open System Infrastructure Business Segment.

**(Additional Information)**

There is no significant change to the assumptions we made earlier about the effect that the COVID-19 crisis might have on the Group's business performance going forward, which were provided in the "Additional Information" section of the Company's securities filings for the fiscal year ended December 31, 2020.

**(Significant subsequent events)**

Not applicable