

Financial Statements(under Japanese GAAP)

February 10, 2021

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 26, 2021		
Scheduled start date of dividend	March 29, 2021		
Scheduled submission date of annual security report	March 29, 2021		
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, 2020 (January 1, 2020 to December 31, 2020)

(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 2020	5,355	-3.7	693	-19.3	700	-19.0	448	-21.2
Fiscal year ended December 2019	5,564	2.1	859	3.1	864	3.1	570	3.8

(Note) Comprehensive income (loss)

Fiscal year ended December 2020 ¥449 million (-20.8%)

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

	Net income per share	Diluted net income per share	Return on Equity	Return on assets	Profit margin on sales
	¥	¥	%	%	%
Fiscal year ended December 2020	46.48	—	10.7	13.9	12.9
Fiscal year ended December 2019	59.02	—	14.9	18.4	15.4

(Reference) Earnings on investments in equity-method affiliates

Fiscal year ended December 2020 ¥1 million

Fiscal year ended December 2019 ¥2 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2020	5,190	4,351	83.8	450.51
Fiscal year ended December 2019	4,904	4,075	83.1	421.94

(Reference) Equity Fiscal year ended December 2020 ¥4,351 million

Fiscal year ended December 2019 ¥4,075 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 2020	610	-42	-173	3,931
Fiscal year ended December 2019	575	-77	-77	3,536

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 2019	—	0.00	—	18.00	18.00	173	30.5	4.5
Fiscal year ended December 2020	—	0.00	—	13.50	13.50	130	29.0	3.1
Fiscal year ending December 2021 (Estimated)	—	0.00	—	15.00	15.00	—	29.9	—

3. Projected Results for Fiscal year 2021(January 1 to December 31, 2021)

(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. 2021	2,750	-1.7	330	-2.3	330	-4.3	214	-2.3	22.15
Fiscal year ending Dec. 2021	5,600	4.6	750	8.2	750	7.1	484	7.8	50.11

*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 2020	10,242,000 shares	Fiscal year ended December 2019	10,242,000 shares
2) Number of shares of treasury stock at term end	Fiscal year ended December 2020	582,305 shares	Fiscal year ended December 2019	582,305 shares
3) Average number of shares during the period	Fiscal year ended December 2020	9,659,695 shares	Fiscal year ended December 2019	9,659,738 shares

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2020
(January 1 to December 31, 2020)

(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 2020	3,366	-1.1	523	-15.7	524	-15.8	361	-16.0
Fiscal year ended December 2019	3,404	2.2	620	6.4	623	6.3	430	7.1

	Net income per share		Diluted net income per share	
	¥	¥	¥	¥
Fiscal year ended December 2020	37.40	—	—	—
Fiscal year ended December 2019	44.52	—	—	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2020	3,948	3,500	88.7	362.37
Fiscal year ended December 2019	3,738	3,312	88.6	342.96

(Reference) Equity Fiscal year ended December 2020 ¥3,500 million
Fiscal year ended December 2019 ¥3,312 million

2. Non-Consolidated earnings forecasts for Fiscal year 2021(January 1 to December 31, 2021)

(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. 2021	1,700	-1.5	260	10.8	179	11.6	18.54
Fiscal year ending Dec. 2021	3,400	1.0	540	3.0	371	3.0	38.51

* 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, 2019	Fiscal year ended December 31, 2020
(Assets)		
Current assets		
Cash and deposits	3,549,540	3,945,288
Notes and accounts receivable-trade	523,956	551,814
Work in process	65,675	31,983
Other	56,760	43,303
Total current assets	4,195,932	4,572,389
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	45,696	45,696
Accumulated depreciation	-20,662	-23,155
Buildings and accompanying facilities, Net	25,034	22,541
Tools, furniture and fixtures	165,266	175,177
Accumulated depreciation	-125,872	-138,416
Tools, furniture and fixtures, Net	39,393	36,761
Total Property, plant and equipment	64,428	59,303
Intangible assets		
Goodwill	285,447	227,619
Software	109,285	97,761
Software in progress	4,043	6,712
Other	1,469	1,469
Total intangible assets	400,246	333,563
Investments and other assets		
Investment securities	24,971	23,708
Stock of affiliated company	2,360	2,360
Affiliated company investments	57,393	59,819
Guarantee deposits	84,195	83,249
Deferred tax assets	59,020	48,118
Other	16,030	8,431
Total investment and other assets	243,973	225,686
Total noncurrent assets	708,648	618,553
Total assets	4,904,580	5,190,943

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Liabilities		
Current liabilities		
Accounts payable-trade	211,511	214,264
Accounts payable-other	105,618	116,298
Income taxes payable	135,528	140,617
Advances received	121,266	110,452
Provision for bonuses	16,471	15,414
Other	113,306	116,985
Total current liabilities	<u>703,703</u>	<u>714,006</u>
Noncurrent liabilities		
Net defined benefit liability	15,117	17,933
Other	109,982	107,214
Total noncurrent liabilities	<u>125,100</u>	<u>125,147</u>
Total liabilities	<u>828,804</u>	<u>839,154</u>
Net assets		
Shareholders' equity		
Capital stock	382,510	382,510
Capital surplus	438,310	438,310
Retained earnings	3,327,176	3,602,296
Treasury stock	-77,975	-77,975
Total shareholders' equity	<u>4,070,020</u>	<u>4,345,140</u>
Accumulated other comprehensive income		
Valuation difference on securities (other than subsidiaries and affiliated companies)	-368	-303
Currency adjustment account	6,123	6,952
Total accumulated other comprehensive income	<u>5,755</u>	<u>6,648</u>
Total net assets	<u>4,075,776</u>	<u>4,351,789</u>
Total net liabilities	<u>4,904,580</u>	<u>5,190,943</u>

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

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	5,564,131	5,355,695
Cost of sales	3,322,919	3,237,041
Gross profit	2,241,211	2,118,654
Selling, general and administrative expenses	1,382,012	1,425,585
Operating income	859,199	693,068
Non-operating income		
Interest income	769	706
Dividends income	163	98
Investment gain by equity method	2,627	1,597
Subsidy income	1,070	6,600
Insurance cancellation refund	994	-
Other	637	1,665
Total non-operating income	6,262	10,667
Non-operating expenses		
Foreign exchange losses	1,186	3,601
Other	22	109
Total non-operating expenses	1,208	3,710
Ordinary income	864,253	700,025
Extraordinary loss		
Loss on retirement of noncurrent assets	95	25
Total extraordinary loss	95	25
Income before income taxes	864,158	700,000
Income taxes-current	261,115	242,899
Income taxes-deferred	32,956	8,106
Total income taxes	294,071	251,005
Net income	570,086	448,994
Profit attributable to owners of parent	570,086	448,994

(3) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net cash provided by (used in) operating activities		
Income before income taxes	864,158	700,000
Depreciation and amortization	53,035	59,154
Amortization of goodwill	57,974	57,828
Increase (decrease) in provision for bonuses	-22,996	-1,056
Increase (decrease) in provision for directors bonuses	-4,460	-
Increase (decrease) in net defined benefit liability	2,361	2,815
Interest and dividends income	-933	-804
Investment gain(loss) by equity method	-2,627	-1,597
Loss on retirement of noncurrent assets	95	25
Decrease (increase) in notes and accounts receivable-trade	4,602	-38,673
Decrease (increase) in inventories	-19,757	33,692
Increase (decrease) in notes and accounts payable-trade	-12,073	2,753
Increase (decrease) in accrued consumption taxes	534	16,522
Other	-13,722	41
Subtotal	906,190	830,700
Interest and dividends income received	1,309	1,178
Income taxes paid	-332,,120	-233,979
Refund of income taxes	-	12,749
Net cash provided by (used in) operating activities	575,379	610,648

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	-18,693	-17,192
Purchase of intangible assets	-58,005	-31,405
Proceeds from redemption of securities	83	74
Payments for insurance premium reserve	-502	-502
Proceeds from cancellation of insurance funds	1,102	8,000
Payments into time deposits	-1,201	-1,201
Net cash provided by (used in) investment activities	-77,216	-42,226
Net cash provided by (used in) financing activities		
Purchase of Treasury stock	-46	-
Cash dividends paid	-77,278	-173,874
Net cash provided by (used in) financing activities	-77,324	-173,874
Increase (decrease) in cash and cash equivalents	420,838	394,547
Opening balance of cash and cash equivalents	3,115,886	3,536,725
Closing balance of cash and cash equivalents	3,536,725	3,931,273