

Financial Statements(under Japanese GAAP)

February 10, 2022

Company name	IFIS JAPAN LTD.	Stock Exchange listing	TSE
Code number	7833	URL	http://www.ifis.co.jp
Representative	President	Hiroki Osawa	
Contact	Director	Katsuhito Watanabe	TEL 81-(3)6825-1250
Scheduled date of annual shareholder's meeting	March 25, 2022		
Scheduled start date of dividend	March 28, 2022		
Scheduled submission date of annual security report	March 28, 2022		
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, 2021 (January 1, 2021 to December 31, 2021)

(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 2021	5,280	-1.4	738	6.6	749	7.1	484	8.0
Fiscal year ended December 2020	5,355	-3.7	693	-19.3	700	-19.0	448	-21.2

(Note) Comprehensive income (loss)

Fiscal year ended December 2021 ¥493 million (9.6%)

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

	Net income per share	Diluted net income per share	Return on Equity	Return on assets	Profit margin on sales
	¥	¥	%	%	%
Fiscal year ended December 2021	50.20	—	10.7	14.1	14.0
Fiscal year ended December 2020	46.48	—	10.7	13.9	12.9

(Reference) Earnings on investments in equity-method affiliates

Fiscal year ended December 2021 ¥0 million

Fiscal year ended December 2020 ¥1 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2021	5,481	4,714	83.8	450.51
Fiscal year ended December 2020	5,190	4,351	83.1	421.94

(Reference) Equity Fiscal year ended December 2021 ¥4,714 million

Fiscal year ended December 2020 ¥4,351 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	573	-49	-130	4,324
Fiscal year ended December 2019	610	-42	-173	3,931

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 2020	—	0.00	—	13.50	13.50	130	29.0	3.1
Fiscal year ended December 2021	—	0.00	—	15.00	15.00	144	29.9	3.2
Fiscal year ending December 2022 (Estimated)	—	0.00	—	16.50	16.50	—	32.3	—

3. Projected Results for Fiscal year 2022(January 1 to December 31, 2022)

(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. 2022	2,800	1.8	340	-8.3	340	-10.6	235	-10.6	24.35
Fiscal year ending Dec. 2022	5,600	6.1	770	4.2	770	2.7	493	1.7	51.05

* 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, 2021
(January 1 to December 31, 2021)

(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 2021	3,388	0.6	492	-5.9	498	-5.0	321	-11.1
Fiscal year ended December 2020	3,366	-1.1	523	-15.7	524	-15.8	361	-16.0

	Net income per share		Diluted net income per share	
	¥	¥	¥	¥
Fiscal year ended December 2021	33.25	—	—	—
Fiscal year ended December 2020	37.40	—	—	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2021	4,128	3,691	89.4	382.13
Fiscal year ended December 2020	3,948	3,500	88.7	362.37

(Reference) Equity Fiscal year ended December 2021 ¥3,691 million
Fiscal year ended December 2020 ¥3,500 million

2. Non-Consolidated earnings forecasts for Fiscal year 2022(January 1 to December 31, 2022)

(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. 2022	1,800	-0.8	232	-12.6	157	-12.6	16.34
Fiscal year ending Dec. 2022	3,600	6.3	522	4.8	332	3.7	34.47

* 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, 2020	Fiscal year ended December 31, 2021
(Assets)		
Current assets		
Cash and deposits	3,945,288	4,339,771
Notes and accounts receivable-trade	551,814	526,185
Work in process	31,983	20,850
Other	43,303	41,911
Total current assets	4,572,389	4,928,719
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	45,696	45,999
Accumulated depreciation	-23,155	-25,645
Buildings and accompanying facilities, Net	22,541	20,353
Machinery, equipment and vehicles	—	1,590
Accumulated depreciation	—	-265
Machinery, equipment and vehicles, net	—	1,325
Tools, furniture and fixtures	175,177	173,897
Accumulated depreciation	-138,416	-142,610
Tools, furniture and fixtures, Net	36,761	31,287
Total Property, plant and equipment	59,303	52,966
Intangible assets		
Goodwill	227,619	165,189
Software	97,761	104,659
Software in progress	6,712	2,970
Other	1,469	1,469
Total intangible assets	333,563	274,288
Investments and other assets		
Investment securities	23,708	22,591
Stock of affiliated company	2,360	2,360
Affiliated company investments	59,819	68,960
Guarantee deposits	83,249	82,302
Deferred tax assets	48,118	44,509
Other	8,431	5,222
Total investment and other assets	225,686	225,945
Total noncurrent assets	618,553	553,200
Total assets	5,190,943	5,481,920

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	214,264	200,923
Accounts payable-other	116,298	137,023
Income taxes payable	140,617	131,948
Advances received	110,452	116,533
Provision for bonuses	15,414	18,941
Other	116,985	84,154
Total current liabilities	<u>714,006</u>	<u>689,525</u>
Noncurrent liabilities		
Net defined benefit liability	17,933	23,083
Other	107,214	54,664
Total noncurrent liabilities	<u>125,147</u>	<u>77,748</u>
Total liabilities	<u>839,154</u>	<u>767,273</u>
Net assets		
Shareholders' equity		
Capital stock	382,510	382,510
Capital surplus	438,310	438,310
Retained earnings	3,602,296	3,956,768
Treasury stock	-77,975	-77,975
Total shareholders' equity	<u>4,345,140</u>	<u>4,699,612</u>
Accumulated other comprehensive income		
Valuation difference on securities (other than subsidiaries and affiliated companies)	-303	-231
Currency adjustment account	6,952	15,265
Total accumulated other comprehensive income	<u>6,648</u>	<u>15,034</u>
Total net assets	<u>4,351,789</u>	<u>4,714,646</u>
Total net liabilities	<u>5,190,943</u>	<u>5,481,920</u>

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

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	5,355,695	5,280,244
Cost of sales	3,237,041	3,122,344
Gross profit	2,118,654	2,157,900
Selling, general and administrative expenses	1,425,585	1,419,005
Operating income	693,068	738,894
Non-operating income		
Interest income	706	707
Dividends income	98	126
Investment gain by equity method	1597	827
Foreign exchange gains	—	2,159
Insurance income	—	3,859
Insurance premiums refunded cancellation	—	2,098
Subsidy income	6,600	—
Other	1,665	1,415
Total non-operating income	10,667	11,195
Non-operating expenses		
Foreign exchange losses	3,601	—
Other	109	108
Total non-operating expenses	3,710	108
Ordinary income	700,025	749,981
Extraordinary income		
Subsidy income	—	2,925
Total extraordinary income	—	2,925
Extraordinary loss		
Loss on retirement of noncurrent assets	25	1,969
Loss on reduction of noncurrent assets	—	2,925
Impairment loss	—	19,835
Total extraordinary loss	25	24,730
Income before income taxes	700,000	728,176
Income taxes-current	242,899	240,296
Income taxes-deferred	8,106	3,001
Total income taxes	251,005	243,298
Net income	448,994	484,877
Profit attributable to owners of parent	448,994	484,877

(3) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net cash provided by (used in) operating activities		
Income before income taxes	700,000	728,176
Depreciation and amortization	59,154	55,995
Impairment loss	—	19,835
Amortization of goodwill	57,828	42,594
Increase (decrease) in provision for bonuses	-1,056	3,526
Increase (decrease) in net defined benefit liability	2,815	5,150
Interest and dividends income	-804	-834
Investment gain(loss) by equity method	-1,597	-827
Loss on retirement of noncurrent assets	25	1,969
Subsidy income	—	-2,925
Loss on reduction of noncurrent assets	—	2,925
Decrease (increase) in notes and accounts receivable-trade	-38,673	31,710
Decrease (increase) in inventories	33,692	11,132
Increase (decrease) in notes and accounts payable-trade	2,753	-13,341
Increase (decrease) in accrued consumption taxes	16,522	-20,693
Other	41	-48,110
Subtotal	830,700	816,284
Interest and dividends income received	1,178	1,205
Proceeds from subsidy income	—	2,925
Income taxes paid	-233,979	-250,077
Refund of income taxes	12,749	2,870
Net cash provided by (used in) operating activities	610,648	573,207

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	-17,192	-16,660
Purchase of intangible assets	-31,405	-33,204
Proceeds from redemption of securities	74	38
Payments for insurance premium reserve	-502	-301
Proceeds from cancellation of insurance funds	8,000	1,808
Payments into time deposits	-1,201	-1,200
Net cash provided by (used in) investment activities	-42,226	-49,520
Net cash provided by (used in) financing activities		
Cash dividends paid	-173,874	-130,405
Net cash provided by (used in) financing activities	-173,874	-130,405
Increase (decrease) in cash and cash equivalents	394,547	393,281
Opening balance of cash and cash equivalents	3,536,725	3,931,273
Closing balance of cash and cash equivalents	3,931,273	4,324,555