

Summary of Business Results for the Year Ended March 31, 2020

[Japan GAAP] (Consolidated)

May 13, 2020

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 26, 2020

Expected starting date of dividend payment: June 29, 2020

Expected date of filing of annual securities report: June 29, 2020

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, 2019 through March 31, 2020)

(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. 2020	35,501	13.4	5,227	1.2	5,311	5.0	1,839	-50.7
Year ended Mar. 2019	31,317	13.5	5,167	15.2	5,056	14.2	3,730	29.7

(Note) Comprehensive income: Year ended March 2020: 2,025 million yen (-44.2%)

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

	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. 2020	59.59	51.69	9.9	13.9	14.7
Year ended Mar. 2019	119.89	112.52	21.7	16.1	16.5

(Reference) Investment earnings/loss on equity-method: Year ended March 2020: -4 million yen

Year ended March 2019: -221 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. 2020	38,348	19,029	49.6	615.97
As of Mar. 2019	38,211	18,058	47.2	584.51

(Reference) Shareholders' equity: As of March 2020: 19,018 million yen

As of March 2019: 18,045 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. 2020	5,343	-1,998	-1,636	17,749
Year ended Mar. 2019	4,105	-3,311	8,956	16,041

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			
Year ended Mar. 2019	Yen -	Yen 0.00	Yen -	Yen 34.00	Yen 34.00	Million yen 1,049	% 28.4	% 6.2
Year ended Mar. 2020	Yen -	Yen 0.00	Yen -	Yen 38.00	Yen 38.00	Million yen 1,173	% 63.8	% 6.3
Year ending Mar. 2021 (forecast)	Yen -	Yen 0.00	Yen -	Yen 38.00	Yen 38.00		% 50.1	

3. Forecast of consolidated business results for the year ending March 2021

(April 1, 2020 through March 31, 2021)

(% 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
Year ending Mar. 2021	36,000	1.4	3,580	-31.5	3,600	-32.2	2,340	27.2	75.79

*** 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: None
- (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 2020 | 34,806,286 shares | As of March 2019 | 34,806,286 shares |
|------------------|-------------------|------------------|-------------------|
- (ii) Treasury stock at the end of period:
- | | | | |
|------------------|------------------|------------------|------------------|
| As of March 2020 | 3,930,557 shares | As of March 2019 | 3,933,510 shares |
|------------------|------------------|------------------|------------------|
- (iii) Average number of stock during period:
- | | | | |
|-----------------------|-------------------|-----------------------|-------------------|
| Year ended March 2020 | 30,873,426 shares | Year ended March 2019 | 31,118,800 shares |
|-----------------------|-------------------|-----------------------|-------------------|

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the year ended March 2020 (April 1, 2019 through March 31, 2020)

(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. 2020	31,898	13.7	4,767	-4.8	4,917	-4.4	1,563	-55.9
Year ended Mar. 2019	28,046	12.0	5,005	15.7	5,141	14.2	3,548	27.8

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 2020	50.65	43.96
Year ended Mar. 2019	114.02	107.03

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2020	36,374	17,661	48.6	572.01
As of Mar. 2019	36,536	16,960	46.4	549.36

(Reference) Shareholders' equity: As of March 2020: 17,661 million yen
As of March 2019: 16,960 million yen

2. Forecast of non-consolidated business results for the year ending March 2021

(April 1, 2020 through March 31, 2021) (% change from the previous corresponding period)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Mar. 2021	29,700	-6.9	3,300	-32.9	2,220	42.0	71.90

* 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, 2020, the Japanese economy continued its gradual recovery trend thanks in part to corporate earnings remaining at a high level and an improvement in employment and income conditions. Towards the end of the fiscal year, however, the condition rapidly deteriorated due to the impact of the novel coronavirus (COVID-19), and the outlook of both domestic and international economies became exceptionally uncertain.

In the software and service industries, demand for IT investment in higher productivity and operation efficiency remained high due to labor shortages and workstyle reforms implemented by companies. Especially after the end of this fiscal year, their attitude toward investment decisions, however, was cautious due to uncertainty about future business confidence.

In this business environment, the Company sought to maintain relationships with existing customers and enhance their satisfaction levels by improving sales capabilities and product/service competitiveness, while at the same time, the Company worked 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 Company held seminars and training sessions nationwide on matters of great interest to customers, such as the revision of the Consumption Tax Act and reduced tax rate system, IT introduction subsidies, and workstyle reforms, from the beginning of the fiscal year under review. The Company also promoted its mainstay ERP products and various services for numerous customers by hosting “MJS Solution Seminar & Fair 2019,” across Japan, and exhibiting at a variety of general events. In response to a rapid increase in the introduction of teleworking systems by its customers, the Company improved its activities to promote various cloud services, including remote tools, and security products.

On the development side, the Company responded promptly and appropriately to provide systems to accommodate the increase in the consumption tax rate and the introduction of reduced tax rates and taxation revisions such as electronic reporting (e-TAX) of inheritance taxes in the first half of the fiscal year under review. In addition, the Company newly developed “MJS AI Audit Support,” a journal and balance checking system using AI to support an increase in operation efficiency for tax accountant and CPA firms. The Company also continued to enhance the functions of its core ERP products for small- and medium-sized enterprises, 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.

Meanwhile, the Company sought to further strengthen business alliances with local financial institutions that would stimulate regional economies and supported business activities of small- and medium-sized enterprises by providing various solutions and services. In June 2019, the Company registered an agent for electronic payment in response to API disclosure of financial institutions. It is currently building secure data interchange systems by connecting its ERP products and cloud services and financial institutions’ APIs, and developing new services 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.

Through such activities, consolidated net sales in the fiscal year under review rose to a record high of 35,501 million yen (up 13.4% year on year). Meanwhile, MJS decided to conservatively estimate the future profitability of existing cloud products, taking into account the changes in the earnings structure made by a full-fledged shift to cloud services and additional investment in development to fully increase the competitiveness of the cloud products. Then MJS implemented early amortization (1,078 million yen) of its software assets. While this affected profit, operating income reached new record highs with 5,227 million yen (up 1.2% year on year) as well as ordinary income at 5,311 million yen (up 5.0% year on year). Meanwhile, the Company modified the direction of its new product development and part of the priorities for the web-based products currently in development in order to accommodate changes in customer needs and the competition environment. Consequently, it posted a software valuation loss of 2,516 million yen for software assets categorized in long-term development in consideration of factors for large fluctuations in estimated future profit, which resulted in net income attributable to owners of parent of 1,839 million yen (down 50.7% year on year). The posting of the early amortization of software assets and valuation losses will help reduce future amortization expenses and increase medium-term profitability.

Results of operations in product categories were as follows.

(System installation contract sales)

Hardware sales were 4,869 million yen, up 43.1% from one year earlier thanks to growth in demand for the replacement of computers due to the ending of Microsoft support for Windows 7. Software sales were 12,429 million yen, down 0.1% from one year earlier. Ueware sales were 5,060 million yen, up 32.4% from one year earlier.

As a result, total system installation contract sales were 22,359 million yen, up 13.7% 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 18.9% from one year earlier to 2,324 million yen. Software utilization revenues increased 19.6% from one year earlier to 1,776 million yen. Corporate software operations support service revenues increased 10.2% from one year earlier to 4,860 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 3.3% from one year earlier to 1,395 million yen and sales from supplies and office products increased 4.9% from one year earlier to 697 million yen.

As a result, service revenues increased 12.0% from one year earlier to 11,055 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, 2018 to March 31, 2019		Current fiscal year From April 1, 2019 to March 31, 2020		YoY	
	Sales	Pct.	Sales	Pct.	Change	YoY
Hardware	3,403	10.9	4,869	13.7	1,465	43.1
Software	12,440	39.7	12,429	35.0	-10	-0.1
Useware	3,821	12.2	5,060	14.3	1,238	32.4
System introduction contract sales	19,665	62.8	22,359	63.0	2,693	13.7
TVS	1,955	6.2	2,324	6.5	369	18.9
Software utilization fees	1,485	4.7	1,776	5.0	290	19.6
Software operational support services	4,409	14.1	4,860	13.7	451	10.2
HW/NW maintenance services	1,351	4.3	1,395	3.9	44	3.3
Supplies and office products	665	2.1	697	2.0	32	4.9
Service revenues	9,867	31.5	11,055	31.1	1,188	12.0
Others	1,784	5.7	2,086	5.9	301	16.9
Total	31,317	100.0	35,501	100.0	4,183	13.4

(ii) Future outlook

Looking ahead, Japan’s economic prospects are expected to remain uncertain due to the worsening of employment conditions and corporate earnings impacted by the COVID-19 pandemic. Meanwhile, demand for IT investment to raise productivity and operation efficiency and improve the work environment is growing in response to labor shortages and efforts such as workstyle reforms, including teleworking, by companies.

In this business environment, the Company will work by improving sales capabilities and product/service competitiveness to maintain relationships with existing customers, raise their satisfaction and expand its customer base through the development of new customers, and further focus on enhancing the management efficiency and strengthening the foundation of the entire Group by dramatically reforming development organizations, strengthening the Group management, raising productivity through BPR, and making other efforts.

Accurate estimation of full-year financial results for the fiscal year ending March 31, 2021 is difficult at the current stage due to the Company’s inability to forecast when COVID-19 will be contained. Therefore, it provides only the approximate full-year forecasts. The forecasts for consolidated business results for the year ending March 2021 have been calculated on the assumption that cases of COVID-19 will decrease and economic activities will gradually resume in the first and second quarters, and the Company’s business environment will return to normal from the third quarter. The forecasts are subject to change due to the timing of COVID-19 containment and the resumption of economic activities.

The Company has revised the numerical targets (net sales of 38.0 billion yen and ordinary income of 8.0 billion yen) set in “Management Objectives for FY2020” announced on May 20, 2019, to the following due largely to the impact of COVID-19.

	Full year
Net sales	36,000 million yen
Operating income	3,580 million yen
Ordinary income	3,600 million yen
Net income attributable to owners of parent	2,340 million yen

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

(i) Assets, liabilities and net assets

Assets

Current assets were 23,603 million yen at the end of March 2020, an increase of 1,641 million yen from one year earlier. The main factors were increases of 1,708 million yen in cash and deposits and 327 million yen in notes and accounts receivable-trade, and a decrease of 266 million yen in merchandise.

Fixed assets were 14,716 million yen at the end of the fiscal year under review, a decrease of 1,497 million yen from the end of the previous fiscal year. The main factors were a decrease of 2,986 million yen in intangible fixed assets due to the early amortization of software assets and posting of valuation loss, and an increase of 1,339 million yen in investments and other assets.

Deferred assets were 28 million yen, down 7 million yen from the end of the previous fiscal year.

As a result, total assets were 38,348 million yen at the end of March 2020, up 136 million yen from one year earlier.

Liabilities

Current liabilities were 7,096 million yen at the end of March 2020, down 394 million yen from a year earlier. This was chiefly due to an increase of 141 million yen in income in advance, decreases of 281 million yen in accounts payable-trade, and 174 million yen in reserve for bonuses.

Fixed liabilities were 12,222 million yen at the end of March 2020, down 439 million yen from a year earlier. This was mainly attributable to a decrease of 442 million yen in long-term debt.

As a result, total liabilities were 19,318 million yen, down 834 million yen from the end of the previous fiscal year.

Net assets

Net assets were 19,029 million yen at the end of March 2020, an increase of 971 million yen from a year earlier. The main factors were net income attributable to owners of parent of 1,839 million yen, which was offset by a decrease of 1,049 million yen associated with the payment of dividends.

As a result, the equity ratio was 49.6% (compared with 47.2% a year earlier).

(ii) Cash flows

There was a net increase of 1,708 million yen in cash and cash equivalents from the end of the previous fiscal year, to 17,749 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 5,343 million yen (compared with 4,105 million yen one year earlier). This was mainly due to net income before income taxes of 2,782 million yen, depreciation and amortization of 2,227 million yen, and software valuation loss of 2,516 million yen, resulting in cash inflow, and income taxes paid of 2,138 million yen, resulting in cash outflows.

(Investing activities)

Net cash used in investing activities was 1,998 million yen (compared with 3,311 million yen one year earlier). This was primarily due to payments for acquisition of tangible fixed assets of 472 million yen, resulting in cash outflow, and payments for acquisition of intangible fixed assets of 1,541 million yen, resulting in cash outflow.

(Financing activities)

Net cash used in financing activities was 1,636 million yen (compared with cash provided of 8,956 million yen one year earlier). This was mainly due to proceeds from short-term debt of 3,100 million yen, resulting in cash inflow, and repayment of short-

term debt of 3,100 million yen, repayment of long-term debt of 552 million yen, and dividends paid of 1,048 million yen, resulting in cash outflows.

(Reference) Cash flow-related indicators

	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20
Shareholders' equity ratio	70.2%	67.9%	66.2%	47.2%	49.6%
Shareholders' equity ratio on a market value basis	165.9%	262.8%	404.3%	229.5%	191.7%
Years of debt redemption	0.5 years	0.4 years	0.8 years	3.3 years	2.5 years
Interest coverage ratio	161.8	371.4	289.2	216.7	350.4

(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, 2019)	Current fiscal year (March 31, 2020)
Assets		
Current assets		
Cash and deposits	16,271,372	17,979,564
Notes and accounts receivable-trade	3,747,408	4,074,439
Securities	100,000	–
Merchandise	802,897	536,169
Work in process	375,371	250,230
Supplies	31,732	31,302
Prepaid expenses	412,980	503,301
Others	227,443	237,737
Allowance for doubtful accounts	-7,132	-8,850
Total current assets	21,962,073	23,603,895
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,789,465	2,910,590
Accumulated depreciation	-1,759,261	-1,779,500
Buildings and structures (net amount)	1,030,203	1,131,089
Land	2,888,567	2,888,567
Others	1,332,201	1,469,901
Accumulated depreciation	-951,325	-1,041,089
Others (net amount)	380,875	428,811
Total tangible fixed assets	4,299,647	4,448,468
Intangible fixed assets		
Goodwill	25,931	19,830
Software	2,253,717	1,540,184
Software development in progress	5,258,386	2,992,647
Others	5,944	5,099
Total intangible fixed assets	7,543,980	4,557,761
Investments and other assets		
Investment securities	2,938,193	3,241,188
Long-term prepaid expenses	55,714	72,521
Deferred tax assets	404,255	1,383,046
Others	975,518	1,015,054
Allowance for doubtful accounts	-3,336	-1,516
Total investments and other assets	4,370,346	5,710,295
Total fixed assets	16,213,973	14,716,525
Deferred assets		
Bond issuance cost	35,694	28,045
Total deferred assets	35,694	28,045
Total assets	38,211,741	38,348,467

(Thousand yen)

	Previous fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	1,324,592	1,043,222
Short-term debt	550,000	550,000
Current portion of long-term debt	552,000	442,500
Accrued amount payable	810,799	767,842
Accrued expenses	297,314	247,855
Accrued income taxes	1,275,818	1,139,982
Income in advance	1,083,724	1,224,852
Reserve for bonuses	778,073	603,985
Reserve for returned goods unsold	38,885	21,678
Others	780,177	1,054,704
Total current liabilities	7,491,386	7,096,624
Fixed liabilities		
Convertible bond-type bonds with share acquisition rights	11,051,333	11,040,333
Long-term debt	1,542,500	1,100,000
Liabilities related to retirement benefits	16,746	16,669
Asset retirement obligation	19,850	20,306
Others	31,435	44,913
Total fixed liabilities	12,661,865	12,222,222
Total liabilities	20,153,251	19,318,847
Net assets		
Shareholders' equity		
Capital	3,198,380	3,198,380
Capital surplus	3,006,313	3,004,349
Retained earnings	14,983,897	15,771,099
Treasury stock	-3,962,853	-3,959,982
Total shareholders' equity	17,225,737	18,013,846
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	818,444	1,005,065
Foreign currency translation adjustment	1,360	-245
Total accumulated other comprehensive income	819,804	1,004,819
Stock acquisition rights	76	76
Non-controlling interests	12,871	10,877
Total net assets	18,058,490	19,029,620
Total liabilities and net assets	38,211,741	38,348,467

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

(Thousand yen)

	Previous fiscal year (from April 1, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
Net sales	31,317,842	35,501,029
Cost of sales	11,396,582	14,985,274
Gross profit	19,921,260	20,515,755
Reversal of reserve for returned goods unsold	69,839	38,885
Provision of reserve for returned goods unsold	38,885	21,678
Gross profit-net	19,952,214	20,532,962
Selling, general and administrative expenses		
Sales promotional expenses	1,383,660	1,406,309
Provision of allowance for doubtful accounts	1,485	2,140
Salaries and allowances	5,627,248	6,119,888
Provision of reserve for bonuses for employees	630,022	475,378
Retirement benefit expenses	293,584	316,278
Others	6,848,886	6,985,322
Total selling, general and administrative expenses	14,784,887	15,305,318
Operating income	5,167,326	5,227,643
Non-operating revenues		
Interest income	9,793	15,822
Dividend income	24,068	30,089
Compensation for damage received	30,000	35,273
Others	78,695	40,286
Total non-operating revenues	142,557	121,471
Non-operating expenses		
Interest expenses	21,721	14,607
Investment loss on equity method	221,727	4,982
Amortization of bond issuance cost	2,549	7,648
Commission expenses	5,426	6,783
Others	2,039	3,669
Total non-operating expenses	253,465	37,692
Ordinary income	5,056,419	5,311,422
Extraordinary profit		
Gain on change in equity	2,196	8,773
Gain on sale of investment securities	643,186	0
Gain on bargain purchase	15,832	-
Total extraordinary profit	661,216	8,773
Extraordinary loss		
Impairment loss	3,421	17,566
Loss on sales of investment securities	150,000	-
Loss on valuation of investment securities	55,037	-
Loss on valuation of software	-	2,516,015
Others	5,850	4,328
Total extraordinary loss	214,309	2,537,910
Net income before income taxes	5,503,326	2,782,285
Income taxes-current	1,939,945	2,003,242
Income taxes-deferred	-174,453	-1,061,204
Total income taxes	1,765,492	942,037
Net income	3,737,834	1,840,247
Net income attributable to non-controlling interests	6,931	351
Net income attributable to owners of parent	3,730,903	1,839,895

(Consolidated statement of comprehensive income)

(Thousand yen)

	Previous fiscal year (from April 1, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
Net income	3,737,834	1,840,247
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	-96,262	186,611
Unrealized holding gain (loss) on hedges	30	-
Share of other comprehensive income of entities accounted for using equity method	-15,070	-1,605
Other comprehensive income total	-111,303	185,005
Comprehensive income	3,626,530	2,025,252
(Breakdown)		
Comprehensive income attributable to owners of parent	3,619,472	2,024,910
Comprehensive income attributable to non-controlling interests	7,058	342

(3) Consolidated statements of changes in net assets

Previous 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					-
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							-
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

Current consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	3,198,380	3,006,313	14,983,897	-3,962,853	17,225,737
Changes in current fiscal year					
Dividends from surplus			-1,049,674		-1,049,674
Net income attributable to owners of parent			1,839,895		1,839,895
Acquisition of treasury stock				-150	-150
Disposition of treasury stock			-3,019	3,022	3
Change in ownership interest of parent due to transactions with non-controlling interests		-1,963			-1,963
Changes in items other than shareholders' equity (net amount)					
Total changes in current fiscal year	-	-1,963	787,201	2,871	788,109
Balance at end of current fiscal year	3,198,380	3,004,349	15,771,099	-3,959,982	18,013,846

	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	818,444	-	1,360	819,804	76	12,871	18,058,490
Changes in current fiscal year							
Dividends from surplus							-1,049,674
Net income attributable to owners of parent							1,839,895
Acquisition of treasury stock							-150
Disposition of treasury stock							3
Change in ownership interest of parent due to transactions with non-controlling interests							-1,963
Changes in items other than shareholders' equity (net amount)	186,620	-	-1,605	185,014	-	-1,993	183,020
Total changes in current fiscal year	186,620	-	-1,605	185,014	-	-1,993	971,130
Balance at end of current fiscal year	1,005,065	-	-245	1,004,819	76	10,877	19,029,620

(4) Consolidated statement of cash flow

(Thousand yen)

	Previous fiscal year (from April 1, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Net income before income taxes	5,503,326	2,782,285
Depreciation and amortization	951,456	2,227,929
Impairment loss	3,421	17,566
Loss on valuation of software	–	2,516,015
Amortization of goodwill	4,576	6,101
Gain on bargain purchase	-15,832	–
Increase (decrease) in allowance for doubtful accounts	-905	-102
Increase (decrease) in reserve for bonuses for employees	52,127	-174,088
Increase (decrease) in reserve for returned goods unsold	-30,953	-17,207
Increase (decrease) in liabilities related to retirement benefits	-2,370	-76
Interest income and dividend income	-33,862	-45,911
Interest expenses	21,721	14,607
Foreign exchange losses (gains)	–	448
Share of (profit) loss of entities accounted for using equity method	221,727	4,982
Loss (gain) on sale of investment securities	-493,186	-0
Loss (gain) on valuation of investment securities	55,037	–
Loss (gain) on disposal or sale of fixed assets	4,412	4,328
Decrease (increase) in accounts receivables	-450,199	-325,081
Decrease (increase) in inventories	-363,385	283,980
Increase (decrease) in accounts payable	111,014	-281,369
Others	149,442	467,510
Subtotal	5,687,565	7,481,918
Income taxes paid	-1,581,758	-2,138,382
Cash flows from operating activities	4,105,807	5,343,535
Cash flows from investing activities		
Payments for time deposits	-230,071	-230,073
Proceeds from withdrawal of time deposits	230,070	230,071
Payments for acquisition of tangible fixed assets	-244,420	-472,277
Payments for acquisition of intangible fixed assets	-3,904,034	-1,541,428
Proceeds from redemption of securities	–	100,000
Payments for acquisition of investment securities	-156,640	-49,909
Proceeds from sale of investment securities	1,044,376	0
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	153,296	–
Payments of loans receivable	-90,000	–
Collection of loans receivable	90,000	–
Interest and dividends received	30,148	35,370
Others	-234,321	-70,508
Cash flows from investing activities	-3,311,597	-1,998,753

(Thousand yen)

	Previous fiscal year (from April 1, 2018 to March 31, 2019)	Current fiscal year (from April 1, 2019 to March 31, 2020)
Cash flows from financing activities		
Proceeds from short-term debt	4,860,000	3,100,000
Repayment of short-term debt	-6,660,000	-3,100,000
Proceeds from long-term debt	2,230,000	-
Repayment of long-term debt	-592,395	-552,000
Proceeds from exercise of stock option	-	2,992
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	-4,300
Payments for acquisition of treasury stock	-1,000,107	-150
Dividends paid	-842,095	-1,048,662
Interest paid	-18,948	-15,251
Others	-16,533	-19,219
Cash flows from financing activities	8,956,725	-1,636,591
Increase (decrease) in cash and cash equivalents	9,750,936	1,708,190
Cash and cash equivalents at beginning of year	6,290,363	16,041,300
Cash and cash equivalents at end of year	16,041,300	17,749,491