

Summary of Business Results for the Year Ended March 31, 2019

[Japan GAAP] (Consolidated)

May 10, 2019

Company **Miroku Jyoho Service Co., Ltd.**

Listed on the TSE 1st Section

Stock Code 9928

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Expected date of annual shareholders' meeting: June 27, 2019

Expected starting date of dividend payment: June 28, 2019

Expected date of filing of annual securities report: June 28, 2019

Preparation of supplementary financial document: Yes

Results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the year ended March 2019 (April 1, 2018 through March 31, 2019)

(1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2019	31,317	13.5	5,167	15.2	5,056	14.2	3,730	29.7
Year ended Mar. 2018	27,582	5.2	4,485	9.3	4,426	10.4	2,877	10.0

(Note) Comprehensive income: Year ended March 2019: 3,626 million yen (27.5%)

Year ended March 2018: 2,843 million yen (17.9%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 2019	119.89	112.52	21.7	16.1	16.5
Year ended Mar. 2018	92.05	88.98	18.5	19.0	16.3

(Reference) Investment earnings/loss on equity-method: Year ended March 2019: -221 million yen

Year ended March 2018: -152 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2019	38,211	18,058	47.2	584.51
As of Mar. 2018	24,566	16,277	66.2	520.87

(Reference) Shareholders' equity: As of March 2019: 18,045 million yen

As of March 2018: 16,269 million yen

(3) Consolidated results of 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
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 2019	4,105	-3,311	8,956	16,041
Year ended Mar. 2018	3,392	-3,255	-83	6,290

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 2018	-	0.00	-	27.00	27.00	843	29.3	5.4
Year ended Mar. 2019	-	0.00	-	34.00	34.00	1,049	28.4	6.2
Year ending Mar. 2020 (forecast)	-	0.00	-	38.00	38.00		29.0	

3. Forecast of consolidated business results for the year ending March 2020

(April 1, 2019 through March 31, 2020)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Sept. 30, 2019	17,140	10.4	3,210	8.2	3,220	6.8	2,120	9.0	68.67
Year ending Mar. 2020	34,000	8.6	6,200	20.0	6,200	22.6	4,040	8.3	130.86

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatement

(i) Changes in accounting policies associated with revision of accounting standards: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Shares outstanding (common stock)

(i) Number of shares outstanding at the end of period (treasury stock included):

As of March 2019 34,806,286 shares As of March 2018 34,806,286 shares

(ii) Treasury stock at the end of period:

As of March 2019 3,933,510 shares As of March 2018 3,569,966 shares

(iii) Average number of stock during period:

Year ended March 2019 31,118,800 shares Year ended March 2018 31,256,074 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the year ended March 2019 (April 1, 2018 through March 31, 2019)

(1) Non-consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2019	28,046	12.0	5,005	15.7	5,141	14.2	3,548	27.8
Year ended Mar. 2018	25,035	4.8	4,324	13.4	4,504	17.3	2,775	13.7

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 2019	114.02	107.03
Year ended Mar. 2018	88.80	85.85

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2019	36,536	16,960	46.4	549.36
As of Mar. 2018	23,291	15,351	65.9	491.46

(Reference) Shareholders' equity: As of March 2019: 16,960 million yen
As of March 2018: 15,351 million yen

2. Forecast of non-consolidated business results for the year ending March 2020

(April 1, 2019 through March 31, 2020) (% change from the previous corresponding period)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Sept. 30, 2019	15,140	7.7	3,080	1.2	2,070	3.1	67.05
Year ending Mar. 2020	30,000	7.0	6,000	16.7	4,020	13.3	130.21

* This financial summary is outside the scope of audit procedures by certified public accountants and audit firm.

* Explanation regarding appropriate use of business forecasts and other special instructions

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors. For assumptions underlying the forecasts and notes to the use of the forecasts, please refer to (ii) Future outlook in (1) Outline of results of operations for the fiscal year under review of 1. Results of operations on page 5.

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1. Results of operations

(1) Outline of results of operations for the fiscal year under review

(i) Results of operations

During the fiscal year ended March 31, 2019, the Japanese economy continued its gradual recovery trend as capital investment and consumer spending picked up against a backdrop of improvements in corporate earnings and employment and income conditions. Overseas economies also recovered slowly in the United States, Europe and Asia, but the economic outlook remained uncertain mainly due to the trends of governmental policies, trade frictions and geopolitical risks.

The software and service industries will continue to perform solidly because the business environment shows a trend toward improvement, reflecting expectations of an increase in capital investment including IT-related investment on the back of improved corporate earnings.

In this business environment, the Group sought to maintain relationships with existing customers and enhance their satisfaction levels by improving sales capabilities and product/service competitiveness, while at the time working to expand its customer base through the development of new customers, increase relevant service revenues, and further reinforce the earnings foundation. On the sales front, the Group held seminars and training sessions nationwide on matters of great interest to customers, such as workstyle reform programs, IT introduction subsidies, measures for the reduced tax rate system for consumption tax and practical response to electronic taxation obligations. It also promoted its mainstay products and services for numerous customers by exhibiting at a variety of general events and hosting “MJS Solution Seminar & Fair 2018” across Japan. In addition, the Group also sought to maintain relationships with existing customers and cultivate new customers through active sales promotions and advertising activities, such as the continuous implementation of TV commercials and web marketing programs to enhance the awareness of the Company’s brand.

On the development side, the Group continued to enhance the functions of its core ERP products for small- and medium-sized enterprises and improve the functions of the cloud service Edge Tracker that streamlines operations such as expense settlement and attendance management, and the cloud-type accounting and payroll service Kantan Cloud Kaikei (easy cloud accounting) and Kantan Cloud Kyuyo (easy cloud payroll) to meet customer needs. In addition, it responded to the new era, which began in May this year, and prepared for the consumption tax hike scheduled from October this year and the introduction of the reduced tax rate system. Moreover, through cloud service hub MJS-Connect, the Group sought to further strengthen the solution capabilities of its products and services by realizing API linkage between its products and the cloud invoice management, POS cash register and other systems of its business partners.

Meanwhile, MJS M & A Partners Co., Ltd., a subsidiary of the Company, formed business alliances with more than 3,800 accounting offices and over 40 regional financial institutions, providing support for business succession, a management issue of small- and medium-sized companies, through an M&A approach.

In addition, the Company’s subsidiary Miroku Webcash International Co., Ltd. completed the registration of an agent for electronic payment, which is required to carry out operations such as acquiring the bank account information of depositors, and it is currently developing a service in the FinTech field.

By continuing to strengthen cooperative ties with accounting offices and regional financial institutions across the country, the Group will provide comprehensive management support services for management issues such as business efficiency, funding and business succession in small- and medium-sized enterprises in the regions, and will jointly promote the revitalization of the regional economy to expand its operations.

By activities like this, net sales in the consolidated fiscal year under review posted a record high, with income levels also posting record highs for the eighth straight term. Consolidated net sales were 31,317 million yen (up 13.5% from one year earlier), operating income was 5,167 million yen (up 15.2% from one year earlier), ordinary income was 5,056 million yen (up 14.2% from one year earlier) and net income attributable to owners of parent was 3,730 million yen (up 29.7% from one year earlier).

Results of operations in product categories were as follows.

(System installation contract sales)

Hardware sales were 3,403 million yen, up 6.7% from one year earlier. Software sales were 12,440 million yen, up 18.8% from one year earlier. Useware sales were 3,821 million yen, up 17.2% from one year earlier.

As a result, total system installation contract sales were 19,665 million yen, up 16.2% from one year earlier.

* “System installation contract sales” are the total of sales recorded when a system is newly installed. These sales consist of hardware, software and useware (system installation support services, etc.) sales.

(Service revenues)

Sales from the Total Value Service (TVS), which is a comprehensive maintenance service for tax accountant and CPA firms, increased 2.0% from one year earlier to 1,955 million yen. Software utilization revenues increased 13.2% from one year earlier to 1,485 million yen due to growth in utilization revenues for low-priced software used by tax accountant and CPA firms. Corporate software operations support service revenues increased 3.4% from one year earlier to 4,409 million yen because of an increase in the number of companies with the contract for the service as a result of the cultivation of new customers. Hardware and network maintenance service revenues increased 2.8% from one year earlier to 1,351 million yen and sales from supplies and office products increased 0.5% from one year earlier to 665 million yen.

As a result, service revenues increased 4.2% from one year earlier to 9,867 million yen.

* “Service revenues” are consistent revenues received primarily from fees for the continuous provision of services. These revenues consist of software maintenance services, hardware and network maintenance services, software utilization fees, and sales of supplies and office products.

YoY sales

(Million yen, %)

	Previous fiscal year From April 1, 2017 to March 31, 2018		Current fiscal year From April 1, 2018 to March 31, 2019		YoY	
	Sales	Pct.	Sales	Pct.	Change	YoY
Hardware	3,190	11.6	3,403	10.9	213	6.7
Software	10,469	38.0	12,440	39.7	1,970	18.8
Useware	3,260	11.8	3,821	12.2	560	17.2
System introduction contract sales	16,921	61.3	19,665	62.8	2,744	16.2
TVS	1,916	6.9	1,955	6.2	38	2.0
Software utilization fees	1,312	4.8	1,485	4.7	173	13.2
Software operational support services	4,264	15.5	4,409	14.1	145	3.4
HW/NW maintenance services	1,314	4.8	1,351	4.3	36	2.8
Supplies and office products	662	2.4	665	2.1	3	0.5
Service revenues	9,469	34.3	9,867	31.5	397	4.2
Others	1,191	4.3	1,784	5.7	593	49.8
Total	27,582	100.0	31,317	100.0	3,734	13.5

(ii) Future outlook

Looking ahead, Japan’s economy is expected to remain on a gradual recovery trend overall, with expected improvement in corporate earnings and employment/income conditions partly attributable to economic stimulus measures implemented by the government. In the software and information service industries, there are expectations for steady expansion in IT investment demand in conjunction with corporate earnings improvement.

To continue to aim for steady business expansion and high profitability, the Group will cultivate new customers to further expand the customer base and will focus on further improving management efficiency and strengthening the management foundations of the entire Group, for instance with radical reform of the development system, enhancement of group management and increasing productivity through BPR, for the fiscal year ending March 31, 2020.

The forecast for consolidated performance in the fiscal year ending in March 2020 is as follows.

	1 st half	Full year
Net sales	17,140 million yen	34,000 million yen
Operating income	3,210 million yen	6,200 million yen
Ordinary income	3,220 million yen	6,200 million yen
Net income attributable to owners of parent	2,120 million yen	4,040 million yen

(2) Outline of financial position for the fiscal year under review

(i) Assets, liabilities and net assets

Assets

Current assets were 21,962 million yen at the end of March 2019, an increase of 10,623 million yen from one year earlier. The main factors were increases of 9,750 million yen in cash and deposits, 587 million yen in notes and accounts receivable-trade, and 203 million yen in merchandise.

Fixed assets were 16,213 million yen at the end of the fiscal year under review, an increase of 2,985 million yen from the end of the previous fiscal year. The main factors were increases of 75 million yen in tangible fixed assets and 3,294 million yen in intangible fixed assets.

Deferred assets were 35 million yen, up 35 million yen from the end of the previous fiscal year. This was due to the bond issuance cost recorded from the consolidated fiscal year under review.

As a result, total assets were 38,211 million yen at the end of March 2019, up 13,645 million yen from one year earlier.

Liabilities

Current liabilities were 7,491 million yen at the end of March 2019, down 613 million yen from a year earlier. This was chiefly due to an increase of 242 million yen in accounts payable-trade, an increase of 369 million yen in accrued income taxes, and a decrease of 1.8 billion yen in short-term debt.

Fixed liabilities were 12,661 million yen at the end of March 2019, up 12,478 million yen from a year earlier. This was mainly attributable to an increase of ¥11,051 million in convertible bond-type bonds with share acquisition rights.

As a result, total liabilities were 20,153 million yen, up 11,864 million yen from the end of the previous fiscal year.

Net assets

Net assets were 18,058 million yen at the end of March 2019, an increase of 1,781 million yen from a year earlier. The main factors were net income attributable to owners of parent of 3,730 million yen, which was offset by decreases of 843 million yen associated with the payment of dividends and 1,000 million yen due to an increase in treasury stock.

As a result, the equity ratio was 47.2% (compared with 66.2% a year earlier).

(ii) Cash flows

There was a net increase of 9,750 million yen in cash and cash equivalents from the end of the previous fiscal year, to 16,041 million yen.

The cash flows in the fiscal year under review and factors relating to each are as follows.

(Operating activities)

Net cash provided by operating activities was 4,105 million yen (compared with 3,392 million yen one year earlier). This was mainly due to net income before income taxes of 5,503 million yen, depreciation and amortization of 951 million yen resulting in cash inflows, and income taxes paid of 1,581 million yen resulting in cash outflows.

(Investing activities)

Net cash used in investing activities was 3,311 million yen (compared with 3,255 million yen one year earlier). This was primarily due to payments for acquisition of intangible fixed assets of 3,904 million yen, resulting in cash outflows, and proceeds from sale of investment securities of 1,044 million yen resulting in cash inflow.

(Financing activities)

Net cash provided by financing activities was 8,956 million yen (compared with 83 million yen one year earlier). This was mainly due to proceeds from short-term debt of 4,860 million yen and proceeds from the issuance of bonds with share acquisition rights of 11,016 million yen resulting in cash inflows, and repayment of short-term debt of 6,660 million yen, payments for acquisition of treasury stock of 1,000 million yen, and dividends paid of 842 million yen resulting in cash outflows.

(Reference) Cash flow-related indicators

	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
Shareholders' equity ratio	67.8%	70.2%	67.9%	66.2%	47.2%
Shareholders' equity ratio on a market value basis	113.1%	165.9%	262.8%	404.3%	229.5%
Years of debt redemption	0.5 years	0.5 years	0.4 years	0.8 years	3.3 years
Instant coverage ratio	131.2	161.8	371.4	289.2	216.7

(Notes) Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Total market capitalization/Total assets

Years of debt redemption: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest expenses paid

1. All indicators are calculated using consolidated financial results.
2. Total market capitalization is calculated by multiplying the final share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (excluding treasury stock).
3. Cash flows from operating activities refer to net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows.
4. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheets for which interest is paid. It also includes interest-free convertible bonds with share acquisition rights.
5. Interest expenses paid refer to interest expenses paid on the Consolidated Statements of Cash Flows.

2. Basic concepts related to selection of accounting standards

To secure inter-company and year-to-year comparability, the Group prepares the Company's consolidated financial statements based on "Regulations related to consolidated financial statement terminology, stock and preparation methods (excluding Chapters 7 and 8" (Finance Ministry Ordinance 28, 1976).

As for application of international accounting standards, the policy is appropriate response taking account of the domestic and overseas situations.

3. Consolidated financial statements

(1) Consolidated balance sheet

(Thousand yen)

	Previous fiscal year (March 31, 2018)	Current fiscal year (March 31, 2019)
Assets		
Current assets		
Cash and deposits	6,520,433	16,271,372
Notes and accounts receivable-trade	3,160,239	3,747,408
Securities	–	100,000
Merchandise	599,116	802,897
Work in process	339,101	375,371
Supplies	34,117	31,732
Prepaid expenses	423,368	412,980
Others	269,789	227,443
Allowance for doubtful accounts	-7,489	-7,132
Total current assets	11,338,677	21,962,073
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,729,188	2,789,465
Accumulated depreciation	-1,708,508	-1,759,261
Buildings and structures (net amount)	1,020,679	1,030,203
Land	2,857,076	2,888,567
Others	1,267,576	1,332,201
Accumulated depreciation	-921,149	-951,325
Others (net amount)	346,426	380,875
Total tangible fixed assets	4,224,182	4,299,647
Intangible fixed assets		
Goodwill	–	25,931
Software	1,283,609	2,253,717
Software development in progress	2,955,952	5,258,386
Others	9,455	5,944
Total intangible fixed assets	4,249,017	7,543,980
Investments and other assets		
Investment securities	3,798,594	2,938,193
Long-term prepaid expenses	53,568	55,714
Deferred tax assets	170,919	404,255
Others	735,073	975,518
Allowance for doubtful accounts	-3,360	-3,336
Total investments and other assets	4,754,796	4,370,346
Total fixed assets	13,227,995	16,213,973
Deferred assets		
Bond issuance cost	–	35,694
Total deferred assets	–	35,694
Total assets	24,566,673	38,211,741

(Thousand yen)

	Previous fiscal year (March 31, 2018)	Current fiscal year (March 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	1,082,366	1,324,592
Short-term debt	2,350,000	550,000
Current portion of long-term debt	301,200	552,000
Accrued amount payable	800,815	810,799
Accrued expenses	445,551	297,314
Accrued income taxes	906,791	1,275,818
Income in advance	1,000,541	1,083,724
Reserve for bonuses	708,635	778,073
Reserve for returned goods unsold	69,839	38,885
Others	439,635	780,177
Total current liabilities	8,105,376	7,491,386
Fixed liabilities		
Convertible bond-type bonds with share acquisition rights	–	11,051,333
Long-term debt	97,000	1,542,500
Liabilities related to retirement benefits	19,117	16,746
Asset retirement obligation	19,403	19,850
Others	48,329	31,435
Total fixed liabilities	183,850	12,661,865
Total liabilities	8,289,227	20,153,251
Net assets		
Shareholders' equity		
Capital	3,198,380	3,198,380
Capital surplus	3,006,660	3,006,313
Retained earnings	12,096,375	14,983,897
Treasury stock	-2,962,746	-3,962,853
Total shareholders' equity	15,338,670	17,225,737
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	914,834	818,444
Unrealized holding gain (loss) on hedges	-30	–
Foreign currency translation adjustment	16,430	1,360
Total accumulated other comprehensive income	931,235	819,804
Stock acquisition rights	76	76
Non-controlling interests	7,463	12,871
Total net assets	16,277,446	18,058,490
Total liabilities and net assets	24,566,673	38,211,741

(2) Consolidated statement of income and statement of comprehensive income
(Consolidated statement of income)

(Thousand yen)

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
Net sales	27,582,939	31,317,842
Cost of sales	9,309,681	11,396,582
Gross profit	18,273,257	19,921,260
Reversal of reserve for returned goods unsold	89,368	69,839
Provision of reserve for returned goods unsold	69,839	38,885
Gross profit-net	18,292,786	19,952,214
Selling, general and administrative expenses		
Sales promotional expenses	1,410,095	1,383,660
Provision of allowance for doubtful accounts	3,698	1,485
Salaries and allowances	5,127,825	5,627,248
Provision of reserve for bonuses for employees	580,093	630,022
Retirement benefit expenses	274,337	293,584
Others	6,410,737	6,848,886
Total selling, general and administrative expenses	13,806,787	14,784,887
Operating income	4,485,999	5,167,326
Non-operating revenues		
Interest income	8,076	9,793
Dividend income	17,914	24,068
Dividend income of insurance	48,005	15,581
Insurance income	12,180	18,177
Compensation for damage received	–	30,000
Others	40,830	44,936
Total non-operating revenues	127,007	142,557
Non-operating expenses		
Interest expenses	11,776	21,721
Investment loss on equity method	152,325	221,727
Others	22,670	10,015
Total non-operating expenses	186,772	253,465
Ordinary income	4,426,234	5,056,419
Extraordinary profit		
Gain on sale of investment securities	379,345	643,186
Gain on bargain purchase	–	15,832
Others	3,761	2,196
Total extraordinary profit	383,107	661,216
Extraordinary loss		
Impairment loss	65,314	3,421
Loss on sales of investment securities	3,004	150,000
Loss on valuation of investment securities	435,644	55,037
Others	5,975	5,850
Total extraordinary loss	509,938	214,309
Net income before income taxes	4,299,402	5,503,326
Income taxes-current	1,545,475	1,939,945
Income taxes-deferred	-76,393	-174,453
Total income taxes	1,469,081	1,765,492
Net income	2,830,320	3,737,834
Net income (loss) attributable to non-controlling interests	-46,954	6,931
Net income attributable to owners of parent	2,877,274	3,730,903

(Consolidated statement of comprehensive income)

(Thousand yen)

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
Net income	2,830,320	3,737,834
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	-3,496	-96,262
Unrealized holding gain (loss) on hedges	558	30
Share of other comprehensive income of entities accounted for using equity method	16,430	-15,070
Other comprehensive income total	13,492	-111,303
Comprehensive income	2,843,812	3,626,530
(Breakdown)		
Comprehensive income attributable to owners of parent	2,890,767	3,619,472
Comprehensive income attributable to non-controlling interests	-46,954	7,058

(3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (from April 1, 2017 to March 31, 2018)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	3,198,380	3,011,534	10,148,334	-2,468,340	13,889,909
Changes in current fiscal year					
Dividends from surplus			-779,813		-779,813
Net income attributable to owners of parent			2,877,274		2,877,274
Acquisition of treasury stock				-729,877	-729,877
Disposition of treasury stock			-149,420	235,471	86,051
Capital increase of consolidated subsidiaries		-4,874			-4,874
Change in ownership interest of parent due to transactions with non-controlling interests					-
Changes in items other than shareholders' equity (net amount)					
Total changes in current fiscal year	-	-4,874	1,948,040	-494,405	1,448,760
Balance at end of current fiscal year	3,198,380	3,006,660	12,096,375	-2,962,746	15,338,670

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Unrealized holding gain (loss) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	918,331	-588	-	917,743	7,267	49,543	14,864,464
Changes in current fiscal year							
Dividends from surplus							-779,813
Net income attributable to owners of parent							2,877,274
Acquisition of treasury stock							-729,877
Disposition of treasury stock							86,051
Capital increase of consolidated subsidiaries							-4,874
Change in ownership interest of parent due to transactions with non-controlling interests							-
Changes in items other than shareholders' equity (net amount)	-3,496	558	16,430	13,492	-7,191	-42,080	-35,778
Total changes in current fiscal year	-3,496	558	16,430	13,492	-7,191	-42,080	1,412,981
Balance at end of current fiscal year	914,834	-30	16,430	931,235	76	7,463	16,277,446

Current consolidated fiscal year (from April 1, 2018 to March 31, 2019)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	3,198,380	3,006,660	12,096,375	-2,962,746	15,338,670
Changes in current fiscal year					
Dividends from surplus			-843,380		-843,380
Net income attributable to owners of parent			3,730,903		3,730,903
Acquisition of treasury stock				-1,000,107	-1,000,107
Disposition of treasury stock					-
Capital increase of consolidated subsidiaries					-
Change in ownership interest of parent due to transactions with non-controlling interests		-347			-347
Changes in items other than shareholders' equity (net amount)					
Total changes in current fiscal year	-	-347	2,887,522	-1,000,107	1,887,067
Balance at end of current fiscal year	3,198,380	3,006,313	14,983,897	-3,962,853	17,225,737

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Unrealized holding gain (loss) on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	914,834	-30	16,430	931,235	76	7,463	16,277,446
Changes in current fiscal year							
Dividends from surplus							-843,380
Net income attributable to owners of parent							3,730,903
Acquisition of treasury stock							-1,000,107
Disposition of treasury stock							-
Capital increase of consolidated subsidiaries							-
Change in ownership interest of parent due to transactions with non-controlling interests							-347
Changes in items other than shareholders' equity (net amount)	-96,390	30	-15,070	-111,430	-	5,407	-106,023
Total changes in current fiscal year	-96,390	30	-15,070	-111,430	-	5,407	1,781,043
Balance at end of current fiscal year	818,444	-	1,360	819,804	76	12,871	18,058,490

(4) Consolidated statement of cash flow

(Thousand yen)

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Net income before income taxes	4,299,402	5,503,326
Depreciation and amortization	542,453	951,456
Impairment loss	65,314	3,421
Amortization of goodwill	20,000	4,576
Gain on bargain purchase	–	-15,832
Increase (decrease) in allowance for doubtful accounts	-3,363	-905
Increase (decrease) in reserve for bonuses for employees	131,030	52,127
Increase (decrease) in reserve for returned goods unsold	-19,528	-30,953
Increase (decrease) in liabilities related to retirement benefits	-66	-2,370
Interest income and dividend income	-25,991	-33,862
Interest expenses	11,776	21,721
Foreign exchange losses (gains)	13,501	–
Share of (profit) loss of entities accounted for using equity method	152,325	221,727
Loss (gain) on sale of investment securities	-376,341	-493,186
Loss (gain) on valuation of investment securities	435,644	55,037
Loss (gain) on disposal or sale of fixed assets	5,975	4,412
Decrease (increase) in accounts receivables	11,199	-450,199
Decrease (increase) in inventories	-145,626	-363,385
Increase (decrease) in accounts payable	291,408	111,014
Others	-298,441	149,442
Subtotal	5,110,672	5,687,565
Income taxes paid	-1,718,076	-1,581,758
Cash flows from operating activities	3,392,595	4,105,807
Cash flows from investing activities		
Payments for time deposits	-230,070	-230,071
Proceeds from withdrawal of time deposits	430,068	230,070
Payments for acquisition of tangible fixed assets	-379,239	-244,420
Payments for acquisition of intangible fixed assets	-2,689,502	-3,904,034
Payments for acquisition of investment securities	-890,672	-156,640
Proceeds from sale of investment securities	446,661	1,044,376
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	153,296
Payments of loans receivable	-60,000	-90,000
Collection of loans receivable	60,000	90,000
Payments of loans receivable from subsidiaries and associates	-110,000	–
Interest and dividends received	25,988	30,148
Others	141,648	-234,321
Cash flows from investing activities	-3,255,117	-3,311,597

(Thousand yen)

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Current fiscal year (from April 1, 2018 to March 31, 2019)
Cash flows from financing activities		
Proceeds from short-term debt	6,000,000	4,860,000
Repayment of short-term debt	-4,224,500	-6,660,000
Proceeds from long-term debt	–	2,230,000
Repayment of long-term debt	-401,200	-592,395
Proceeds from exercise of stock option	79,657	–
Proceeds from issuance of bonds with share acquisition rights	–	11,016,755
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	-19,950
Payments for acquisition of treasury stock	-729,877	-1,000,107
Dividends paid	-779,116	-842,095
Interest paid	-11,730	-18,948
Others	-16,239	-16,533
Cash flows from financing activities	-83,005	8,956,725
Increase (decrease) in cash and cash equivalents	54,472	9,750,936
Cash and cash equivalents at beginning of year	6,235,891	6,290,363
Cash and cash equivalents at end of year	6,290,363	16,041,300