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In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

July 29, 2021

## Consolidated Financial Results for the Second Quarter of Fiscal Year Ending December 31, 2021 (Japanese GAAP)

Name of Listed Company: Information Services International-Dentsu, Ltd.  
Listed Exchange: Tokyo  
Code Number: 4812  
URL: <https://www.isid.co.jp/english/index.html>  
Representative: Ryoichi Nawa, President, CEO and COO  
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Date of scheduled filing of securities report: August 6, 2021  
Date of scheduled payment of dividends: September 1, 2021  
Quarterly earnings supplementary explanatory documents: Yes  
Quarterly earnings presentation: Yes

(Amounts less than one million yen are rounded down.)

### 1. Consolidated Business Performance for the Second Quarter of FY2021 (from January 1, 2021 to June 30, 2021)

#### (1) Consolidated Operating Results (Cumulative)

Percentages indicate year-on-year increase/(decrease)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss)*	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
<b>Second Quarter of FY2021</b>	<b>54,293</b>	<b>(1.3)</b>	<b>6,525</b>	<b>(6.4)</b>	<b>6,443</b>	<b>(6.1)</b>	<b>4,392</b>	<b>(2.7)</b>
Second Quarter of FY2020	55,020	11.9	6,971	33.9	6,862	33.2	4,512	32.2

\* Net profit attributable to parent company's shareholders

Note: Comprehensive profit: Second Quarter of FY2021: 4,567million yen (up2.3%); Second Quarter of FY2020: 4,464million yen (up33.8%)

	Net profit (loss) per share	Net profit per share after dilution
	(yen)	(yen)
<b>Second Quarter of FY2021</b>	<b>67.40</b>	—
Second Quarter of FY2020	69.25	—

Note: Effective January 1, 2021, we conducted a 2-for-1 stock split of common stock. "Net profit (loss) per share" is calculated as if the stock split had taken place at the beginning of the previous consolidated fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(million yen)	(million yen)	(%)
<b>As of June 30, 2021</b>	<b>100,448</b>	<b>62,555</b>	<b>62.3</b>
As of December 31, 2020	97,147	59,587	61.3

Reference: Total shareholders' equity: As of June 30, 2021: 62,534 million yen; As of December 31, 2020: 59,565 million yen

### 2. Dividends

Record date	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Full year
	(yen)	(yen)	(yen)	(yen)	(yen)
FY2020	—	43.00	—	49.00	92.00
FY2021	—	26.00			
FY2021 (forecast)			—	26.00	52.00

Note: Revision to the dividend forecasts from the latest announcement: None

Note: Effective January 1, 2021, we conducted a 2-for-1 stock split of common stock. "Cash dividends" prior to the year ended December 31, 2020 are the actual amount of dividends prior to the stock split.

### 3. Consolidated Forecasts for FY2021 (from January 1, 2021 to December 31, 2021)

Percentages indicate year-on-year increase/(decrease)

	Net sales		Operating profit		Ordinary profit		Net profit *		EPS
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)
Full year	110,000	1.2	12,500	2.6	12,300	6.9	8,300	12.7	127.37

\*Net profit attributable to parent company's shareholders

Note: Revision to the consolidated forecasts from the latest announcement: None

Note: Effective January 1, 2021, we conducted a 2-for-1 stock split of common stock. The impact of the stock split is taken into account for the "EPS" in the forecast for the fiscal year ending December 2021.

### 4. Other Items

- (1) Changes in the scope of consolidation for significant subsidiaries during three months (Changes in specified subsidiaries resulting in change in the scope of consolidation): None
- (2) Application of special accounting practices in the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements:
  - i. Changes in accounting policies in accordance with revision of accounting standards: None
  - ii. Changes in accounting policies other than 1) above: None
  - iii. Changes in accounting estimate: None
  - iv. Restatements: None

#### (4) Issued and outstanding common stock

i. Number of shares issued and outstanding at the end of the period, including treasury stock	June 30, 2021:	65,182,480 shares	December 31, 2020:	65,182,480 shares
ii. Number of treasury stock at the end of the period	June 30, 2021:	17,898 shares	December 31, 2020:	17,818 shares
iii. Average number of shares outstanding for each period	Six months ended June 30, 2021	65,164,599 shares	Six months ended June 30, 2020:	65,164,727 shares

Note: Effective January 1, 2021, we conducted a 2-for-1 stock split of common stock. "Number of shares issued and outstanding at end of period", "Number of treasury stock at end of period", and "Average number of shares outstanding for each period" have been calculated as if the stock split had taken place at the beginning of the previous consolidated fiscal year.

**This quarterly financial report is outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act.**

#### Explanation regarding the appropriate use of forecasts of business results

Forecast figures are projections based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets. Actual results may differ significantly from the above forecasts as a result of changes in the business environment and other factors.

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## I. Qualitative Information on the Consolidated Financial Results for the Subject Period

### 1. Explanation of Business Results

Reportable segment	Second quarter of FY2020 (cumulative)	Second quarter of FY2021 (cumulative)	(Millions of yen)	
			YoY	
			Variance	% change
Net sales	55,020	54,293	(727)	98.7%
Operating profit	6,971	6,525	(446)	93.6%
Operating margin	12.7%	12.0%	(0.7) p	—
Ordinary profit	6,862	6,443	(419)	93.9%
Profit attributable to owners of parent	4,512	4,392	(120)	97.3%

During the second quarter of the current consolidated fiscal year under review (from January 1, 2021 to June 30, 2021), the Japanese economy showed some signs of recovery against the backdrop of the effects of various policies and improvement in overseas economies. However, due to the restrictions on socio-economic activities accompanying the re-expansion of the Coronavirus Disease 2019 (COVID-19), etc., the situation remained severe. On the other hand, the business environment surrounding the ISID Group remains firm amid the acceleration of society and corporate expectations for DX (Digital Transformation), which utilizes digital technology for business process and business innovation, despite the risk that the impact of COVID-19 crisis will expand in the future.

Under these circumstances, we are continuing to focus on the three basic policies set out in the medium-term management plan “ISID X (Cross) Innovation 2021”: “core business evolution”, “new business creation”, and “business foundation innovations”, in order to link rising social and corporate IT-investment demand to sustainable growth. In addition, we are working to improve our business processes and introduce IT tools to increase productivity, as well as making active use of remote working, while taking all possible measures against the coronavirus. At the same time, the ISID Group is working on its own corporate transformation through the activities of the Business Transformation Project, which was launched last year.

As a result of these efforts, for the second quarter of the current consolidated fiscal year, net sales was ¥54,293 million (down 1.3% year on year), operating profit was ¥6,525 million (down 6.4% year on year), ordinary profit was ¥6,443 million (down 6.1% year on year) and profit attributable to owners of parent was ¥4,392 million (down 2.7% year on year).

Net sales decreased mainly due to the peak-out of several large-scale projects, despite growth in businesses such as marketing and accounting areas. Profits also declined, reflecting the impact of lower sales and an increase in selling, general and administrative expenses, mainly due to an increase in personnel costs associated with an increase in the number of employees, despite an improvement in the gross profit margin, mainly for consulting services and software products.

In comparison with the forecast figures for the first half of the current consolidated fiscal year, which were set at the beginning of the fiscal year, net sales was 101.9% and operating profit was 108.8%, mainly due to the expansion of the Manufacturing Solutions and Communication IT segments.

Net sales, operating profit, and status of business operations by reportable segment are as follows:

From the first quarter of the current consolidated fiscal year, the Enterprise IT division, which is engaged in the development and implementation of mission-critical systems, was transferred from the Business Solutions segment to the Communication IT segment, establishing a structure that provides integrated support from the marketing domain to mission-critical operations. The figures for the second quarter of the previous consolidated fiscal year and the second quarter of the current consolidated fiscal year have not been reclassified because it is not practicable to prepare the reportable segments for the same period as the respective comparative periods.

Net sales and operating profit (loss) by reportable segment

(Millions of yen)

Reportable segment	Second quarter of FY2020 (cumulative)			Second quarter of FY2021 (cumulative)			Variance	
	Net sales	Operating profit	Operating margin	Net sales	Operating profit	Operating margin	Net sales	Operating profit
Financial Solutions	12,224	866	7.1%	11,804	520	4.4%	(420)	(346)
Business Solutions	10,885	1,720	15.8%	7,718	1,231	15.9%	(3,167)	(489)
Manufacturing Solutions	15,531	1,257	8.1%	15,637	1,511	9.7%	106	254
Communication IT	16,378	3,126	19.1%	19,132	3,261	17.0%	2,754	135
Total	55,020	6,971	12.7%	54,293	6,525	12.0%	(727)	(446)

Status of business operations by reportable segment

#### Financial Solutions

The main business of this segment is providing IT solutions that support various financial operations at financial institutions and other companies.

Net sales decreased mainly due to the postponement of the recording of sales for large-scale projects, despite the expansion of sales and installation of BANK·R, a next-generation financing solution, and DX-support projects by financial institutions. Operating profit also declined due to the impact of lower sales and an increase in the cost of sales of some system development projects.

#### Business Solutions

The main business of this segment is providing IT solutions for business management operations, centered on accounting and human resources.

Net Sales and operating profit declined due to a decline in sales in this division following the transfer of the Enterprise IT division to Communication IT segment. However, the business performed well, centered on POSITIVE, a human resources management solution, Ci\*X, an accounting solution, and CCH Tagetik, a business management solution.

#### Manufacturing Solutions

The main business of this segment is providing IT solutions for the entire product lifecycle, from product development and production, to sales and maintenance in the manufacturing industry.

Net sales and operating profit increased due to the expansion of DX support projects that comprehensively provide consulting services, system development, and in-house and third-party software for the automotive industry and the electric/precision equipment industry, which aim to innovate their entire value chain.

#### Communication IT

The main business of this segment is providing IT solutions that support companies optimize their value chains and business processes, from marketing to core business areas.

Despite the peak-out of several large-scale projects, both net sales and operating profit increased due to an increase in DX support projects for customers, mainly in the marketing area, and the transfer and integration of the Enterprise IT division from the Business Solutions segment.

## 2. Explanation of Financial Position

### Status of Assets, Liabilities and Net Assets

#### (1) Assets

Total assets at the end of the second quarter of the current consolidated fiscal year increased by ¥3,301 million from the end of the previous consolidated fiscal year to ¥100,448 million. Current assets increased by ¥3,714 million from the end of the previous consolidated fiscal year to ¥82,509 million, mainly due to a decrease in notes and accounts receivable-trade resulting from progress in collection of trade receivables as of the end of the previous consolidated fiscal year, an increase in deposits paid mainly due to an increase in advances received, and an increase in advances paid due to contract renewals for rental fees and maintenance fees for customer services. Non-current assets decreased by ¥413 million from the end of the previous consolidated fiscal year to ¥17,938 million, mainly due to a decrease in leased assets as a result of new acquisitions falling below depreciation and amortization.

#### (2) Liabilities

Total liabilities at the end of the second quarter of the current consolidated fiscal year increased by ¥333 million from the end of the previous consolidated fiscal year to ¥37,892 million. Current liabilities increased by ¥731 million from the end of the previous consolidated fiscal year to ¥35,194 million, mainly due to an increase in advances received due to contract renewals for advances received and maintenance fees. Non-current liabilities decreased by ¥398 million from the end of the previous consolidated fiscal year to ¥2,698 million, mainly due to a decrease in lease obligations.

#### (3) Net assets

Net assets at the end of the second quarter of the current consolidated fiscal year increased by ¥2,967 million from the end of the previous consolidated fiscal year to ¥62,555 million, mainly as a result of an increase in retained earnings due to the recording of profit attributable to owners of parent, despite the payment of dividends from retained earnings.

## 3. Explanation of Consolidated Financial Results Forecasts

There are no changes to our forecasts for the full fiscal year, as announced on February 10, 2021. We will promptly disclose any necessary revisions to forecasts in the light of the affairs, business trends and other factors.

Note: Forecast figures are projections based on information available at the time of release and are not intended as a guarantee that we will achieve these targets. Actual results may differ significantly from the above forecasts as a result of changes in the business environment and other factors.

## II. Consolidated Financial Statement

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,665	3,293
Notes and accounts receivable - trade	24,486	22,565
Merchandise and finished goods	131	165
Work in process	1,757	1,269
Raw materials and supplies	25	25
Advance payments - trade	11,219	14,751
Deposits paid	36,373	39,141
Other	1,139	1,300
Allowance for doubtful accounts	(2)	(2)
Total current assets	78,795	82,509
Non-current assets		
Property, plant and equipment	4,083	3,850
Intangible assets	4,738	4,786
Investments and other assets		
Investments and other assets	9,730	9,611
Allowance for doubtful accounts	(201)	(309)
Total investments and other assets	9,529	9,302
Total non-current assets	18,351	17,938
<b>Total assets</b>	<b>97,147</b>	<b>100,448</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,778	8,168
Income taxes payable	2,595	1,912
Advances received	12,605	15,540
Provision for loss on order received	305	360
Other	11,177	9,213
Total current liabilities	34,463	35,194
Non-current liabilities		
Retirement benefit liability	52	59
Asset retirement obligations	1,010	1,017
Other	2,033	1,621
Total non-current liabilities	3,096	2,698
<b>Total liabilities</b>	<b>37,559</b>	<b>37,892</b>

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	8,180	8,180
Capital surplus	15,285	15,285
Retained earnings	35,832	38,627
Treasury shares	(30)	(30)
Total shareholders' equity	59,268	62,063
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	194	213
Foreign currency translation adjustment	102	257
Total accumulated other comprehensive income	297	470
Non-controlling interests	22	21
Total net assets	59,587	62,555
Total liabilities and net assets	97,147	10,448



## 2. Consolidated Statements of Profit and Consolidated Statements of Comprehensive Profit

[Consolidated Statements of Profit]

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	55,020	54,293
Cost of sales	35,857	35,272
Gross profit	19,163	19,020
Selling, general and administrative expenses	12,192	12,494
Operating profit	6,971	6,525
Non-operating income		
Interest and dividend income	20	24
Dividend income of insurance	59	20
Gain on investments in investment partnerships	—	63
Subsidy income	25	31
Miscellaneous income	16	20
Total non-operating income	122	160
Non-operating expenses		
Interest expenses	20	19
Share of loss of entities accounted for using equity method	175	83
Loss on investments in investment partnerships	10	—
Provision of allowance for doubtful accounts	15	108
Foreign exchange losses	5	22
Miscellaneous loss	4	8
Total non-operating expenses	230	241
Ordinary profit	6,862	6,443
Extraordinary losses		
Loss on valuation of investment securities	119	—
Total extraordinary losses	119	—
Profit before income taxes	6,743	6,443
Income taxes - current	2,151	1,979
Income taxes - deferred	77	69
Total income taxes	2,228	2,049
Profit	4,514	4,394
Profit attributable to non-controlling interests	1	2
Profit attributable to owners of parent	4,512	4,392

## [Consolidated Statements of Comprehensive Profit]

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	4,514	4,394
Other comprehensive income		
Valuation difference on available-for-sale securities	29	19
Foreign currency translation adjustment	(79)	154
Total other comprehensive income	(50)	173
Comprehensive income	4,464	4,567
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,462	4,565
Comprehensive income attributable to non-controlling interests	1	2

### 3. Notes on Quarterly Consolidated Financial Statement

(Notes regarding Assumption of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Additional Information)

(Accounting Estimates for Impacts Associated with Infections of COVID-19)

There were no significant changes from the content described in "5. Financial Information, 1. Consolidated Financial Statements, etc. (1) Notes to Consolidated Financial Statements (Additional Information)" in the Annual Securities Report\* for the previous consolidated fiscal year.

\* In Japanese

## ■ Segment Information

### Sales and Profit (Loss) by Reportable Segment

#### I. The second quarter cumulative period of FY2020 (from January 1, 2020 to June 30, 2020)

##### 1. Information on net sales and operational profit or loss by reported segment

(Millions of yen)

	Reportable segment				
	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Total
Net sales					
Sales to customers	12,224	10,885	15,531	16,378	55,020
Inter-segment sales and transfers	–	–	–	–	–
Total	12,224	10,885	15,531	16,378	55,020
Segment profit	866	1,720	1,257	3,126	6,971

Note: Total values for segment profit match those for the operating profit on the “Consolidated Statements of Profit.”

#### II. The second quarter cumulative period of FY2021 (from January 1, 2021 to June 30, 2021)

##### 1. Information on net sales and operational profit or loss by reported segment

(Millions of yen)

	Reportable segment				
	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Total
Net sales					
Sales to customers	11,804	7,718	15,637	19,132	54,293
Inter-segment sales and transfers	–	–	–	–	–
Total	11,804	7,718	15,637	19,132	54,293
Segment profit	520	1,231	1,511	3,261	6,525

Notes: Total values for segment profit match those for the operating profit on the “Consolidated Statements of Profit.”

##### 2. Changes in reportable segments

From the first quarter of the current consolidated fiscal year, the Enterprise IT division, which is engaged in the development and implementation of mission-critical systems, was transferred from the Business Solutions segment to the Communication IT segment, establishing a structure that provides integrated support from the marketing domain to mission-critical operations. The figures for the first quarter of the previous consolidated fiscal year and the first quarter of the current consolidated fiscal year have not been reclassified because it is not practicable to prepare the reportable segments for the same period as the respective comparative periods.