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October 28, 2021

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

Name of Listed Company: Information Services International-Dentsu, Ltd.  
Listed Exchange: Tokyo  
Code Number: 4812  
URL: <https://www.isid.co.jp/english/>  
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Date of scheduled filing of securities report: November 5, 2021  
Date of scheduled payment of dividends: -  
Quarterly earnings supplementary explanatory documents: Yes  
Quarterly earnings presentation: No

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

### 1. Consolidated Business Performance for the Third Quarter of FY2021 (from January 1, 2021 to September 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>Third Quarter of FY2021</b>	<b>79,884</b>	<b>(0.4)</b>	<b>9,536</b>	<b>2.5</b>	<b>9,358</b>	<b>2.6</b>	<b>6,422</b>	<b>6.7</b>
Third Quarter of FY2020	80,182	9.9	9,305	22.4	9,118	20.9	6,018	16.6

\* Profit attributable to owners of parent

Note: Comprehensive income: Third Quarter of FY2021: 6,627 million yen (up 6.5%); Third Quarter of FY2020: 6,223 million yen (up 23.7%)

	Net profit (loss) per share	Net profit per share after dilution
	(yen)	(yen)
<b>Third Quarter of FY2021</b>	<b>98.56</b>	-
Third Quarter of FY2020	92.36	-

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 September 30, 2021</b>	<b>102,514</b>	<b>62,924</b>	<b>61.4</b>
As of December 31, 2020	97,147	59,587	61.3

Reference: Total shareholders' equity: As of September 30, 2021: 62,903 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

\* Profit attributable to owners of parent

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 the nine months under review (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:	September 30, 2021:	65,182,480 shares	December 31, 2020:	65,182,480 shares
ii. Number of treasury stock at the end of the period:	September 30, 2021:	17,944 shares	December 31, 2020:	17,818 shares
iii. Average number of shares outstanding for each period (cumulative quarterly period):	Nine months ended September 30, 2021:	65,164,594 shares	Nine months ended September 30, 2020:	65,164,718 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.**

#### 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

(Millions of yen)

	Third quarter of FY2020 (cumulative)	Third quarter of FY2021 (cumulative)	YoY	
			Variance	% change
Net sales	80,182	79,884	(298)	99.6%
Operating profit	9,305	9,536	231	102.5%
Operating margin	11.6%	11.9%	0.3p	—
Ordinary profit	9,118	9,358	240	102.6%
Profit attributable to owners of parent	6,018	6,422	404	106.7%

Note: Variance indicate year-on-year increase/(decrease)

During the third quarter of the current consolidated fiscal year under review (from January 1, 2021 to September 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 remains uncertain.

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.

During the third quarter cumulative period of the fiscal year under review, net sales were ¥79,884 million (down 0.4% year on year), operating profit was ¥9,536 million (up 2.5% year on year), ordinary profit was ¥9,358 million (up 2.6% year on year) and profit attributable to owners of parent was ¥6,422 million (up 6.7% year on year).

Net sales were same as the previous fiscal year, mainly due to growth in DX support projects targeting the manufacturing and marketing areas, despite the peaking out of several large-scale projects. Profits increased due to an increase in gross profit margin, mainly for consulting services and in-house software, despite an increase in selling, general and administrative expenses, mainly due to an increase in personnel expenses associated with an increase in the number of employees.

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 third quarter of the previous consolidated fiscal year and the third 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 by Reportable Segment

(Millions of yen)

Reportable Segment	Third quarter of FY2020 (cumulative)			Third quarter of FY2021 (cumulative)			Variance	
	Net sales	Operating profit	Operating margin	Net sales	Operating profit	Operating margin	Net sales	Operating profit
Financial Solutions	17,796	1,175	6.6%	18,039	1,111	6.2%	243	(64)
Business Solutions	16,073	2,257	14.0%	11,149	1,750	15.7%	(4,924)	(507)
Manufacturing Solutions	22,074	1,487	6.7%	23,175	2,176	9.4%	1,101	689
Communication IT	24,238	4,385	18.1%	27,519	4,498	16.3%	3,281	113
Total	80,182	9,305	11.6%	79,884	9,536	11.9%	(298)	231

Note: Variance indicate year-on-year increase/(decrease)

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 increased due to the expansion sales and installation of BANK・R, a next-generation loan solution, and DX-support projects at financial institutions. On the other hand, operating profit declined mainly due to 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 core systems and the business and human resources management fields.

Net sales and operating profit declined due to a decrease in the net sales in the Enterprise IT division as a result of the transfer of this division to the Communication IT segment. However, the business performed well, centered on the 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, contract system development, and in-house and third-party software for the automotive industry and the electric and precision equipment industry, which aim to innovate their entire value chains.

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.

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, despite the peak-out of several large-scale projects.

## 2. Explanation of Financial Position

### Status of Assets, Liabilities and Net Assets

#### (1) Assets

Total assets at the end of the third quarter of the current consolidated fiscal year increased by ¥5.367 million from the end of the previous consolidated fiscal year to ¥102,514 million. Current assets increased by ¥5,000 million from the end of the previous consolidated fiscal year to ¥83,795 million, mainly due to an increase in advances paid, mainly for prepaid rental fees associated with the expansion of subscription-type services. Non-current assets rose ¥367 million from the end of the previous consolidated fiscal year to ¥18,718 million, mainly due to new acquisitions of software and an increase in deferred tax assets, despite progress in depreciation of leased assets.

#### (2) Liabilities

Total liabilities at the end of the third quarter of the current consolidated fiscal year increased by ¥2,030 million from the end of the previous consolidated fiscal year to ¥39,589 million. Current liabilities increased by ¥2,678 million from the end of the previous consolidated fiscal year to ¥37,141 million, due to an increase in advances received, mainly in advance rental and maintenance fees received. Non-current liabilities decreased by ¥648 million from the end of the previous consolidated fiscal year to ¥2,448 million, mainly due to a decrease in long-term lease obligations.

#### (3) Net assets

Net assets at the end of the third quarter of the current consolidated fiscal year increased by ¥3,336 million from the end of the previous consolidated fiscal year to ¥62,924 million, mainly as a result of an increase in retained earnings due to the recording of quarterly net profit attributable to our shareholders, 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 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.

## II. Consolidated Financial Statement

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2020	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,665	3,039
Notes and accounts receivable - trade	24,486	22,971
Merchandise and finished goods	131	317
Work in process	1,757	2,223
Raw materials and supplies	25	22
Advance payments - trade	11,219	15,817
Deposits paid	36,373	38,201
Other	1,139	1,205
Allowance for doubtful accounts	(2)	(3)
Total current assets	78,795	83,795
Non-current assets		
Property, plant and equipment	4,083	3,584
Intangible assets	4,738	4,962
Investments and other assets		
Investments and other assets	9,730	10,496
Allowance for doubtful accounts	(201)	(325)
Total investments and other assets	9,529	10,171
Total non-current assets	18,351	18,718
Total assets	97,147	102,514
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,778	10,582
Income taxes payable	2,595	2,020
Advances received	12,605	13,934
Provision for loss on order received	305	351
Other	11,177	10,252
Total current liabilities	34,463	37,141
Non-current liabilities		
Retirement benefit liability	52	57
Asset retirement obligations	1,010	976
Other	2,033	1,413
Total non-current liabilities	3,096	2,448
Total liabilities	37,559	39,589

(Millions of yen)

	As of December 31, 2020	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	8,180	8,180
Capital surplus	15,285	15,285
Retained earnings	35,832	38,967
Treasury shares	(30)	(31)
Total shareholders' equity	59,268	62,403
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	194	229
Foreign currency translation adjustment	102	270
Total accumulated other comprehensive income	297	500
Non-controlling interests	22	21
Total net assets	59,587	62,924
Total liabilities and net assets	97,147	102,514

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

[Consolidated Statements of Income]

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	80,182	79,884
Cost of sales	52,551	51,632
Gross profit	27,630	28,252
Selling, general and administrative expenses	18,325	18,715
Operating profit	9,305	9,536
Non-operating income		
Interest and dividend income	28	30
Dividend income of insurance	59	20
Subsidy income	56	35
Gain on investments in investment partnerships	19	66
Miscellaneous income	45	30
Total non-operating income	210	182
Non-operating expenses		
Interest expenses	30	27
Share of loss of entities accounted for using equity method	277	73
Provision of allowance for doubtful accounts	13	197
Foreign exchange losses	37	48
Miscellaneous loss	38	14
Total non-operating expenses	397	360
Ordinary profit	9,118	9,358
Extraordinary losses		
Loss on valuation of investment securities	119	-
Total extraordinary losses	119	-
Profit before income taxes	8,999	9,358
Income taxes - current	3,560	3,656
Income taxes - deferred	(582)	(722)
Total income taxes	2,977	2,933
Profit	6,021	6,424
Profit attributable to non-controlling interests	3	2
Profit attributable to owners of parent	6,018	6,422

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit	6,021	6,424
Other comprehensive income		
Valuation difference on available-for-sale securities	255	35
Foreign currency translation adjustment	(53)	167
Total other comprehensive income	201	202
Comprehensive income	6,223	6,627
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,220	6,625
Comprehensive income attributable to non-controlling interests	3	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

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

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

(Millions of yen)

	Reportable Segment				
	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Total
Net sales					
Sales to customers	17,796	16,073	22,074	24,238	80,182
Inter-segment sales and transfers	–	–	–	–	–
Total	17,796	16,073	22,074	24,238	80,182
Segment profit	1,175	2,257	1,487	4,385	9,305

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

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

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

(Millions of yen)

	Reportable Segment				
	Financial Solutions	Business Solutions	Manufacturing Solutions	Communication IT	Total
Net sales					
Sales to customers	18,039	11,149	23,175	27,519	79,884
Inter-segment sales and transfers	–	–	–	–	–
Total	18,039	11,149	23,175	27,519	79,884
Segment profit	1,111	1,750	2,176	4,498	9,536

Notes: 1. Total values for segment profit match those for the operating profit on the “Consolidated Statements of Income.”

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

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 third quarter of the previous consolidated fiscal year and the third 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.