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Consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]

October 26, 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 filing quarterly securities report: November 13, 2020

Scheduled date of commencing dividend payments: December 02, 2020

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 01, 2020 to September 30, 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	%
Six months ended September 30, 2020	17,743	(4.0)	1,745	(6.9)	1,761	(6.8)	1,255	(4.2)
September 30, 2019	18,485	10.3	1,873	32.9	1,888	31.4	1,309	37.3

(Note) Comprehensive income: Six months ended September 30, 2020: ¥ 1,258 million [(3.9) %]
Six months ended September 30, 2019: ¥ 1,309 million [37.4 %]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	84.25		-	
September 30, 2019	87.90		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Million yen		Million yen		%	
As of September 30, 2020	30,665		22,407		73.1	
March 31, 2020	30,516		21,372		70.0	

(Reference) Equity: As of September 30, 2020: ¥ 22,407 million
As of March 31, 2020: ¥ 21,372 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	-	15.00	-	15.00	30.00
Fiscal year ending March 31, 2021	-	20.00			
Fiscal year ending March 31, 2021 (Forecast)			-	20.00	40.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2021 :

Commemorative dividend	- yen
Special dividend	- yen

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	38,500	0.6	3,500	(9.3)	3,540	(9.2)	2,400	(10.1)	161.08

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2020

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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

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

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

September 30, 2020: 14,900,000 shares

March 31, 2020: 14,900,000 shares

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

September 30, 2020: 437 shares

March 31, 2020: 395 shares

3) Average number of shares during the period:

Six months ended September 30, 2020: 14,899,566 shares

Six months ended September 30, 2019: 14,899,618 shares

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

※The consolidated financial results forecasts are based on information currently available to The Company and on certain assumption deemed to be reasonable. As a result of various factor that may arise in the future, actual results may differ from the Company's forecast.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of September 30,2020
Assets		
Current assets		
Cash and deposits	11,488	11,683
Notes and accounts receivable - trade	8,844	7,810
Electronically recorded monetary claims - operating	94	88
Merchandise	226	481
Work in process	837	1,473
Supplies	2	2
Other	321	417
Total current assets	21,815	21,958
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,048	2,052
Tools, furniture and fixtures, net	328	312
Land	3,861	3,861
Other, net	3	3
Total property, plant and equipment	6,241	6,228
Intangible assets		
Software	81	67
Other	36	34
Total intangible assets	117	101
Investments and other assets		
Investment securities	31	38
Deferred tax assets	1,234	1,118
Other	1,089	1,233
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	2,341	2,376
Total non-current assets	8,701	8,707
Total assets	30,516	30,665

(Million yen)

	As of March 31,2020	As of September 30,2020
Liabilities		
Current liabilities		
Accounts payable - trade	2,593	2,642
Income taxes payable	730	505
Accrued consumption taxes	548	248
Provision for bonuses	1,023	796
Provision for loss on construction contracts	221	8
Provision for product warranties	-	27
Other	1,671	1,630
Total current liabilities	6,789	5,858
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	2	2
Retirement benefit liability	2,295	2,345
Other	57	51
Total non-current liabilities	2,354	2,399
Total liabilities	9,144	8,257
Net assets		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	86	86
Retained earnings	15,786	16,818
Treasury shares	(0)	(0)
Total shareholders' equity	21,372	22,403
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	8
Foreign currency translation adjustment	9	7
Remeasurements of defined benefit plans	(12)	(11)
Total accumulated other comprehensive income	0	4
Total net assets	21,372	22,407
Total liabilities and net assets	30,516	30,665

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Net sales	18,485	17,743
Cost of sales	14,902	14,385
Gross profit	3,583	3,357
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	68	73
Corporate officer' compensations	79	89
Salaries and bonuses	734	730
Retirement benefit expenses	35	32
Welfare expenses	140	138
Communication and transportation expenses	90	50
Outsourcing expenses	104	99
Rent expenses	60	59
Other	396	338
Total selling, general and administrative expenses	1,710	1,612
Operating profit	1,873	1,745
Non-operating income		
Dividend income of insurance	6	9
Other	13	11
Total non-operating income	20	20
Non-operating expenses		
Foreign exchange losses	3	1
Loss on cancellation of insurance policies	1	2
Other	0	0
Total non-operating expenses	5	4
Ordinary profit	1,888	1,761
Extraordinary income		
Gain on sales of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	1,890	1,761
Income taxes - current	530	392
Income taxes - deferred	50	113
Total income taxes	580	505
Profit	1,309	1,255
Profit attributable to owners of parent	1,309	1,255

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Profit	1,309	1,255
Other comprehensive income		
Valuation difference on available-for-sale securities	1	4
Foreign currency translation adjustment	(2)	(2)
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	0	3
Comprehensive income	1,309	1,258
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,309	1,258

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Cash flows from operating activities		
Profit before income taxes	1,890	1,761
Depreciation	235	238
Increase (decrease) in provision for bonuses	(236)	(227)
Increase (decrease) in provision for loss on construction contracts	81	(213)
Increase (decrease) in provision for product warranties	(19)	27
Increase (decrease) in retirement benefit liability	47	50
Decrease (increase) in trade receivables	871	1,039
Decrease (increase) in inventories	(545)	(890)
Increase (decrease) in trade payables	242	59
Increase (decrease) in advances received	(87)	30
Increase (decrease) in accrued consumption taxes	(138)	(300)
Other, net	(476)	(174)
Subtotal	1,863	1,402
Income taxes paid	(813)	(607)
Other, net	0	0
Net cash provided by (used in) operating activities	1,050	795
Cash flows from investing activities		
Purchase of property, plant and equipment	(54)	(150)
Purchase of intangible assets	(4)	(10)
Payments of leasehold and guarantee deposits	(28)	(155)
Purchase of insurance funds	(13)	(11)
Proceeds from maturity of insurance funds	3	10
Other, net	(67)	(57)
Net cash provided by (used in) investing activities	(164)	(374)
Cash flows from financing activities		
Dividends paid	(260)	(222)
Other, net	(3)	(0)
Net cash provided by (used in) financing activities	(264)	(223)
Effect of exchange rate change on cash and cash equivalents	(2)	(2)
Net increase (decrease) in cash and cash equivalents	619	195
Cash and cash equivalents at beginning of period	8,402	11,488
Cash and cash equivalents at end of period	9,021	11,683