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Consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]

November 01, 2021

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 12, 2021

Scheduled date of commencing dividend payments: December 02, 2021

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, 2021 (April 01, 2021 to September 30, 2021)

(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, 2021	20,548	15.8	2,161	23.9	2,187	24.2	1,493	33.6
September 30, 2020	17,743	(4.0)	1,745	(6.9)	1,761	(6.8)	1,117	(14.6)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥ 1,501 million [33.9%]
Six months ended September 30, 2020: ¥ 1,121 million [(14.4)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	100.21	-
September 30, 2020	75.03	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2021	33,928	24,821	73.2
March 31, 2021	32,660	23,618	72.3

(Reference) Equity: As of September 30, 2021: ¥ 24,821 million
As of March 31, 2021: ¥ 23,618 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, 2021	-	20.00	-	20.00	40.00
Fiscal year ending March 31, 2022	-	20.00			
Fiscal year ending March 31, 2022 (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, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% 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	42,000	6.9	4,300	2.4	4,340	2.4	2,950	6.7	197.99

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2021

(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: Yes

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, 2021: 14,900,000 shares

March 31, 2021: 14,900,000 shares

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

September 30, 2021: 500 shares

March 31, 2021: 437 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 14,899,532 shares

Six months ended September 30, 2020: 14,899,566 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 31,2021	As of September 30,2021
Assets		
Current assets		
Cash and deposits	12,383	13,671
Notes and accounts receivable - trade	9,651	8,862
Electronically recorded monetary claims - operating	111	101
Merchandise	736	492
Work in process	731	1,523
Supplies	2	2
Other	362	445
Total current assets	23,980	25,099
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,995	1,896
Tools, furniture and fixtures, net	302	292
Land	3,861	3,861
Other, net	10	16
Total property, plant and equipment	6,168	6,066
Intangible assets		
Software	76	64
Goodwill	5	193
Other	19	20
Total intangible assets	101	278
Investments and other assets		
Investment securities	40	40
Deferred tax assets	1,198	1,247
Other	1,183	1,209
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	2,409	2,484
Total non-current assets	8,680	8,829
Total assets	32,660	33,928

(Million yen)

	As of March 31,2021	As of September 30,2021
Liabilities		
Current liabilities		
Accounts payable - trade	2,719	2,767
Current portion of long-term borrowings	-	9
Income taxes payable	709	846
Accrued consumption taxes	464	361
Provision for bonuses	1,132	1,069
Provision for loss on construction contracts	19	19
Other	1,517	1,420
Total current liabilities	6,563	6,493
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	2	56
Retirement benefit liability	2,407	2,479
Other	69	77
Total non-current liabilities	2,478	2,613
Total liabilities	9,042	9,107
Net assets		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	86	86
Retained earnings	18,030	19,225
Treasury shares	(0)	(0)
Total shareholders' equity	23,615	24,810
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	9
Foreign currency translation adjustment	10	18
Remeasurements of defined benefit plans	(18)	(17)
Total accumulated other comprehensive income	2	10
Total net assets	23,618	24,821
Total liabilities and net assets	32,660	33,928

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 30,2020	For the six months ended September 30,2021
Net sales	17,743	20,548
Cost of sales	14,385	16,608
Gross profit	3,357	3,939
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	73	70
Corporate officer' compensations	89	95
Salaries and bonuses	730	768
Retirement benefit expenses	32	33
Welfare expenses	138	151
Communication and transportation expenses	50	57
Outsourcing expenses	99	163
Rent expenses	59	75
Other	338	361
Total selling, general and administrative expenses	1,612	1,778
Operating profit	1,745	2,161
Non-operating income		
Subsidy income	3	7
Other	17	20
Total non-operating income	20	28
Non-operating expenses		
Foreign exchange losses	1	2
Loss on cancellation of insurance policies	2	-
Other	0	0
Total non-operating expenses	4	2
Ordinary profit	1,761	2,187
Extraordinary income		
Gain on sale of non-current assets	-	1
Total extraordinary income	-	1
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Provision for loss on compensation for damage	198	-
Total extraordinary losses	198	0
Profit before income taxes	1,563	2,189
Income taxes - current	392	711
Income taxes - deferred	52	(15)
Total income taxes	445	696
Profit	1,117	1,493
Profit attributable to owners of parent	1,117	1,493

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

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Profit	1,117	1,493
Other comprehensive income		
Valuation difference on available-for-sale securities	4	(0)
Foreign currency translation adjustment	(2)	7
Remeasurements of defined benefit plans, net of tax	0	1
Total other comprehensive income	3	8
Comprehensive income	1,121	1,501
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,121	1,501

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2020	For the six months ended September 30,2021
Cash flows from operating activities		
Profit before income taxes	1,563	2,189
Depreciation	238	245
Increase (decrease) in provision for bonuses	(227)	(87)
Increase (decrease) in retirement benefit liability	50	59
Allowance for consequential damages	198	-
Increase (decrease) in provision for product warranties	27	-
Decrease (increase) in trade receivables	1,039	845
Decrease (increase) in inventories	(890)	(496)
Increase (decrease) in trade payables	59	134
Increase (decrease) in advances received	30	16
Increase (decrease) in accrued consumption taxes	(300)	(102)
Other, net	(387)	(312)
Subtotal	1,402	2,489
Income taxes paid	(607)	(594)
Other, net	0	0
Net cash provided by (used in) operating activities	795	1,895
Cash flows from investing activities		
Purchase of property, plant and equipment	(150)	(90)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(186)
Proceeds from refund of leasehold and guarantee deposits	0	29
Purchase of insurance funds	(11)	(10)
Proceeds from maturity of insurance funds	10	-
Other, net	(223)	(58)
Net cash provided by (used in) investing activities	(374)	(316)
Cash flows from financing activities		
Dividends paid	(222)	(297)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(223)	(297)
Effect of exchange rate change on cash and cash equivalents	(2)	7
Net increase (decrease) in cash and cash equivalents	195	1,288
Cash and cash equivalents at beginning of period	11,488	12,383
Cash and cash equivalents at end of period	11,683	13,671