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## Consolidated Financial Results for the Year Ended March 31, 2020 [Japanese GAAP]

May 18, 2020

Company name: NIPPON SYSTEMWARE CO., LTD.

Stock exchange listing: Tokyo

Code number: 9739

URL: <https://www.nsw.co.jp/>

Representative: Shoji Tada

President (Representative Director)

Contact: Yuzuru Suka

Executive Corporate Officer and Member of the Board

Phone: 03-3770-1111

Scheduled date of Annual General Meeting of Shareholders: June 25, 2020

Scheduled date of commencing dividend payments: June 26, 2020

Scheduled date of filing annual securities report: June 25, 2020

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: No

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 01, 2019 to March 31, 2020)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2020	38,273	6.0	3,860	15.1	3,898	14.4	2,668	16.7
March 31, 2019	36,107	7.8	3,354	14.1	3,407	14.5	2,286	10.7

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥ 2,661 million [ 16.1%]  
Fiscal year ended March 31, 2019: ¥ 2,292 million [ 11.2%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	179.08	-	13.2	13.3	10.1
March 31, 2019	153.47	-	12.5	12.7	9.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2020: ¥ - million  
Fiscal year ended March 31, 2019: ¥ - million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2020	30,516	21,372	70.0	1,434.46
March 31, 2019	28,211	19,196	68.0	1,288.36

(Reference) Equity: As of March 31, 2020: ¥ 21,372 million  
As of March 31, 2019: ¥ 19,196 million

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2020	3,887	(306)	(492)	11,488
March 31, 2019	2,657	(424)	(419)	8,402

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2019	-	12.50	-	17.50	30.00	446	19.5	2.4
March 31, 2020	-	15.00	-	15.00	30.00	446	16.8	2.2
Fiscal year ending March 31, 2021 (Forecast)	-	-	-	-	-		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2020 :

Commemorative dividend - yen

Special dividend - yen

- The dividend forecasts are unconfirmed because it is difficult to reasonably calculate them due to the effects of the new coronavirus. We will announce them as soon as possible when they become calculable.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 01, 2020 to March 31, 2021)

- The consolidated financial results forecasts are unconfirmed because it is difficult to reasonably calculate them due to the effects of the new coronavirus. We will announce them as soon as possible when they become calculable.

### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2020: 14,900,000 shares

March 31, 2019: 14,900,000 shares

2) Total number of treasury shares at the end of the period:

March 31, 2020: 395 shares

March 31, 2019: 352 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2020: 14,899,611 shares

Fiscal Year ended March 31, 2019: 14,899,668 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 01, 2019 to March 31, 2020)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	36,255	6.4	3,698	12.5	3,766	11.9	2,585	14.0
March 31, 2019	34,059	7.4	3,288	14.5	3,367	14.4	2,267	10.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2020	173.51	-
March 31, 2019	152.18	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2020	29,796	20,985	70.4	1,408.45
March 31, 2019	27,457	18,884	68.8	1,267.42

(Reference) Equity: As of March 31, 2020: ¥ 20,985 million  
As of March 31, 2019: ¥ 18,884 million

※This Consolidated Financial Report is not subject to audit procedures by certified public accountants or auditing firm.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Million yen)

	As of March 31,2019	As of March 31,2020
<b>Assets</b>		
Current assets		
Cash and deposits	8,410	11,488
Notes and accounts receivable - trade	9,409	8,844
Electronically recorded monetary claims - operating	239	94
Merchandise	349	226
Work in process	748	837
Supplies	3	2
Other	234	321
Total current assets	19,395	21,815
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,226	2,048
Tools, furniture and fixtures, net	305	328
Land	3,861	3,861
Other, net	14	3
Total property, plant and equipment	6,407	6,241
Intangible assets		
Software	104	81
Other	31	36
Total intangible assets	135	117
Investments and other assets		
Investment securities	30	31
Deferred tax assets	1,203	1,234
Other	1,051	1,089
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	2,273	2,341
Total non-current assets	8,816	8,701
<b>Total assets</b>	<b>28,211</b>	<b>30,516</b>

(Million yen)

	As of March 31,2019	As of March 31,2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,412	2,593
Income taxes payable	951	730
Accrued consumption taxes	395	548
Provision for bonuses	1,268	1,023
Provision for loss on construction contracts	-	221
Provision for product warranties	19	-
Other	1,731	1,671
Total current liabilities	6,779	6,789
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	2	2
Retirement benefit liability	2,178	2,295
Other	55	57
Total non-current liabilities	2,235	2,354
Total liabilities	9,015	9,144
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	86	86
Retained earnings	13,602	15,786
Treasury shares	(0)	(0)
Total shareholders' equity	19,188	21,372
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	3
Foreign currency translation adjustment	12	9
Remeasurements of defined benefit plans	(7)	(12)
Total accumulated other comprehensive income	7	0
Total net assets	19,196	21,372
Total liabilities and net assets	28,211	30,516

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Net sales	36,107	38,273
Cost of sales	29,519	30,987
Gross profit	6,587	7,285
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	127	140
Corporate officer' compensations	168	148
Salaries and bonuses	1,402	1,475
Retirement benefit expenses	63	66
Welfare expenses	275	281
Communication and transportation expenses	177	183
Outsourcing expenses	163	194
Rent expenses	110	119
Other	744	815
Total selling, general and administrative expenses	3,233	3,425
Operating profit	3,354	3,860
Non-operating income		
Rental income	6	6
Dividend income of insurance	10	8
Commission income	6	6
Subsidy income	9	11
Other	22	11
Total non-operating income	54	43
Non-operating expenses		
Loss on transfer of receivables	1	0
Foreign exchange losses	-	3
Loss on cancellation of insurance policies	-	1
Other	0	0
Total non-operating expenses	2	5
Ordinary profit	3,407	3,898
Extraordinary income		
Gain on sales of non-current assets	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on retirement of non-current assets	7	16
Loss on sales of non-current assets	1	9
Total extraordinary losses	8	26
Profit before income taxes	3,398	3,873
Income taxes - current	1,258	1,233
Income taxes for prior periods	11	-
Income taxes - deferred	(157)	(28)
Total income taxes	1,112	1,204
Profit	2,286	2,668
Profit attributable to owners of parent	2,286	2,668

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Profit	2,286	2,668
Other comprehensive income		
Valuation difference on available-for-sale securities	1	0
Foreign currency translation adjustment	(5)	(2)
Remeasurements of defined benefit plans, net of tax	10	(4)
Total other comprehensive income	6	(6)
Comprehensive income	2,292	2,661
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,292	2,661

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2019

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	86	11,725	(0)	17,311
Changes during period					
Dividends of surplus			(409)		(409)
Profit attributable to owners of parent			2,286		2,286
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,876	(0)	1,876
Balance at end of period	5,500	86	13,602	(0)	19,188

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2	18	(18)	1	17,312
Changes during period					
Dividends of surplus					(409)
Profit attributable to owners of parent					2,286
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	1	(5)	10	6	6
Total changes during period	1	(5)	10	6	1,883
Balance at end of period	3	12	(7)	7	19,196

For the fiscal year ended March 31,2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	86	13,602	(0)	19,188
Changes during period					
Dividends of surplus			(484)		(484)
Profit attributable to owners of parent			2,668		2,668
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,183	(0)	2,183
Balance at end of period	5,500	86	15,786	(0)	21,372



	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3	12	(7)	7	19,196
Changes during period					
Dividends of surplus					(484)
Profit attributable to owners of parent					2,668
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	0	(2)	(4)	(6)	(6)
Total changes during period	0	(2)	(4)	(6)	2,176
Balance at end of period	3	9	(12)	0	21,372

## Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,398	3,873
Depreciation	460	475
Increase (decrease) in allowance for doubtful accounts	(5)	-
Increase (decrease) in provision for bonuses	279	(245)
Increase (decrease) in provision for loss on construction contracts	(3)	221
Increase (decrease) in provision for product warranties	19	(19)
Increase (decrease) in retirement benefit liability	112	108
Loss on retirement of non-current assets	7	16
Decrease (increase) in trade receivables	(726)	714
Decrease (increase) in inventories	(258)	34
Increase (decrease) in trade payables	144	170
Increase (decrease) in advances received	102	69
Decrease/increase in consumption taxes payable	(25)	153
Other, net	89	(244)
Subtotal	3,595	5,327
Income taxes paid	(937)	(1,440)
Other, net	0	0
Net cash provided by (used in) operating activities	2,657	3,887
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(230)	(191)
Proceeds from sales of property, plant and equipment	0	22
Payments of leasehold and guarantee deposits	(35)	(28)
Purchase of insurance funds	(18)	(16)
Other, net	(139)	(92)
Net cash provided by (used in) investing activities	(424)	(306)
<b>Cash flows from financing activities</b>		
Dividends paid	(409)	(483)
Other, net	(9)	(8)
Net cash provided by (used in) financing activities	(419)	(492)
Effect of exchange rate change on cash and cash equivalents	(5)	(2)
Net increase (decrease) in cash and cash equivalents	1,808	3,085
Cash and cash equivalents at beginning of period	6,593	8,402
Cash and cash equivalents at end of period	8,402	11,488