

Financial Statements(under Japanese GAAP)

February 10, 2020

Company name	IFIS JAPAN LTD.	Stock Exchange listing	TSE
Code number	7833	URL	http://www.ifis.co.jp
Representative	President	Kazuharu Osawa	
Contact	Director	Hiroki Osawa	TEL 81-(3)6825-1250
Scheduled date of annual shareholder's meeting	March 19, 2020		
Scheduled start date of dividend	March 23, 2020		
Scheduled submission date of annual security report	March 23, 2020		
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, 2019 (January 1, 2019 to December 31, 2019)

(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 2019	5,564	2.1	859	3.1	864	3.1	570	3.8
Fiscal year ended December 2018	5,450	10.9	833	21.9	838	22.5	549	26.6

(Note) Comprehensive income (loss)

Fiscal year ended December 2019 ¥568 million (4.2%)

Fiscal year ended December 2018 ¥545 million (25.1%)

	Net income per share	Diluted net income per share	Return on Equity	Return on assets	Profit margin on sales
	¥	¥	%	%	%
Fiscal year ended December 2019	59.02	—	14.9	18.4	15.4
Fiscal year ended December 2018	56.88	—	16.4	19.9	15.3

(Reference) Earnings on investments in equity-method affiliates

Fiscal year ended December 2019 ¥2 million

Fiscal year ended December 2018 ¥2 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2019	4,904	4,075	83.1	421.94
Fiscal year ended December 2018	4,511	3,584	79.5	371.10

(Reference) Equity Fiscal year ended December 2019 ¥4,075 million

Fiscal year ended December 2018 ¥3,584 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 2019	575	-77	-77	3,536
Fiscal year ended December 2018	743	41	-67	3,115

2. Dividends

	Annual dividends					Total cash dividends	Dividend payout ratio(consolidated)	Dividends on equity (consolidated)
	1 st Qtr	2 nd Qtr	3 rd Qtr	Year-end	Total			
	¥	¥	¥	¥	¥	¥million	%	%
Fiscal year ended December 2018	—	0.00	—	8.00	8.00	77	14.1	2.3
Fiscal year ended December 2019	—	0.00	—	18.00	18.00	173	30.5	4.5
Fiscal year ending December 2020 (Estimated)	—	0.00	—	19.00	19.00	—	30.9	—

3. Projected Results for Fiscal year 2020(January 1 to December 31, 2020)

(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. 2020	3,000	3.6	420	-9.7	420	-9.9	277	-9.8	28.68
Fiscal year ending Dec. 2020	6,000	7.8	900	4.8	900	4.1	594	4.2	61.49

* 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)

1) Number of shares outstanding at term end (including treasury stock)	Fiscal year ended December 2019	10,242,000 shares	Fiscal year ended December 2018	10,242,000 shares
2) Number of shares of treasury stock at term end	Fiscal year ended December 2019	582,305 shares	Fiscal year ended December 2018	582,239 shares
3) Average number of shares during the period	Fiscal year ended December 2019	9,659,738 shares	Fiscal year ended December 2018	9,659,762 shares

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2019
(January 1 to December 31, 2019)

(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 2019	3,404	2.2	620	6.4	623	6.3	430	7.1
Fiscal year ended December 2018	3,330	9.5	583	15.0	585	15.1	401	16.0

	Net income per share	Diluted net income per share
Fiscal year ended December 2019	¥ 44.52	¥ —
Fiscal year ended December 2018	¥ 41.58	¥ —

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2019	3,738	3,312	88.6	342.96
Fiscal year ended December 2018	3,438	2,960	86.1	306.45

(Reference) Equity Fiscal year ended December 2019 ¥3,312 million
Fiscal year ended December 2018 ¥2,960 million

2. Non-Consolidated earnings forecasts for Fiscal year 2020(January 1 to December 31, 2020)

(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. 2020	1,780	1.2	317	-6.8	216	-7.0	22.36
Fiscal year ending Dec. 2020	3,560	4.6	663	6.4	452	5.1	46.79

* 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, 2018	Fiscal year ended December 31, 2019
(Assets)		
Current assets		
Cash and deposits	3,127,500	3,549,540
Notes and accounts receivable-trade	524,968	523,956
Work in process	45,918	65,675
Other	42,562	56,760
Total current assets	3,740,948	4,195,932
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	45,696	45,696
Accumulated depreciation	-18,075	-20,662
Buildings and accompanying facilities, Net	27,621	25,034
Tools, furniture and fixtures	148,317	165,266
Accumulated depreciation	1115,503	-125,872
Tools, furniture and fixtures, Net	32,813	39,393
Total Property, plant and equipment	60,435	64,428
Intangible assets		
Goodwill	343,422	285,447
Software	75,972	109,285
Software in progress	10,950	4,043
Other	1,469	1,469
Total intangible assets	431,814	400,246
Investments and other assets		
Investment securities	25,700	24,971
Stock of affiliated company	2,360	2,360
Affiliated company investments	56,509	57,393
Guarantee deposits	85,570	84,195
Deferred tax assets	92,068	59,020
Other	16,342	16,030
Total investment and other assets	278,550	243,973
Total noncurrent assets	770,799	708,648
Total assets	4,511,748	4,904,580

(Thousands of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Liabilities		
Current liabilities		
Accounts payable-trade	223,585	211,511
Accounts payable-other	103,717	105,618
Income taxes payable	194,598	135,528
Advances received	117,676	121,266
Provision for bonuses	39,468	16,471
Provision for directors' bonuses	4,460	-
Other	120,653	113,306
Total current liabilities	804,159	703,703
Noncurrent liabilities		
Net defined benefit liability	12,756	15,117
Other	110,074	109,982
Total noncurrent liabilities	122,830	125,100
Total liabilities	926,989	828,804
Net assets		
Shareholders' equity		
Capital stock	382,510	382,510
Capital surplus	438,310	438,310
Retained earnings	2,834,368	3,327,176
Treasury stock	-77,929	-77,975
Total shareholders' equity	3,577,258	4,070,020
Accumulated other comprehensive income		
Valuation difference on securities (other than subsidiaries and affiliated companies)	-366	-368
Currency adjustment account	7,866	6,123
Total accumulated other comprehensive income	7,500	5,755
Total net assets	3,584,758	4,075,776
Total net liabilities	4,511,748	4,904,580

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

(Thousands of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net sales	5,450,485	5,564,131
Cost of sales	3,267,257	3,322,919
Gross profit	2,183,227	2,241,211
Selling, general and administrative expenses	1,350,123	1,382,012
Operating income	833,104	859,199
Non-operating income		
Interest income	1,355	769
Dividends income	178	163
Investment gain by equity method	2,592	2,627
Subsidy income	1,800	1,070
Insurance cancellation refund	-	994
Other	571	637
Total non-operating income	6,498	6,262
Non-operating expenses		
Foreign exchange losses	1,080	1,186
Other	18	22
Total non-operating expenses	1,098	1,208
Ordinary income	838,503	864,253
Extraordinary loss		
Loss on retirement of noncurrent assets	30	95
Total extraordinary loss	30	95
Income before income taxes	838,473	864,158
Income taxes-current	295,406	261,115
Income taxes-deferred	-6,366	-32,956
Total income taxes	289,039	294,071
Net income	549,433	570,086
Profit attributable to owners of parent	549,433	570,086

(3) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net cash provided by (used in) operating activities		
Income before income taxes	838,473	864,158
Depreciation and amortization	55,029	53,035
Amortization of goodwill	58,412	57,974
Increase (decrease) in provision for bonuses	21,446	-22,996
Increase (decrease) in provision for directors bonuses	4,460	-4,460
Increase (decrease) in net defined benefit liability	-3,749	2,361
Interest and dividends income	-1,533	-933
Investment gain(loss) by equity method	-2,592	-2,627
Loss on retirement of noncurrent assets	30	95
Decrease (increase) in notes and accounts receivable-trade	-50,021	4,602
Decrease (increase) in inventories	4,264	-19,757
Increase (decrease) in notes and accounts payable-trade	-3,092	-12,073
Increase (decrease) in accrued consumption taxes	12,883	534
Other	-1,153	-13,722
Subtotal	932,857	906,190
Interest and dividends income received	2,374	1,309
Income taxes paid	-211,633	-332,120
Refund of income taxes	20,184	-
Net cash provided by (used in) operating activities	743,783	575,379

(Thousands of yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	-10,338	-18,693
Purchase of intangible assets	-38,980	-58,005
Proceeds from redemption of securities	50,160	83
Proceeds from collection of guarantee deposits	100	-
Payments for insurance premium reserve	-502	-502
Proceeds from cancellation of insurance funds	-	1,102
Payments into time deposits	-1,201	-1,201
Proceeds from withdrawal of time deposits	40,000	-
Collection of loans receivable from employees	2,000	-
Net cash provided by (used in) investment activities	41,238	-77,216
Net cash provided by (used in) financing activities		
Purchase of Treasury stock	-1	-46
Cash dividends paid	-67,618	-77,278
Net cash provided by (used in) financing activities	-67,619	-77,324
Increase (decrease) in cash and cash equivalents	717,401	420,838
Opening balance of cash and cash equivalents	2,398,484	3,115,886
Closing balance of cash and cash equivalents	3,115,886	3,536,725