



Consolidated Financial Result

(For the fiscal year ended December 31, 2021)



February 3, 2022

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Scheduled date of annual shareholders' meeting: March 25, 2022
 Scheduled date of financial report FSA filing: March 28, 2022
 Scheduled date of dividend payment: March 28, 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, 2021 through December 31, 2021)

(% of change from previous year)

(1) Consolidated business results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	15,725	6.0	358	51.7	400	56.1	367	18.6
FY2020	14,841	8.4	236	329.9	256	166.4	310	858.4

(Note) Comprehensive income : FY2021: 424 million yen/ 51.9% FY2020: 279 million yen/ -%

	Net income per share - Basic	Net income per share - Diluted	Return on equity	Ratio of ordinary income to total assets	Operating income ratio
	Yen	Yen	%	%	%
FY2021	42.42	-	22.0	5.9	2.3
FY2020	35.78	-	22.4	4.2	1.6

(Note) Equity in earnings: FY2021: 38 million yen FY2020: 6 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	6,649	1,897	27.7	212.12
FY2020	6,851	1,548	21.9	173.15

(Reference) Equity: As of Dec. 31, 2021: 1,838 million yen As of Dec. 31, 2020: 1,500 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents - ending
	Million yen	Million yen	Million yen	Million yen
FY2021	587	58	-267	3,148
FY2020	649	151	-182	2,728

2. Cash dividends

Record Date	Dividend per share					Total of dividend (annual)	Payout ratio (consolidated)	Net assets dividend ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2020	-	0.00	-	10.00	10.00	86	27.9	5.8
FY2021	-	0.00	-	15.00	15.00	130	35.4	7.1
FY2022 (forecast)	-	0.00	-	10.00	10.00		144.5	

(Note) Breakdown of the year-end dividend for the fiscal year ended December 31, 2021

Ordinary dividend: ¥10.00; Commemorative dividend to celebrate 25th founding anniversary: ¥5.00

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		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2022	16,000	1.7	100	-72.1	120	-70.0	60	-83.7	6.92

4. Others

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

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

FY2021	8,874,400 shares	FY2020	8,874,400 shares
FY2021	205,838 shares	FY2020	205,838 shares
FY2021	8,668,562 shares	FY2019	8,668,596 shares

(ii) Number of treasury stock

(iii) Average number of outstanding shares

(Reference)

1. Non-consolidated results (January 1, 2021 through December 31, 2021)

(% of change from previous year)

(1) Non-consolidated financial results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	1,306	30.3	346	185.2	339	187.3	310	296.8
FY2020	1,002	-13.6	121	-64.6	118	-67.5	78	-75.4

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2021	35.78	-
FY2020	9.02	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	2,903	1,867	64.3	215.39
FY2020	2,774	1,643	59.2	189.60

(Note) Equity As of Dec. 31, 2021: 1,867 million yen

As of Dec. 31, 2020: 1,643 million yen

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 audit 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.
- 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 2nd Section. To the extent that there are discrepancies between this translation and the original version, the original version shall be definitive.

Table of Contents of the Attached Document

Table of Contents of the Attached Document	3
1. Business Results	4
(1) Summary of Business Results	4
(2) Summary of Financial Position	5
(3) Summary of Cash Flows	6
(4) Forward-looking Statements	7
2. Basic Policy on the Selection of Accounting Standards	7
3. Consolidated Financial Statements	8
(1) Consolidated Balance Sheets	8
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	10
Consolidated Statements of Income	10
Consolidated Statements of Comprehensive Income	11
(3) Consolidated Statements of Changes in Equity	12
(4) Consolidated Statements of Cash Flows	14
(5) Notes on Consolidated Financial Statements	16
Notes on Going Concern Assumption	16
Changes in accounting estimates	16
Additional information	16
Segment Information	16
Per-Share Information	20
Significant Subsequent Events	20

1. Business Results

(1) Summary of Business Results

Overview of Consolidated Business Results for the Fiscal Year Ended December 31, 2021

During the fiscal year ended December 31, 2021, the global economy continued to face lingering uncertainty amid the COVID-19 pandemic.

While the prolonged chip shortages on a global scale compelled hardware manufacturers to cut back on production, companies in diverse industries continued to invest aggressively in implementing digital transformation (DX)¹ solutions, including greater use of cloud environments. In this business environment, the SIOS Group offered value-added products and services to corporate clients to assist them in moving forward with DX, with a focus on solutions that work in the cloud, as well as the SaaS business².

The Group achieved consolidated business results by segment for the fiscal year under review as follows:

(i) Open System Infrastructure Business Segment

Corporate clients rushed to invest in DX to better deal with the challenges brought about by the COVID-19 crisis. In this favorable environment, the Group enjoyed strong sales of Red Hat Enterprise Linux³ and other software products sourced from Red Hat, Inc.⁴ The Group also saw an increase in sales of its core LifeKeeper⁵. As a result, net sales in this segment amounted to 9,588 million yen, up 7.9% from the previous fiscal year, with a segment income of 352 million yen, up 44.6% year on year.

(ii) Application Business Segment

Revenues from providing financial institutions with support for system development and implementation declined from the year before. In addition, as the web service business for broadcasters, as well as the social and public outsourcing service business, had been sold to parties outside the Group in the previous fiscal year, revenues from those services were no longer counted toward segment sales for the period under review. On a positive note, revenues from software applications for MFPs⁶ grew. This was primarily because the revenues from subscriptions⁷ for these applications that corporate clients had signed on for during the previous fiscal year began to be recognized during the period under review. The Gluegent series⁸ also achieved a year-on-year increase in sales. Furthermore, revenues from providing support for system development and implementation, as well as sales of the management support system to financial institutions, recorded growth from a year earlier. As a result, net sales in this segment increased 3.0% to 6,136 million yen. The segment income was 4 million yen, compared with a loss of 8 million yen the year before.

The Group's combined net sales of these two segments jumped 6.0% to 15,725 million yen for the fiscal year under review, which marked record-high annual sales for the Group, as well as revenue growth for 11 consecutive years. The Company posted a consolidated operating profit of 358 million yen, up 51.7% from a year earlier. The consolidated ordinary profit was 400 million yen, up 56.1%, and the consolidated profit attributable to owners of parent was up 18.6% to 367 million yen.

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: 448 million yen, up 36.1% year on year

ROIC (annualized): 10.0%, compared with 6.9% for the previous fiscal year

Notes: 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. Red Hat Enterprise Linux

Linux OS developed by Red Hat, Inc., a provider of open-source solutions.

4. Red Hat, Inc. Related Items

Linux OS product developed by Red Hat, Inc., a provider of open source solutions.

5. LifeKeeper

A failover software product that automatically switches a failed primary server to a backup server.

6. Software applications for multifunction printers

A multifunction printer (MFP) is a piece of office equipment that incorporates print, scan, copy, and fax capabilities into one unit. The Group develops, markets, and updates document management software applications, such as Quick Scan and Speedoc, that run on an MFP.

7. Subscription model

A business model that charges customers a recurring monthly or annual fee to access a software product or service.

8. 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.

(2) Summary of Financial Position

Assets, Liabilities, and Net Assets

(i) Assets

Current assets amounted to 5,774 million yen as of December 31, 2021, down 4.7% from the end of the previous fiscal year, reflecting primarily a decrease of 484 million yen in merchandise.

Non-current assets amounted to 875 million yen, up 10.5%, reflecting primarily an increase of 55 million yen in investment securities and an increase of 44 million yen in deferred tax assets.

As a result, total assets decreased 3.0% to 6,649 million yen.

(ii) Liabilities

Current liabilities amounted to 4,268 million yen, down 10.2% from the previous fiscal year-end, reflecting primarily a decrease of 628 million yen in accounts payable trade and an increase of 328 million yen in advances received.

Non-current liabilities amounted to 483 million yen, down 12.5%, reflecting primarily a decrease of 109 million yen in long-term borrowings.

As a result, total liabilities decreased 10.4% to 4,752 million yen.

(iii) Net assets

Total net assets amounted to 1,897 million yen, up 22.6% from the previous fiscal year-end, reflecting primarily an increase of 281 million yen in retained earnings.

(3) Summary of Cash Flows

The balance of cash and equivalents at the end of the fiscal year under review increased by 420 million yen to 3,148 million yen, compared with the previous fiscal year-end.

(In millions of yen)

	FY 2020	FY 2021	Change
Cash flows from operating activities	649	587	-62
Cash flows from investing activities	151	58	-93
Cash flows from financing activities	-182	-267	-84

Net cash provided by operating activities amounted to 587 million yen for the fiscal year under review. This reflected the posting of profit before income taxes and a decrease in inventories.

Net cash provided by investing activities amounted to 58 million yen. This reflected primarily proceeds from withdrawal of time deposits.

Net cash used in financing activities amounted to 267 million yen. This reflected primarily repayment of long-term borrowings and payment of dividends.

(4) Forward-looking Statements

Uncertainties are predicted to remain high over the Japanese and global economy, amid a new variant of coronavirus spreading at an alarming rate. However, the Company expects that corporate investment in DX will remain robust for the next several years. In this business environment, the Company will continue to provide innovative services to corporate clients and pursue opportunities for profit increase. This can be accomplished by leveraging our industry-leading technological expertise and excellence gained through the development of, and operational support for, systems based on open-source software.

The Company projects its consolidated net sales for the fiscal year ending December 31, 2022, to be 16.0 billion yen, up 1.7% year on year. This will mark revenue growth for 12 consecutive years, even after factoring in the adverse impact that the adoption of the “Amended Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, amended on March 31, 2020) has on the way the Company records its revenues. As the Company plans to invest aggressively in talent acquisition and R&D as part of its efforts to expand the SaaS business, the Company’s consolidated operating profit for the fiscal year ending December 31, 2022, is projected to be down 72.1% year on year to 100 million yen, ordinary profit down 70.0% to 120 million yen, and profit attributable to owners of parent down 83.7% to 60 million yen.

The Company intends to pay a dividend of 15 yen per share for the fiscal year under review, which includes an ordinary dividend of 10 yen and a 25th anniversary commemorative dividend of 5 yen. The Company plans to pay an ordinary dividend of 10 yen per share for the fiscal year ending December 31, 2022, provided that the business forecasts described above are met.

2. Basic Policy on the Selection of Accounting Standards

The Group will, for the time being, continue to prepare its consolidated financial statements under the Japanese GAAP in consideration of comparability of period-to-period operating performance as well as comparability with other Japanese companies.

We will consider adopting IFRS in the preparation of consolidated financial statements if developments in Japan and abroad warrant it.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(In thousands of yen)

	December 31, 2020	December 31, 2021
Assets		
Current assets		
Cash and deposits	2,858,289	3,148,805
Notes and accounts receivable - trade	2,311,150	2,101,204
Merchandise	491,228	6,842
Work in progress	26,741	81,243
Advance payments - trade	245,565	223,317
Other	127,097	213,671
Allowance for doubtful accounts	-200	-200
Total current assets	6,059,872	5,774,885
Non-current assets		
Property, plant and equipment		
Buildings	201,044	204,594
Accumulated depreciation	-124,517	-145,317
Buildings, net	76,527	59,276
Tools, furniture and fixtures	287,861	284,682
Accumulated depreciation	-247,395	-244,777
Tools, furniture and fixtures, net	40,466	39,905
Leased assets	38,422	36,363
Accumulated depreciation	-23,801	-14,338
Leased assets, net	14,620	22,024
Total property, plant and equipment	131,614	121,206
Intangible assets		
Software	110,467	86,913
Software in progress	-	11,524
Other	1,781	1,781
Total intangible assets	112,249	100,218
Investment and other assets		
Investment securities	233,775	289,222
Net defined benefit asset	47,093	53,453
Guarantee deposits	193,996	172,939
Deferred tax assets	41,314	86,244
Other	36,004	55,961
Allowance for doubtful accounts	-4,221	-4,221
Total investment and other assets	547,963	653,599
Total non-current assets	791,826	875,025
Total assets	6,851,698	6,649,910

(In thousands of yen)

	December 31, 2020	December 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	1,845,041	1,216,499
Short-term loans payable	50,000	-
Current portion of long-term loans payable	123,120	109,000
Lease obligations	7,099	6,000
Income taxes payable	57,673	24,484
Advance received	2,070,735	2,399,175
Provision for bonuses	35,328	-
Provision for loss on order received	604	-
Other	561,448	513,734
Total current liabilities	4,751,052	4,268,894
Non-current liabilities		
Long-term loans payable	290,500	181,500
Net defined benefit liability	241,315	271,844
Lease obligations	8,908	18,353
Long-term deposits received	11,632	11,632
Total non-current liabilities	552,357	483,331
Total liabilities	5,303,409	4,752,225
Net assets		
Shareholders' equity		
Capital stock	1,481,520	1,481,520
Retained earnings	349,766	630,831
Treasury shares	-87,254	-87,254
Total shareholders' equity	1,744,031	2,025,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-6,848	-3,592
Foreign currency translation adjustment	-236,209	-182,701
Total accumulated other comprehensive income	-243,057	-186,294
Subscription rights to shares	47,315	58,882
Total net assets	1,548,289	1,897,685
Total liabilities and net assets	6,851,698	6,649,910

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

Consolidated Statements of Income

(In thousands of yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Net sales	14,841,739	15,725,371
Cost of sales	10,376,326	10,840,759
Gross profit	4,465,412	4,884,612
Selling, general and administrative expenses	4,229,241	4,526,318
Operating profit	236,171	358,293
Non-operating income		
Interest income	6,536	4,900
Dividend income	855	497
Fiduciary obligation fee	1,281	1,318
Foreign exchange gains	29,646	-
Share of profit of entities accounted for using equity method	6,271	38,537
Gain on valuation of derivatives	-	54,348
Other	6,323	6,576
Total non-operating income	50,914	106,178
Non-operating expenses		
Interest expenses	3,084	2,181
Foreign exchange losses	-	57,753
Loss on investments in investment partnerships	4,288	3,434
Loss on valuation of derivatives	22,866	-
Other	387	792
Total non-operating expenses	30,626	64,162
Ordinary profit	256,459	400,309
Extraordinary income		
Gain on sale of non-current assets	-	75
Gain on transfer from business divestitures	192,881	-
Total extraordinary income	192,881	75
Extraordinary losses		
Loss on valuation of investment securities	938	1,000
Impairment loss	36,875	-
Loss on retirement of non-current assets	615	2,856
Loss on valuation of golf club membership	268	-
Other	1,133	-
Total extraordinary loss	39,830	3,856
Profit before income taxes	409,510	396,528
Income taxes-current	118,485	73,757
Income taxes-deferred	-19,120	-44,979
Total income taxes	99,364	28,777
Profit	310,145	367,750
Profit attributable to owners of parent	310,145	367,750

Consolidated Statements of Comprehensive Income

(In thousands of yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Profit	310,145	367,750
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,886	3,255
Foreign currency translation adjustment	-28,064	54,031
Share of other comprehensive income of entities accounted for using equity method	253	-524
Total other comprehensive income	-30,697	56,763
Comprehensive income	279,448	424,513
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	279,448	424,513

(3) Consolidated Statements of Changes in Equity

Fiscal Year Ended December 31, 2020

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,481,520	82,963	-87,198	1,477,284
Changes during period				
Dividends of surplus		-43,343		-43,343
Profit attributable to owners of parent		310,145		310,145
Purchase of treasury shares			-55	-55
Net changes in items other than shareholders' equity				
Balance at end of current period	-	266,802	-55	266,746
Balance at beginning of current period	1,481,520	349,766	-87,254	1,744,031

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	-3,961	-208,398	-212,360	43,863	1,308,788
Changes during period					
Dividends of surplus					-43,343
Profit attributable to owners of parent					310,145
Purchase of treasury shares					-55
Net changes in items other than shareholders' equity	-2,886	-27,811	-30,697	3,451	-27,245
Balance at end of current period	-2,886	-27,811	-30,697	3,451	239,501
Balance at end of current period	-6,848	-236,209	-243,057	47,315	1,548,289

Fiscal Year Ended December 31, 2021

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,481,520	349,766	-87,254	1,744,031
Changes of items during period				
Dividends of surplus		-86,685		-86,685
Profit attributable to owners of parent		367,750		367,750
Net changes in items other than shareholders' equity				
Total changes of items during period	-	281,065	-	281,065
Balance at end of current period	1,481,520	630,831	-87,254	2,025,096

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	-6,848	-236,209	-243,057	47,315	1,548,289
Changes of items during period					
Dividends of surplus					-86,685
Profit attributable to owners of parent					367,750
Net changes in items other than shareholders' equity	3,255	53,507	56,763	11,567	68,330
Total changes of items during period	3,255	53,507	56,763	11,567	349,395
Balance at end of current period	-3,592	-182,701	-186,294	58,882	1,897,685

(4) Consolidated Statements of Cash Flows

(In thousands of yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	409,510	396,528
Depreciation	92,561	90,105
Amortization of goodwill	786	-
Impairment loss	36,875	-
Gain on transfer from business divestitures	-192,881	-
Interest and dividend income	-7,391	-5,397
Interest expenses	3,084	2,181
Loss (gain) on investments in investment partnerships	4,288	3,434
Share of loss (profit) of entities accounted for using equity method	-6,271	-38,537
Decrease (increase) in trade receivables	-578,555	222,029
Decrease (increase) in inventories	-468,823	429,884
Increase (decrease) in trade payables	988,361	-628,541
Increase (decrease) in retirement benefit liability	12,731	30,528
Increase (decrease) in advances received	256,046	271,378
Decrease (increase) in advance payments to suppliers	-63,628	22,247
Increase (decrease) in accrued consumption taxes	135,979	12,479
Other	79,458	-83,392
Sub-total	702,131	724,929
Interest and dividends received	7,391	5,397
Interest paid	-3,084	-2,181
Income taxes refund	35,851	-
Income taxes paid	-92,976	-141,004
Net cash provided by (used in) operating activities	649,314	587,141
Cash flows from investing activities		
Payments into time deposits	-260,000	-
Proceeds from withdrawal of time deposits	260,000	130,000
Purchase of property, plant and equipment	-9,295	-25,759
Purchase of intangible assets	-47,183	-17,824
Payments of guarantee deposits	-17,741	-7,297
Proceeds from refund of guarantee deposits	1,421	46,267
Purchase of shares of subsidiaries and associates	-89,539	-
Purchase of investment securities	-25,000	-25,000
Proceeds from distributions from investment partnerships	19,813	-
Loan advances to subsidiaries and associates	-21,352	-
Proceeds from collection of short-term loans receivable	5,838	5,995
Proceeds from sale of businesses	329,855	-
Payments for asset retirement obligations	-	-30,535
Other	4,606	-17,841
Net cash provided by (used in) investing activities	151,424	58,005
Cash flows from financing activities		
Dividends paid	-42,779	-87,163
Net increase (decrease) in short-term borrowings	-	-50,000
Repayments of long-term borrowings	-132,303	-123,120
Other	-7,907	-7,161
Net cash provided by (used in) financing activities	-182,990	-267,445
Effect of exchange rate change on cash and cash equivalents	-25,528	42,813
Net increase (decrease) in cash and cash equivalents	592,220	420,515

(In thousands of yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Cash and cash equivalents at beginning of year	2,136,069	2,728,289
Cash and cash equivalents at end of year	2,728,289	3,148,805

(5) Notes on Consolidated Financial Statements

Notes on Going Concern Assumption

Not applicable

Changes in accounting estimates

The Company decided, during the fiscal year under review, to cancel the rental agreement on its Tennozu Isle Office in Tokyo and relocate the staff. Therefore, the Company has shortened the usable life of the non-current assets that are to become unusable, and has updated the amount of annual depreciation for them accordingly.

The Company has also updated the amount and the depreciation period of the unrecoverable portion of the security deposit placed on the property, which would be used to return it to its original condition, as stipulated in the rental agreement.

As a result of these changes, the operating profit, ordinary profit, and profit before taxes for the fiscal year under review decreased by 8,884,000 yen each.

Additional information

When estimating the amount of impairment loss on non-current assets and the recoverability of deferred tax assets, the Company assumed at this time that the impact of the COVID-19 crisis on the Group's business performance would be limited and that the spread of the pandemic would trend down toward the end of the fiscal year ending December 31, 2021, and beyond.

However, as the extent of the impact of the pandemic on the Group's business performance is difficult to predict with certainty, a change in assumptions mentioned above might affect the Group's financial position, results of operations, and cash flow performance going forward.

Segment Information

1. Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to periodic reviews by the Company's Board of Directors to determine the allocations of resources and evaluate business performance.

The Company has established business units and subsidiaries, each of which serves specific markets and customers as well as specializes in specific technology fields: Some provide products and services in the open system infrastructure field, which includes operating systems and middleware, and some in the application field, which includes enterprise applications.

Therefore, the Group has two reportable segments: the open system infrastructure business segment, and the application business segment.

The description of each segment is as follows:

- Open System Infrastructure Business Segment

In this business segment, the Group markets LifeKeeper, which automatically switches a failed primary system to a backup system, and OSS-related software products, including those sourced from Red Hat, Inc., and provides OSS support services as well as consulting services for a wide range of information systems.

- Application Business Segment

In this business segment, the Group markets software applications for MFPs, management support system for financial institutions, and the Gluegent series, which is a SaaS product that works with cloud, develops enterprise information systems for corporate clients on a contract basis, and provides consulting services for a wide range of information systems.

2. Basis for calculating net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting methods used for the reported business segments are the same as those described in "Basis for the Preparation of the Consolidated Financial Statements."

Profit of reportable segments is based on operating profit. Intersegment sales and transfers are calculated based on market prices.

Please note that the Company does not report assets or liabilities by segment.

3. Information on net sales, profit or loss, assets, liabilities, and other items by reportable segment

Fiscal year ended December 31, 2020

(In thousands of yen)

	Reportable segment			Adjustments	Amount on consolidated financial statements*
	Open system infrastructure business	Application business	Total		
Net sales					
Sales to external customers	8,883,368	5,957,630	14,841,499	240	14,841,739
Intersegment sales and transfers	832	3,299	4,131	-4,131	-
Total	8,884,701	5,960,929	14,845,631	-3,891	14,841,739
Segment profit	244,046	-8,115	235,931	240	236,171
Other items					
Depreciation	29,599	62,961	92,561	-	92,561
Amortization of goodwill	786	-	786	-	786

* The total amount of segment profit is the same as the amount of operating profit shown in the consolidated statements of income for the year.

Fiscal year ended December 31, 2021

(In thousands of yen)

	Reportable segment			Adjustments	Amount on consolidated financial statements*
	Open system infrastructure business	Application business	Total		
Net sales					
Sales to external customers	9,588,328	6,136,443	15,724,771	600	15,725,371
Intersegment sales and transfers	939	19,503	20,443	-20,443	-
Total	9,589,267	6,155,947	15,745,215	-19,843	15,725,371
Segment profit	352,955	4,738	357,693	600	358,293
Other items					
Depreciation	25,374	64,730	90,105	-	90,105
Amortization of goodwill	-	-	-	-	-

* Note: An impairment loss was posted for the fiscal year ended December 31, 2020, as a result of office relocation.

Related Information

Fiscal year ended December 31, 2020

1. Information by product and service

Information is omitted as similar information is disclosed in the Segment Information section.

2. Information by region

(1) Net sales

(In thousands of yen)

Japan	Americas	Europe	Other regions	Total
14,205,915	443,690	126,823	65,309	14,841,739

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

(2) Property, plant and equipment

(In thousands of yen)

Japan	Americas	Total
101,874	29,739	131,614

3. Information by major customer

(In thousands of yen)

Name of customer	Net sales	Relevant segments
Otsuka Corporation	3,548,866	Open system infrastructure business and application business
Networld Corporation	1,493,835	Open system infrastructure business and application business

Fiscal year ended December 31, 2021

1. Information by product and service

Information is omitted as similar information is disclosed in the Segment Information section.

2. Information by region

(1) Net sales

(In thousands of yen)

Japan	Americas	Europe	Other regions	Total
394,516	153,383	74,048	15,725,371	394,516

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

(2) Property, plant and equipment

(In thousands of yen)

Japan	Americas	Total
101,542	19,663	121,206

3. Information by major customer

(In thousands of yen)

Name of customer	Net sales	Relevant segments
Otsuka Corporation	3,680,611	Open system infrastructure business and application business
Networld Corporation	1,650,331	Open system infrastructure business and application business

Information Regarding Impairment Loss on Non-Current Assets by Reportable Segment

Fiscal year ended December 31, 2020

	Reportable segment			Adjustment	Total
	Open system infrastructure business	Application business	Total		
Year-end balance	-	-	-	36,875	36,875

Note: Impairment loss was recorded due to office relocation in the previous consolidated fiscal year.

Fiscal year ended December 31, 2021

Not applicable

Information Regarding Amortization of Goodwill and Remaining Goodwill Balance by Reportable Segment

Fiscal year ended December 31, 2020

The amount of goodwill amortization for the year is provided under the Segment Information section and is not provided here.

Fiscal year ended December 31, 2021

The amount of goodwill amortization for the year is provided under the Segment Information section and is not provided here.

Information Regarding Gain on Negative Goodwill by Reportable Segment

Fiscal year ended December 31, 2020

Not applicable

Fiscal year ended December 31, 2021

Not applicable

Per-Share Information

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net assets per share	173.15 yen	212.12 yen
Profit per share	35.78 yen	42.42 yen

Notes: 1. Diluted profit per share is not presented because the Company has no outstanding dilutive shares.

2. The basis for calculating profit per share is as follows:

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit per share		
Profit attributable to owners of parent (thousand yen)	310,145	367,750
Amount not attributable to ordinary shareholders (thousand yen)	-	-
Profit attributable to owners of parent relating to common stock (thousand yen)	310,145	367,750
Average number of common stock outstanding during the period (shares)	8,668,596	8,668,562
Descriptions of potentially dilutive common shares that were not included in the calculation of diluted profit per share	Share options for 459,354 common shares resolved by the Board of Directors on May 22, 2012	Share options for 654,875 common shares resolved by the Board of Directors on May 22, 2012

Significant Subsequent Events

Not applicable