

## Financial Statements(under Japanese GAAP)

February 9, 2018

Company name	IFIS JAPAN LTD.	Stock Exchange listing	TSE
Code number	7833	URL	<a href="http://www.ifis.co.jp">http://www.ifis.co.jp</a>
Representative	President	Kazuharu Osawa	
Contact	Director	Hiroki Osawa	TEL 81-(3)6825-1250
Scheduled date of annual shareholder's meeting	March 23, 2018	Scheduled start date of dividend	March 26, 2018
Scheduled submission date of annual security report	March 26, 2018		
Preparation of supplementary material on earnings : Yes			
Holding of earnings performance review : Yes (for analysts)			

(Fractions less than ¥1 million have been omitted.)

1.Consolidated Financial Results for the Fiscal Year Ended December 31, 2017(January 1, 2017 to December 31, 2017)

### (1) Consolidated Operating Results

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 2017	4,916	7.0	683	16.1	684	△15.5	433	16.2
Fiscal year ended December 2016	4,596	8.4	588	1.0	592	0.3	373	△2.0

(Note) Comprehensive income (loss) Fiscal year ended December 2017 ¥435 million (18.1%) Fiscal year ended December 2016 ¥368 million (△2.4%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Profit margin on sales
	¥	¥	%	%	%
Fiscal year ended December 2017	44.92	—	14.9	18.2	13.9
Fiscal year ended December 2016	38.66	—	14.5	17.8	12.8

(Reference) Earnings on investments in equity-method affiliates Fiscal year ended December 2017 ¥1 million Fiscal year ended December 2016 ¥3million

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2017	3,916	3,107	79.3	321.65
Fiscal year ended December 2016	3,614	2,734	75.6	283.04

(Reference) Equity Fiscal year ended December 2017 ¥3,107 million Fiscal year ended December 2016 ¥2,734 million

### (3) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Closing balance of cash and cash equivalents
	¥ million	¥ million	¥ million	¥ million
Fiscal year ended December 2017	536	△46	△62	2,398
Fiscal year ended December 2016	352	△309	△53	1,971

## 2. Dividends

	Annual dividends					Total cash dividends	Dividend payout ratio (consolidated)	Dividends on equity (consolidated)
	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	Year-end	Total			
	¥	¥	¥	¥	¥	¥million	%	%
Fiscal year ended December 2016	—	0 00	—	6 50	6 50	62	16.8	2.4
Fiscal year ended December 2017	—	0 00	—	7 00	7 00	67	15.6	2.3
Fiscal year ending December 2018 (Estimated)	—	0 00	—	8 00	8 00	—	—	—

## 3. Projected Results for Fiscal year 2018 (January 1 to December 31, 2018)

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
First half ending Jun. 2018	2,500	1.4	360	△4.2	360	4.4	228	6.3	23.63
Fiscal year ending Dec. 2018	5,250	6.8	740	8.3	740	8.1	469	8.2	48.58

### \* Notes

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Changes in accounting policies, estimates, and restatements:

- 1) Changes in accounting policies in accordance with revisions of accounting standards: None
- 2) Changes other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of shares outstanding (common stock)

- |   |                                 |                   |                                 |                   |
|---|---------------------------------|-------------------|---------------------------------|-------------------|
| Number of shares                                      |                                 |                   |                                 |                   |
| 1) outstanding at term end (including treasury stock) | Fiscal year ended December 2017 | 10,242,000 shares | Fiscal year ended December 2016 | 10,242,000 shares |
| Number of shares of treasury stock at term end        |                                 |                   |                                 |                   |
| 2) treasury stock at term end                         | Fiscal year ended December 2017 | 582,237 shares    | Fiscal year ended December 2016 | 582,237 shares    |
| Average number of shares during the period            |                                 |                   |                                 |                   |
| 3) shares during the period                           | Fiscal year ended December 2017 | 9,659,763 shares  | Fiscal year ended December 2016 | 9,659,763 shares  |

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2017(January 1 to December 31, 2017)

(1) Non-Consolidated Operating Results

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 2017	3,042	△0.4	506	△0.9	509	△1.0	346	2.7
Fiscal year ended December 2016	3,053	6.4	511	15.4	514	15.2	337	20.2

	Net income per share	Diluted net income per share
Fiscal year ended December 2017	35.85	—
Fiscal year ended December 2016	34.92	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2017	3,050	2,626	86.1	271.89
Fiscal year ended December 2016	2,798	2,342	83.7	242.53

(Reference) Equity Fiscal year ended December 2017 ¥2,626 million Fiscal year ended December 2016 ¥2,342 million

2. Non-Consolidated earnings forecasts for Fiscal year 2018(January 1 to December 31, 2018)

(Percentages figure represent changes from same period of previous year.)

	Net sales		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥
First half ending Jun. 2018	1,600	8.6	260	13.2	176	14.5	18.31
Fiscal year ending Dec. 2018	3,200	5.2	530	4.5	360	4.1	37.32

\* Disclosure regarding execution of audit procedures

At the time of disclosure of this earnings report, audit procedures in accordance with the Financial Instruments and Exchange Act are in progress.

Note to ensure appropriate use of forecasts, and other noteworthy items

( Cautionary note on forward-looking statements and other information )

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

(Means of contents of supplementary material on earnings and earnings performance review)

The Company holds presentations for analysts regarding the six-month and year-end results. Distributed presentation materials and audio recordings from performance reviews are available on the Company's website.

Consolidated Financial Statements  
(1) Consolidated balance sheet

(Thousands of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	2,020,748	2,448,897
Notes and accounts receivable-trade	503,588	473,615
Work in process	62,596	50,182
Deferred tax assets	35,585	27,816
Other	34,923	51,134
Allowance for doubtful accounts	—	—
<b>Total current assets</b>	<b>2,657,441</b>	<b>3,051,646</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and accompanying facilities	44,943	45,696
Accumulated depreciation	△18,957	△15,322
Buildings and accompanying facilities, Net	25,985	30,374
Tools, furniture and fixtures	158,864	172,370
Accumulated depreciation	△120,095	△130,474
Tools, furniture and fixtures, Net	38,769	41,896
<b>Total Property, plant and equipment</b>	<b>64,755</b>	<b>72,271</b>
<b>Intangible assets</b>		
Goodwill	460,247	401,834
Software	84,548	65,694
Software in progress	—	20,306
Other	1,469	1,469
<b>Total intangible assets</b>	<b>546,265</b>	<b>489,305</b>
<b>Investments and other assets</b>		
Investment securities	102,307	76,990
Stock of affiliated company	2,360	2,360
Affiliated company investments	54,806	57,848
Guarantee deposits	100,803	88,227
Deferred tax assets	67,390	59,207
Other	18,621	18,343
<b>Total investment and other assets</b>	<b>346,289</b>	<b>302,977</b>
<b>Total noncurrent assets</b>	<b>957,310</b>	<b>864,554</b>
<b>Total assets</b>	<b>3,614,752</b>	<b>3,916,201</b>

(Thousands of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	228,415	226,678
Income taxes payable	184,808	107,628
Accounts payable-other	105,665	112,818
Advances received	128,502	116,345
Provision for bonuses	18,210	18,021
Other	90,181	101,067
<b>Total current liabilities</b>	<b>755,783</b>	<b>682,559</b>
<b>Noncurrent liabilities</b>		
Deferred tax liabilities	4,286	4,199
Net defined benefit liability	14,707	16,505
Other	105,875	105,875
<b>Total noncurrent liabilities</b>	<b>124,869</b>	<b>126,580</b>
<b>Total liabilities</b>	<b>880,653</b>	<b>809,139</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	382,510	382,510
Capital surplus	438,310	438,310
Retained earnings	1,981,430	2,352,553
Treasury stock	△77,928	△77,928
<b>Total shareholders' equity</b>	<b>2,724,322</b>	<b>3,095,444</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on securities (other than subsidiaries and affiliated companies)	△299	△182
Currency adjustment account	10,076	11,798
<b>Total accumulated other comprehensive income</b>	<b>9,776</b>	<b>11,616</b>
<b>Total net assets</b>	<b>2,734,098</b>	<b>3,107,061</b>
<b>Total net liabilities</b>	<b>3,614,752</b>	<b>3,916,201</b>

(2) Consolidated statements of income and consolidated statements of comprehensive income  
(Consolidated Statement of Income)

(Thousands of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net sales	4,596,325	4,916,424
Cost of sales	2,810,356	2,898,392
Gross profit	1,785,968	2,018,031
Selling, general and administrative expenses	1,197,529	1,334,715
Operating income	588,439	683,316
Non-operating income		
Interest income	1,993	1,517
Dividends income	166	157
Investment gain by equity method	3,405	1,319
Other	1,532	803
Total non-operating income	7,097	3,798
Non-operating expenses		
Interest expenses	—	8
Foreign exchange losses	1,974	2,097
Other	1,061	581
Total non-operating expenses	3,035	2,688
Ordinary income	592,501	684,426
Extraordinary income		
Compensation for transfer	9,715	—
Total extraordinary income	9,715	—
Extraordinary loss		
Loss on retirement of noncurrent assets	144	150
Office transfer expenses	11,712	8,950
Total extraordinary loss	11,857	9,101
Income before income taxes	590,359	675,325
Income taxes-current	230,528	224,197
Income taxes-deferred	△13,609	17,217
Total income taxes	216,918	241,414
Net income	373,440	433,910
Profit attributable to owners of parent	373,440	33,910

## (3) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net cash provided by (used in) operating activities		
Income before income taxes	590,359	675,325
Depreciation and amortization	62,256	59,988
Amortization of goodwill	30,945	58,412
Increase (decrease) in allowance for doubtful accounts)	△4	—
Increase (decrease) in provision for bonuses	3,309	△189
Increase (decrease) in net defined benefit liability	△1	1,798
Interest and dividends income	△2,160	△1,675
Interest expenses	—	8
Investment gain(loss) by equity method	△3,405	△1,319
Loss on retirement of noncurrent assets	144	150
Compensation for removal	△9,715	—
Relocation expenses	11,712	8,950
Decrease (increase) in notes and accounts receivable-trade	△92,770	17,815
Decrease (increase) in inventories	△30,565	12,413
Increase (decrease) in notes and accounts payable-trade	9,332	△1,737
Increase (decrease) in accrued consumption taxes	△19,119	8,206
Other	32,178	23,491
Subtotal	582,498	861,640
Interest and dividends income received	3,425	2,506
Interest expenses paid	—	△8
Proceeds from compensation for removal	4,935	—
Payments for removal expenses	△8,737	△6,496
Income taxes paid	△230,068	△321,524
Net cash provided by (used in) operating activities	352,052	536,116

(Thousands of yen)

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	△27,201	△49,620
Purchase of intangible assets	△26,953	△30,579
Payments for transfer of business	△34,538	—
Proceeds from redemption of securities	10,360	23,017
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△266,707	—
Proceeds from collection of lease and guarantee deposits	△44,060	△1,400
Proceeds from collection of guarantee deposits	2,346	13,112
Payments for insurance premium reserve	△1,500	△600
Proceeds from cancellation of insurance funds	79,711	890
Payments into time deposits	△1,202	△1,201
Net cash provided by (used in) investment activities	△309,746	△46,381
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	—	50,000
Decrease in short-term loans payable	—	△50,000
Cash dividends paid	△53,128	△62,788
Net cash provided by (used in) financing activities	△53,128	△62,788
Increase (decrease) in cash and cash equivalents	△10,822	426,946
Opening balance of cash and cash equivalents	1,982,360	1,971,537
Closing balance of cash and cash equivalents	1,971,537	2,398,484