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Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

May 10, 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 Annual General Meeting of Shareholders: June 23, 2021

Scheduled date of commencing dividend payments: June 24, 2021

Scheduled date of filing annual securities report: June 23, 2021

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, 2021 (April 01, 2020 to March 31, 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	%
Fiscal year ended March 31, 2021	39,282	2.6	4,197	8.7	4,240	8.8	2,765	3.6
March 31, 2020	38,273	6.0	3,860	15.1	3,898	14.4	2,668	16.7

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥ 2,766 million [4.0%]
Fiscal year ended March 31, 2020: ¥ 2,661 million [16.1%]

	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, 2021	185.59	-	12.3	13.4	10.7
March 31, 2020	179.08	-	13.2	13.3	10.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥ - million
Fiscal year ended March 31, 2020: ¥ - 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, 2021	32,660	23,618	72.3	1,585.16
March 31, 2020	30,516	21,372	70.0	1,434.46

(Reference) Equity: As of March 31, 2021: ¥ 23,618 million
As of March 31, 2020: ¥ 21,372 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, 2021	1,998	(583)	(520)	12,383
March 31, 2020	3,887	(306)	(492)	11,488

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, 2020	-	15.00	-	15.00	30.00	446	16.8	2.2
March 31, 2021	-	20.00	-	20.00	40.00	595	21.6	2.6
Fiscal year ending March 31, 2022 (Forecast)	-	20.00	-	20.00	40.00		20.2	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2021 :

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
Six months ended September 30, 2021	19,200	8.2	1,800	3.1	1,820	3.3	1,250	11.8	83.90
Full year	42,000	6.9	4,300	2.4	4,340	2.4	2,950	6.7	197.99

* 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, 2021:	14,900,000 shares
March 31, 2020:	14,900,000 shares

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

March 31, 2021:	437 shares
March 31, 2020:	395 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2021:	14,899,565 shares
Fiscal Year ended March 31, 2020:	14,899,611 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

(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, 2021	37,567	3.6	4,045	9.4	4,122	9.5	2,706	4.7
March 31, 2020	36,255	6.4	3,698	12.5	3,766	11.9	2,585	14.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2021	181.62	-
March 31, 2020	173.51	-

(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, 2021	31,896	23,176	72.7	1,555.50
March 31, 2020	29,796	20,985	70.4	1,408.45

(Reference) Equity: As of March 31, 2021: ¥ 23,176 million
As of March 31, 2020: ¥ 20,985 million

※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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of March 31,2021
Assets		
Current assets		
Cash and deposits	11,488	12,383
Notes and accounts receivable - trade	8,844	9,651
Electronically recorded monetary claims - operating	94	111
Merchandise	226	736
Work in process	837	731
Supplies	2	2
Other	321	362
Total current assets	21,815	23,980
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,048	1,995
Tools, furniture and fixtures, net	328	302
Land	3,861	3,861
Other, net	3	10
Total property, plant and equipment	6,241	6,168
Intangible assets		
Software	81	76
Other	36	25
Total intangible assets	117	101
Investments and other assets		
Investment securities	31	40
Deferred tax assets	1,234	1,198
Other	1,089	1,183
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	2,341	2,409
Total non-current assets	8,701	8,680
Total assets	30,516	32,660

(Million yen)

	As of March 31,2020	As of March 31,2021
Liabilities		
Current liabilities		
Accounts payable - trade	2,593	2,719
Income taxes payable	730	709
Accrued consumption taxes	548	464
Provision for bonuses	1,023	1,132
Provision for loss on construction contracts	221	19
Other	1,671	1,517
Total current liabilities	6,789	6,563
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	2	2
Retirement benefit liability	2,295	2,407
Other	57	69
Total non-current liabilities	2,354	2,478
Total liabilities	9,144	9,042
Net assets		
Shareholders' equity		
Share capital	5,500	5,500
Capital surplus	86	86
Retained earnings	15,786	18,030
Treasury shares	(0)	(0)
Total shareholders' equity	21,372	23,615
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	10
Foreign currency translation adjustment	9	10
Remeasurements of defined benefit plans	(12)	(18)
Total accumulated other comprehensive income	0	2
Total net assets	21,372	23,618
Total liabilities and net assets	30,516	32,660

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Net sales	38,273	39,282
Cost of sales	30,987	31,702
Gross profit	7,285	7,580
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	140	142
Corporate officer' compensations	148	196
Salaries and bonuses	1,475	1,477
Retirement benefit expenses	66	64
Welfare expenses	281	289
Communication and transportation expenses	183	103
Outsourcing expenses	194	216
Rent expenses	119	153
Other	815	738
Total selling, general and administrative expenses	3,425	3,382
Operating profit	3,860	4,197
Non-operating income		
Rental income	6	6
Dividend income of insurance	8	11
Commission income	6	5
Subsidy income	11	13
Other	11	8
Total non-operating income	43	46
Non-operating expenses		
Loss on sale of receivables	0	0
Foreign exchange losses	3	1
Loss on cancellation of insurance policies	1	2
Other	0	0
Total non-operating expenses	5	3
Ordinary profit	3,898	4,240
Extraordinary income		
Gain on sale of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on retirement of non-current assets	16	51
Loss on sale of non-current assets	9	0
Settlement package	-	24
Loss on compensation for damage	-	199
Total extraordinary losses	26	276
Profit before income taxes	3,873	3,964
Income taxes - current	1,233	1,163
Income taxes - deferred	(28)	35
Total income taxes	1,204	1,198
Profit	2,668	2,765
Profit attributable to owners of parent	2,668	2,765

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Profit	2,668	2,765
Other comprehensive income		
Valuation difference on available-for-sale securities	0	6
Foreign currency translation adjustment	(2)	1
Remeasurements of defined benefit plans, net of tax	(4)	(5)
Total other comprehensive income	(6)	1
Comprehensive income	2,661	2,766
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,661	2,766

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2020

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders equity	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	5,500	86	13,602	(0)	19,188	3	12	(7)	7	19,196
Changes during period										
Dividends of surplus			(484)		(484)					(484)
Profit attributable to owners of parent			2,668		2,668					2,668
Purchase of treasury shares				(0)	(0)					(0)
Net changes in items other than shareholders' equity						0	(2)	(4)	(6)	(6)
Total changes during period	-	-	2,183	(0)	2,183	0	(2)	(4)	(6)	2,176
Balance at end of period	5,500	86	15,786	(0)	21,372	3	9	(12)	0	21,372

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income				Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders equity	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	5,500	86	15,786	(0)	21,372	3	9	(12)	0	21,372
Changes during period										
Dividends of surplus			(521)		(521)					(521)
Profit attributable to owners of parent			2,765		2,765					2,765
Purchase of treasury shares				(0)	(0)					(0)
Net changes in items other than shareholders' equity						6	1	(5)	1	1
Total changes during period	-	-	2,243	(0)	2,243	6	1	(5)	1	2,245
Balance at end of period	5,500	86	18,030	(0)	23,615	10	10	(18)	2	23,618

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from operating activities		
Profit before income taxes	3,873	3,964
Depreciation	475	488
Increase (decrease) in provision for bonuses	(245)	108
Increase (decrease) in provision for loss on construction contracts	221	(201)
Increase (decrease) in provision for product warranties	(19)	-
Increase (decrease) in retirement benefit liability	108	101
Loss on compensation for damage	-	199
Settlement package	-	24
Loss on retirement of non-current assets	16	51
Decrease (increase) in trade receivables	714	(823)
Decrease (increase) in inventories	34	(404)
Increase (decrease) in trade payables	170	41
Increase (decrease) in advances received	69	(185)
Decrease/increase in consumption taxes payable	153	(84)
Other, net	(244)	118
Subtotal	5,327	3,398
Income taxes paid	(1,440)	(1,175)
Settlement package paid	-	(24)
Compensation for damage paid	-	(199)
Other, net	0	0
Net cash provided by (used in) operating activities	3,887	1,998
Cash flows from investing activities		
Purchase of property, plant and equipment	(191)	(302)
Purchase of intangible assets	(7)	(25)
Payments for retirement of property, plant and equipment	-	(45)
Payments of leasehold and guarantee deposits	(28)	(158)
Proceeds from refund of leasehold and guarantee deposits	5	31
Purchase of insurance funds	(16)	(13)
Proceeds from maturity of insurance funds	4	10
Other, net	(72)	(81)
Net cash provided by (used in) investing activities	(306)	(583)
Cash flows from financing activities		
Dividends paid	(483)	(520)
Other, net	(8)	(0)
Net cash provided by (used in) financing activities	(492)	(520)
Effect of exchange rate change on cash and cash equivalents	(2)	1
Net increase (decrease) in cash and cash equivalents	3,085	895
Cash and cash equivalents at beginning of period	8,402	11,488
Cash and cash equivalents at end of period	11,488	12,383