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Consolidated Financial Results for the Three Months Ended June 30, 2020 [Japanese GAAP]

July 27, 2020

Company name: NIPPON SYSTEMWARE CO., LTD.

Stock exchange listing: Tokyo

Code number: 9739

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

Representative: Shoji Tada

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Scheduled date of filing quarterly securities report: August 14, 2020

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

President (Representative Director)
Executive Corporate Officer and Member of the Board

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 01, 2020 to June 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	%
Three months ended June 30, 2020	7,682	(2.8)	538	(21.9)	540	(22.1)	412	(12.2)
June 30, 2019	7,899	7.0	689	64.7	693	59.4	469	73.8

(Note) Comprehensive income: Three months ended June 30, 2020: ¥ 413 million [(12.3)%]
Three months ended June 30, 2019: ¥ 471 million [75.5%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2020	27.67	-
June 30, 2019	31.49	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2020	29,240	21,562	73.7
March 31, 2020	30,516	21,372	70.0

(Reference) Equity: As of June 30, 2020: ¥ 21,562 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	-				
Fiscal year ending March 31, 2021 (Forecast)		20.00	-	20.00	40.00

(Note) Revision to the forecast for dividends announced most recently: Yes

(Note) Breakdown of the 1st 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	%	円 銭
Six months ended September 30, 2020	18,300	(1.0)	1,580	(15.7)	1,600	(15.3)	1,100	(16.0)	73.83
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: Yes

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 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):

June 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:

June 30, 2020: 437 shares

March 31, 2020: 395 shares

3) Average number of shares during the period:

Three months ended June 30, 2020: 14,899,569 shares

Three months ended June 30, 2019: 14,899,630 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 June 30,2020
Assets		
Current assets		
Cash and deposits	11,488	11,540
Notes and accounts receivable - trade	8,844	6,191
Electronically recorded monetary claims - operating	94	56
Merchandise	226	368
Work in process	837	1,779
Supplies	2	2
Other	321	716
Total current assets	21,815	20,656
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,048	1,984
Tools, furniture and fixtures, net	328	310
Land	3,861	3,861
Other, net	3	3
Total property, plant and equipment	6,241	6,159
Intangible assets		
Software	81	74
Other	36	35
Total intangible assets	117	109
Investments and other assets		
Investment securities	31	35
Deferred tax assets	1,234	1,111
Other	1,089	1,180
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	2,341	2,315
Total non-current assets	8,701	8,584
Total assets	30,516	29,240

(Million yen)

	As of March 31,2020	As of June 30,2020
Liabilities		
Current liabilities		
Accounts payable - trade	2,593	2,152
Income taxes payable	730	62
Accrued consumption taxes	548	347
Provision for bonuses	1,023	446
Provision for loss on construction contracts	221	212
Other	1,671	2,078
Total current liabilities	6,789	5,299
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	2	2
Retirement benefit liability	2,295	2,321
Other	57	54
Total non-current liabilities	2,354	2,378
Total liabilities	9,144	7,677
Net assets		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	86	86
Retained earnings	15,786	15,975
Treasury shares	(0)	(0)
Total shareholders' equity	21,372	21,560
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	6
Foreign currency translation adjustment	9	7
Remeasurements of defined benefit plans	(12)	(12)
Total accumulated other comprehensive income	0	2
Total net assets	21,372	21,562
Total liabilities and net assets	30,516	29,240

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended June 30,2019	For the three months ended June 30,2020
Net sales	7,899	7,682
Cost of sales	6,372	6,339
Gross profit	1,527	1,342
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	32	39
Corporate officer' compensations	45	45
Salaries and bonuses	354	374
Retirement benefit expenses	19	16
Welfare expenses	69	68
Communication and transportation expenses	46	25
Outsourcing expenses	53	49
Rent expenses	28	30
Other	187	154
Total selling, general and administrative expenses	837	803
Operating profit	689	538
Non-operating income		
Rental income	1	1
Commission income	1	1
Subsidy income	3	1
Other	1	0
Total non-operating income	7	5
Non-operating expenses		
Foreign exchange losses	3	0
Loss on cancellation of insurance policies	-	2
Other	0	0
Total non-operating expenses	3	3
Ordinary profit	693	540
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	693	540
Income taxes - current	6	7
Income taxes - deferred	217	120
Total income taxes	224	127
Profit	469	412
Profit attributable to owners of parent	469	412

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

(Million yen)

	For the three months ended June 30,2019	For the three months ended June 30,2020
Profit	469	412
Other comprehensive income		
Valuation difference on available-for-sale securities	0	2
Foreign currency translation adjustment	1	(1)
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	2	1
Comprehensive income	471	413
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	471	413

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the three months ended June 30,2019	For the three months ended June 30,2020
Cash flows from operating activities		
Profit before income taxes	693	540
Depreciation	115	118
Increase (decrease) in provision for bonuses	(849)	(576)
Increase (decrease) in provision for product warranties	(19)	-
Increase (decrease) in retirement benefit liability	31	27
Decrease (increase) in trade receivables	3,056	2,690
Decrease (increase) in inventories	(971)	(1,083)
Increase (decrease) in trade payables	(307)	(442)
Increase (decrease) in advances received	71	65
Increase (decrease) in accrued consumption taxes	(111)	(201)
Other, net	17	(75)
Subtotal	1,727	1,062
Income taxes paid	(813)	(607)
Other, net	0	0
Net cash provided by (used in) operating activities	913	455
Cash flows from investing activities		
Purchase of property, plant and equipment	(22)	(69)
Purchase of intangible assets	(1)	(10)
Payments of leasehold and guarantee deposits	(3)	(105)
Proceeds from maturity of insurance funds	-	10
Other, net	(32)	(10)
Net cash provided by (used in) investing activities	(60)	(185)
Cash flows from financing activities		
Dividends paid	(253)	(216)
Other, net	(1)	(0)
Net cash provided by (used in) financing activities	(254)	(216)
Effect of exchange rate change on cash and cash equivalents	1	(1)
Net increase (decrease) in cash and cash equivalents	599	51
Cash and cash equivalents at beginning of period	8,402	11,488
Cash and cash equivalents at end of period	9,002	11,540