Walden Research Japan

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IBC (3920)

Parent / Consolidated Fisca	l Year	Sales	Operating	Recurring	Profit Attributable to	EPS	DPS	BPS
(Million Yen)		Gales	Profit	Profit	Owners of Parent	(Yen)	(Yen)	(Yen)
FY09/2018		1,290	202	205	141	25.20	0.00	297.20
FY09/2019		1,833	244	223	134	24.18	0.00	292.93
FY09/2020CoE		-	-	-	-	-	-	-
FY09/2019	YoY	42.0%	20.9%	8.6%	(5.0%)	-	-	-
FY09/2020CoE	YoY	-	-	-	-	-	-	-
Consolidated Half Year		Sales	Operating	Recurring	Profit Attributable to	EPS	DPS	BPS
(Million Yen)		Sales	Profit	Profit	Owners of Parent	(Yen)	(Yen)	(Yen)
Q1 to Q2 FY09/2019		876	163	163	106	-	-	-
Q3 to Q4 FY09/2019		956	81	60	28	-	-	-
Q1 to Q2 FY09/2020		920	29	18	(225)	-	-	-
Q3 to Q4 FY09/2020CoE		-	-	-	-	-	-	-
Q1 to Q2 FY09/2020	YoY	5.0%	(81.6%)	(88.7%)	-	-	-	-
Q3 to Q4 FY09/2020CoE	YoY	-	-	-	-	-	-	-

Source: Company Data, WRJ Calculation (changed to consolidated accounts disclosure since FY09/2019)

1.0 Results Update (5 June 2020)

Wait for Final Decision

On 28 May 2020, IBC, running network system monitoring, released its Q1 to Q2 FY09/2020 results. It has been revealed that sales of Licensing or the Company's key earning pillar failed to increase over the same period of the previous year, while impairment was made for two consolidated subsidiaries given prospective earnings now lower than anticipated earlier. With respect to Licensing, the Company says, "although we saw new projects increased mainly in the domains like information technology and manufacturers, the amounts of projects to be renewed with fixed annual fees were smaller than the previous year". Due to demand to stay indoors in line with spread of new coronavirus infections, there are surging needs for working remotely and/or communicating online, driving inquiries for the Company's network system monitoring, etc. at the same time. Nevertheless, the Company spots that all those prospective customers generally tend to postpone their final decision towards adopting in fact, presumably due to uncertainty on their own near-term earnings, etc. Thus, the Company is in a situation to wait for their final decision and it appears that the increases of "new projects" have not made major positive impacts to date. Meanwhile, given that uncertainty stemming from spread of new coronavirus infections will remain in H2, FY09/2020 initial Company forecasts have been withdrawn for the moment and Company forecasts are currently undecided.

For information: IBC (3920) New Values in New Domains (17 January 2020)

IR representative: Moritsugu Tokumitsu (+81 5117 2780/<u>m.tokumitsu@ibc21.co.jp</u>)

2.0 Company Profile

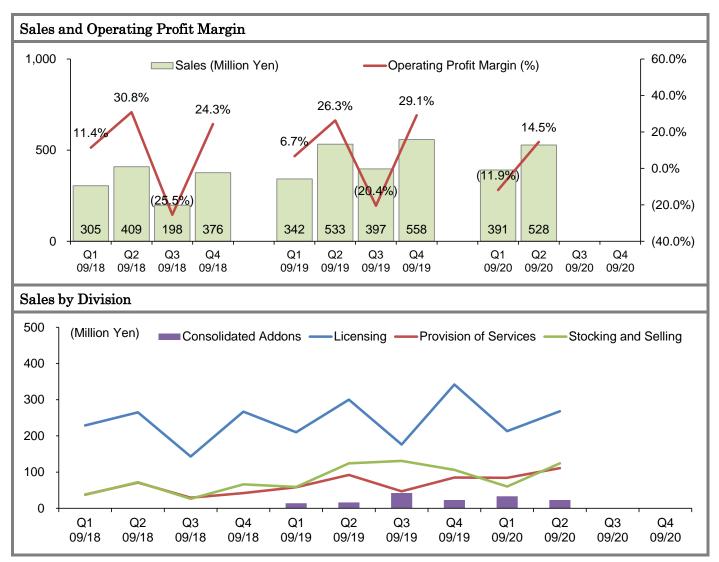
Pioneer of Network System Monitoring							
Company Name	IBC Co.,Ltd.: Internetworking & Broadband Consulting Co.,Ltd.						
	Website						
	IR Information (Japanese)						
	Share Price (Japanese)						
Established	16 October 2002						
Listing	28 November 2016: Tokyo Stock Exchange 1st section (ticker: 3920)						
	15 September 2015: Tokyo Stock Exchange Mothers						
Capital	¥441m (as of the end of March 2020)						
No. of Shares	5,713,600 shares, including 194,159 treasury shares (as of the end of March 2020)						
Main Features	• Selling proprietary System Answer Series on a licensing basis						
	Realizing visualization of network infrastructure						
	• Avoiding opportunity loss by system downs and lowered customer satisfaction						
Business Segment	I . Software Service Business						
Top Management	CEO and President: Hiroyuki Kato						
Shareholders	Hiroyuki Kato 35.80%, Plus Fuji 8.7%, Company's Tr. Shares 3.39% (as of the end						
	of March 2020)						
Headquarters	Chuo-ku, Tokyo, JAPAN						
No. of Employees	Consolidated: 101, Parent: 73 (as of the end of March 2020)						

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q2 FY09/2020 Results

In Q1 to Q2 FY09/2020, sales came in at \$920m (up 5.0% YoY), operating profit \$29m (down 81.6%), recurring profit \$18m (down 88.7%) and profit attributable to owners of parent minus \$225m (versus \$106m during the same period of the previous year), while operating profit margin 3.3% (down 15.4% points). The results were worse than assumptions of initial Company forecasts (disclosed on 13 November 2019), by \$251m (21.5%) in sales, by \$153m (83.6%) in operating profit, by \$144m (88.7%) in recurring profit and by \$334m in profit attributable to owners of parent (\$109m assumed).



Source: Company Data, WRJ Calculation

By division, sales of Licensing came in at \$481m (down 5.7%), sales of Provision of Services \$196m (up 30.2%) and sales of Stocking and Selling \$185m (up 1.0%). Meanwhile, when simply focusing on the gap between consolidated and parent accounts, sales of Consolidated Addons were \$56m (up 81.4%).

In Licensing, the Company books compensations as sales, stemming from customers' use of System Answer Series, which is in charge of network system monitoring provided by the Company. In addition to a large sales composition, gross profit margin is so high as well as marginal profit ratio as far as we could gather and thus it appears that earnings as a whole for the Company hinge on sales of Licensing to a large extent. In Q1 to Q2, sales fell short of expectations and failed to increase over the same period of the previous year, presumably having resulted in major adjustment of earnings as a whole for the Company.

In Provision of Services, sales were buoyant, driven by firmness on system integration projects, SAMS projects or next-generation MSP services and large-scale ISAS (IBC Security Assessment Services) projects. Meanwhile, sales of Stocking and Selling have only edged up, but those of "kusabi [™]", included in this division, are expected to surge going forward. This is a system developed by the Company for the sake of coping with enfacement of IoT security measures propelled by the Ministry of Internal Affairs and Communications. For example, the Company suggests that the bright prospects are discussed in an article of "Newsweek Japan Edition" (launched on 26 May 2020), referring to dialogue between Hiroyuki Kato, the Company's CEO and president, and professor of Waseda University.

The two consolidated subsidiaries are suffering from prospects for earnings lower than anticipated earlier, negatively affected by the spread of new coronavirus infections. Impairment of ¥117m for software and software in progress was made for iChain, Inc. in charge of development associated with insurance technology, while ¥85m for goodwill generated at the acquisition for SundayArts K.K. Co., Ltd. in charge of dispatching system engineers, etc. SundayArts K.K. Co., Ltd. has been consolidated since Q3 FY09/2019 and thus no sales booked during the same period of the previous year in Q1 to Q2 FY09/2020, which is a key reason why Consolidated Addons surged in sales.

FY09/2020 Company Forecasts

FY09/2020 Company forecasts are undecided. Initially, Company forecasts were going for prospective sales of \$2,555m (up 39.4%), operating profit of \$352m (up 44.1%), recurring profit of \$311m (up 39.3%) and profit attributable to owners of parent of \$212m (up 57.4%), while operating profit margin of 13.8% (up 0.4% points), but withdrawn for the moment at the releases of Q1 to Q2 results. As soon as becoming possible to rationally estimate, Company forecasts will be disclosed.

4.0 Financial Statements

Income Statement (Cumulative / Quarterly)

Interven 092019 092019 092020 09202	Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
Sates 342 876 1,274 1,333 391 920 - - Cost of Sales 77 224 4020 551 1377 3041 - - - Gooss Profit 224 468 572 1,231 254 615 -		Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
Cast Sales 77 224 402 551 137 304 -								09/2020	09/2020	
Gross Profit2646619721.281224615SGAA Expanses242163661244(46)29								-	-	+43
SGA Expenses 2-2 4-88 770 1.037 301 565 - - - Operating Profit 22 163 81 244 (46) 29 - - (10) Non Operating Balance (0) (12) (21)								-		+80
Operating Profit 22 163 81 244 (46) 29								-		(36)
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Extraordinary Balance 0 0 (7) (8) (0) (204) - (2) Profit before income Taxes 22 163 61 214 (63) (186) - (3) NP Betonging to Non-Controlling SHs (0) (1) (5) (6) 0 0 - (3) Sales YOY +12.1% +22.5% +39.4% +42.0% +14.3% +5.0% - (4) Sales YOY +12.1% +22.5% +39.4% +42.0% +14.3% +5.0% - - (4) Sales YOY (24.4%) +12.1% +22.5% +39.4% +46.6% - (81.6%) - - (4) Grass Profit Margin 77.3% 74.3% (68.5% 69.9% 65.0% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6% 65.6%								-		(11)
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Sales YoY +12.1% +22.5% +39.4% +42.0% +14.3% +5.0% - Operating Profit YoY (34.1%) +1.2% (26.0%) +20.9% - (81.6%) - - Recurring Profit YoY (35.6%) +0.5% (64.4%) (5.0%) - - - Gross Profit Margin 77.3% 74.3% 66.5% 69.3% 65.0% 68.9% - - - Operating Profit Margin 67.7% 18.6% 64.4% 13.3% (11.9%) 3.3% - - (15.6% Recurring Profit Margin 6.7% 18.6% 5.4% 12.2% (13.4%) 2.0% - (15.6% Total Income Taxes / Profit before Income Taxes 41.0% 32.5% 65.9% 39.7% (24.5%) - - (35.7% Income Taxes / Profit before Income Taxes 41.0% 32.2% 65.9% 39.7% 558 39.7% 558 39.7% 558 39.7% - (35.7% Costof S								-	-	+1
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Sales to SG&A. Expenses Ratio 70.6% 55.7% 62.0% 56.6% 76.9% 63.6% - +7.7 Operating Profit Margin 6.6% 18.6% 6.4% 112.2% (11.9%) 3.3% - - (15.4) Recurning Profit Margin 6.6% 18.6% 54.4% 12.2% (11.9%) 3.3% - - (16.6) Total Income Statement Cons.Act <t< td=""><td></td><td>, ,</td><td>. ,</td><td>. ,</td><td></td><td>65.0%</td><td>-</td><td>-</td><td></td><td>(7.5%)</td></t<>		, ,	. ,	. ,		65.0%	-	-		(7.5%)
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Profit Attributable to Owners of Parent Margin 4.1% 12.1% 2.1% 7.4% (14.6%) (24.5%) - - (36.7) Total Income Taxes / Profit before Income Taxes 41.0% 36.2% 65.9% 39.7% (7.9%) (21.4%) - - (57.6) Income Statement Cons.Act						, ,		-		
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Income Statement Cons.Act	C C					, ,	. ,			` '
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(Million Yen) 09/2019 09/2019 09/2019 09/2019 09/2020 09/2020 Net Cl Sales 342 533 397 558 391 528 - - Cost of Sales 77 147 1177 149 1137 167 -	Income Statement	Cons Act	Cons Act	Cons Act	Cons Act	Cons Act	Cons Act	Cons Act	Cons Act	
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Cost of Sales 77 147 177 149 137 167 - <td></td> <td>Q1</td> <td>Q2</td> <td>Q3</td> <td>Q4</td> <td>Q1</td> <td>Q2</td> <td>Q3</td> <td>Q4</td> <td>YoY Net Cha.</td>		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY Net Cha.
Gross Profit 264 386 220 409 254 360 - - (1) SG&A Expenses 242 246 301 246 301 284 -	(Million Yen)	Q1 09/2019	Q2 09/2019	Q3 09/2019	Q4 09/2019	Q1 09/2020	Q2 09/2020	Q3	Q4	Net Chg.
SG&A Expenses 242 246 301 246 301 284 - - Operating Profit 22 140 (81) 162 (46) 76 - - - Non Operating Balance (0) 0 (12) (8) (6) (5) - - - (10) Recurring Profit 22 140 (93) 154 (52) 71 - - (2) Extraordinary Balance 0 0 (7) (0) (0) (204) - - (2) Profit before Income Taxes 29 140 (101) 153 (53) (133) - - (2) Total Income Taxes 9 49 (18) 444 435 - (2) Profit Attributable to Owners of Parent 14 92 (79) 108 (57) (168) - - (2) Sales YOY +12.1% +30.2% +10.3% +48.5%	(Million Yen) Sales	Q1 09/2019 342	Q2 09/2019 533	Q3 09/2019 397	Q4 09/2019 558	Q1 09/2020 391	Q2 09/2020 528	Q3	Q4	Net Chg. (5)
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Extraordinary Balance 0 0 (7) (0) (0) (204) - - (2) Profit before Income Taxes 22 140 (101) 153 (53) (133) - - (2) Total Income Taxes 9 49 (18) 44 4 35 - - (2) NP Belonging to Non-Controlling SHs (0) (1) (3) - 0 0 - - (2) Profit Attributable to Owners of Parent 14 92 (79) 108 (57) (168) - - (2) Sales YOY +12.1% +30.2% +100.3% +48.5% +14.3% (1.0%) - - (2) Operating Profit YoY (34.1%) +10.9% - +77.5% - (45.3%) -	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit	Q1 09/2019 342 77 264 242 22	Q2 09/2019 533 147 386 246 140	Q3 09/2019 397 177 220 301 (81)	Q4 09/2019 558 149 409 246 162	Q1 09/2020 391 137 254 301 (46)	Q2 09/2020 528 167 360 284 76	Q3	Q4	Net Chg. (5) +20 (25) +37 (63)
Profit before Income Taxes 22 140 (101) 153 (53) (133) - (2) Total Income Taxes 9 49 (18) 44 4 35 - - (10) NP Belonging to Non-Controlling SHs (0) (1) (3) - 0 0 - - (2) Profit Attributable to Owners of Parent 14 92 (79) 108 (57) (168) - - (2) Sales YoY +12.1% +30.2% +100.3% +48.5% +14.3% (1.0%) - - (2) Operating Profit YoY (34.1%) +10.9% - +77.5% - (45.3%) -<	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance	Q1 09/2019 342 77 264 242 22 (0)	Q2 09/2019 533 147 386 246 140 0	Q3 09/2019 397 177 220 301 (81) (12)	Q4 09/2019 558 149 409 246 162 (8)	Q1 09/2020 391 137 254 301 (46) (6)	Q2 09/2020 528 167 360 284 76 (5)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5)
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NP Belonging to Non-Controlling SHs (0) (1) (3) - 0 0 - - Profit Attributable to Owners of Parent 14 92 (79) 108 (57) (168) - (2) Sales YoY +12.1% +30.2% +100.3% +48.5% +14.3% (1.0%) - - (2) Operating Profit YoY (34.1%) +10.9% - +77.5% - (45.3%) - <td>(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance</td> <td>Q1 09/2019 342 77 264 242 22 (0) 22 0) 22 0</td> <td>Q2 09/2019 533 147 386 246 140 0 140 0</td> <td>Q3 09/2019 397 177 220 301 (81) (12) (93) (7)</td> <td>Q4 09/2019 558 149 409 246 162 (8) 154 (0)</td> <td>Q1 09/2020 391 137 254 301 (46) (6) (52) (0)</td> <td>Q2 09/2020 528 167 360 284 76 (5) 71 (204)</td> <td>Q3</td> <td>Q4</td> <td>Net Chg. (5) +20 (25) +37 (63) (5) (69) (204)</td>	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance	Q1 09/2019 342 77 264 242 22 (0) 22 0) 22 0	Q2 09/2019 533 147 386 246 140 0 140 0	Q3 09/2019 397 177 220 301 (81) (12) (93) (7)	Q4 09/2019 558 149 409 246 162 (8) 154 (0)	Q1 09/2020 391 137 254 301 (46) (6) (52) (0)	Q2 09/2020 528 167 360 284 76 (5) 71 (204)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204)
Profit Attributable to Owners of Parent 14 92 (79) 108 (57) (168) - - (2 Sales YoY +12.1% +30.2% +100.3% +48.5% +14.3% (1.0%) - - - (2 Operating Profit YoY (34.1%) +10.9% - +77.5% - (45.3%) -	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes	Q1 09/2019 342 77 264 242 22 (0) 22 0 0 22	Q2 09/2019 533 147 386 246 140 0 140 0 140	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101)	Q4 09/2019 558 149 246 162 (8) 154 (0) 153	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53)	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273)
Sales YoY +12.1% +30.2% +100.3% +48.5% +14.3% (1.0%) - - Operating Profit YoY (34.1%) +10.9% - +77.5% - (45.3%) - - Recurring Profit YoY (35.5%) +10.4% - +65.4% - (49.3%) - - Profit Attributable to Owners of Parent YoY (39.6%) +9.0% - +60.0% - - - Gross Profit Margin 77.3% 72.4% 55.5% 73.3% 65.0% 68.3% - - (4.2 Sales to SG&A Expenses Ratio 70.6% 46.2% 75.9% 44.2% 76.9% 53.8% - - 47.0 Operating Profit Margin 6.7% 26.3% (20.4%) 29.1% (11.9%) 14.5% - - (11.8%) Recurring Profit Margin 6.6% 26.3% (23.6%) 27.6% (13.4%) 13.5% - - (12.8%) Profit Attributable to Owners of Parent Margin	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes	Q1 09/2019 342 77 264 242 22 (0) 22 0 22 0 22 9	Q2 09/2019 533 147 386 246 140 0 140 0 140 49	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (18)	Q4 09/2019 558 149 246 162 (8) 154 (0) 153	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53) 4	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 35	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273) (14)
Recurring Profit YoY (35.5%) +10.4% - +65.4% - (49.3%) - - Profit Attributable to Owners of Parent YoY (39.6%) +9.0% - +60.0% - - - - Gross Profit Margin 77.3% 72.4% 55.5% 73.3% 65.0% 68.3% -	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs	Q1 09/2019 342 77 264 242 22 (0) 22 0 0 22 9 9 (0)	Q2 09/2019 533 147 386 246 140 0 140 0 140 49 (1)	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (18) (3)	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53) 4 0	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 35 0	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273) (14) +1
Recurring Profit YoY (35.5%) +10.4% - +65.4% - (49.3%) - - Profit Attributable to Owners of Parent YoY (39.6%) +9.0% - +60.0% - - - - - Gross Profit Margin 77.3% 72.4% 55.5% 73.3% 65.0% 68.3% -	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent	Q1 09/2019 342 77 264 242 22 (0) 22 0 22 9 9 (0) 14	Q2 09/2019 533 147 386 246 140 0 140 0 140 49 (1) 92	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (18) (3) (3) (79)	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44 - 108	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53) 4 0 (53) 4 0 (57)	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 35 0 (168)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273) (14)
Profit Attributable to Owners of Parent YoY (39.6%) +9.0% - +60.0% -	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY	Q1 09/2019 342 77 264 242 22 (0) 22 0 0 22 9 (0) 22 9 (0) 14 +12.1%	Q2 09/2019 533 147 386 246 140 0 140 0 140 49 (1) 92 +30.2%	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (18) (3) (3) (79)	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44 4 - 108 +48.5%	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53) 4 0 (53) 4 0 (57)	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 35 0 (168) (1.0%)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273) (14) +1
Gross Profit Margin 77.3% 72.4% 55.5% 73.3% 65.0% 68.3% - - (4.2) Sales to SG&A Expenses Ratio 70.6% 46.2% 75.9% 44.2% 76.9% 53.8% - +7.1 Operating Profit Margin 6.7% 26.3% (20.4%) 29.1% (11.9%) 14.5% - - (11.8) Recurring Profit Margin 6.6% 26.3% (23.6%) 27.6% (13.4%) 13.5% - - (12.8) Profit Attributable to Owners of Parent Margin 4.1% 17.2% (20.0%) 19.4% (14.6%) (31.9%) - - (49.2)	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY	Q1 09/2019 342 77 264 242 22 (0) 22 0 22 9 (0) 22 9 (0) 14 +12.1% (34.1%)	Q2 09/2019 533 147 386 246 140 0 140 0 140 49 (1) 92 +30.2% +10.9%	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (18) (3) (3) (79)	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44 (0) 153 44 - 108 +48.5% +77.5%	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53) 4 0 (53) 4 0 (57)	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 35 0 (133) 35 0 (168) (1.0%) (45.3%)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273) (14) +1
Sales to SG&A Expenses Ratio 70.6% 46.2% 75.9% 44.2% 76.9% 53.8% - +7. Operating Profit Margin 6.7% 26.3% (20.4%) 29.1% (11.9%) 14.5% - - (11.8%) Recurring Profit Margin 6.6% 26.3% (23.6%) 27.6% (13.4%) 13.5% - - (12.8%) Profit Attributable to Owners of Parent Margin 4.1% 17.2% (20.0%) 19.4% (14.6%) (31.9%) - - (49.2%)	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY	Q1 09/2019 342 77 264 242 22 (0) 22 0 22 9 (0) 22 9 (0) 14 +12.1% (34.1%) (35.5%)	Q2 09/2019 533 147 386 246 140 0 140 0 140 49 (1) 92 +30.2% +10.9% +10.4%	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (18) (3) (3) (79)	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44 (0) 153 44 - 108 +48.5% +77.5% +65.4%	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53) 4 0 (53) 4 0 (57)	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 35 0 (133) 35 0 (168) (1.0%) (45.3%)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273) (14) +1
Operating Profit Margin 6.7% 26.3% (20.4%) 29.1% (11.9%) 14.5% - - (11.8%) Recurring Profit Margin 6.6% 26.3% (23.6%) 27.6% (13.4%) 13.5% - - (11.8%) Profit Attributable to Owners of Parent Margin 4.1% 17.2% (20.0%) 19.4% (14.6%) (31.9%) - - (49.2%)	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY	Q1 09/2019 342 77 264 242 22 (0) 22 0 0 22 9 (0) 22 9 (0) 14 +12.1% (34.1%) (35.5%) (39.6%)	Q2 09/2019 533 147 386 246 140 0 140 0 140 49 (1) 92 +30.2% +10.9% +10.4% +9.0%	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (18) (3) (79) +100.3% - -	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44 (0) 153 44 - - - - - - - - - - - - - - - - - -	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53) 4 0 (53) 4 0 (57) +14.3% -	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 355 0 (133) 355 0 (133) (133) (133) (133) (133) (133) (133) (133) (149) (49,3%) (49,3%)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273) (14) +1
Recurring Profit Margin 6.6% 26.3% (23.6%) 27.6% (13.4%) 13.5% - - (12.8) Profit Attributable to Owners of Parent Margin 4.1% 17.2% (20.0%) 19.4% (14.6%) (31.9%) - - (49.2)	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Profit Attributable to Owners of Parent YoY Profit Attributable to Owners of Parent YoY	Q1 09/2019 342 77 264 242 22 (0) 22 0 22 9 (0) 22 9 (0) 14 +12.1% (34.1%) (35.5%) (39.6%)	Q2 09/2019 533 147 386 246 140 0 140 0 140 49 (1) 92 +30.2% +10.9% +10.4% +9.0%	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (18) (3) (79) +100.3% - - - - 55.5%	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44 (0) 153 44 4 0) 153 44 4 4 5 5 6 5 4 4 4 5 7 3.3%	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53) 4 0 (53) 4 0 (53) 4 (57) +14.3% - - -	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 355 0 (133) 355 0 (133) (133) (133) (133) (133) (133) (133) (133) (133) (133) (14) (10)(10)(13) (14)(13)(13) (15)(13)(13)(13)(13)(13)(13)(13)(13)(13)(13	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273) (14) +1 (260) - - - -
Profit Attributable to Owners of Parent Margin 4.1% 17.2% (20.0%) 19.4% (14.6%) (31.9%) - (49.2%)	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Gross Profit Margin Sales to SG&A Expenses Ratio	Q1 09/2019 342 77 264 242 22 (0) 22 0 22 9 (0) 22 9 (0) 14 +12.1% (34.1%) (35.5%) (39.6%) 77.3% 70.6%	Q2 09/2019 533 147 386 246 140 0 140 0 140 49 (1) 92 +30.2% +10.9% +10.4% +10.4% +9.0%	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (101) (18) (3) (79) +100.3% - - - - - - - - - - - - - - - - - - -	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44 (0) 153 44 4 158 44 4 5 5 44 +48.5% +77.5% +65.4% +60.0% 73.3% 44.2%	Q1 09/2020 391 137 254 301 (46) (52) (0) (53) 4 (53) 4 0 (53) 4 (57) +14.3% - - - - - - - - - - - - - - - - - - -	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 355 0 (133) 355 0 (133)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (69) (204) (273) (14) +1 (260) - - - - - - - - - - - - - - - - - - -
	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Gross Profit Margin Sales to SG&A Expenses Ratio Operating Profit Margin	Q1 09/2019 342 77 264 242 22 (0) 22 0 22 9 (0) 22 9 (0) 14 +12.1% (34.1%) (35.5%) (39.6%) (39.6%) 77.3% 70.6% 6.7%	Q2 09/2019 533 147 386 246 140 0 140 0 140 (1) 92 +30.2% +10.9% +10.4% +10.4% +9.0% 26.3%	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (101) (18) (3) (7) (101) (18) (3) (7) (101) (101) (18) (3) (7) (101) (10) (5) (5) (5) (5) (7) (2) (2) (4) (2) (2) (4) (2) (2) (4) (2) (2) (4) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44 (0) 153 44 40 - - - - - - - - - - - - - - - - -	Q1 09/2020 391 137 254 301 (46) (52) (0) (53) 4 (0) (53) 4 0 (53) 4 (57) +14.3% - - - - - - - - - - - - - - - - - - -	Q2 09/2020 528 167 360 284 76 (5) 71 (204) (133) 355 0 (133) (133) (133) (133) (133) (133) (133) (133) (133) (143) (49,3%) (40,3%) (40	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (204) (273) (14) +11 (260) - - - - - - - - - - - - - - - - - - -
Total Income Taxes / Profit before Income Taxes 41.0% 35.4% - 29.3% (7.9%) - - -	(Million Yen) Sales Cost of Sales Gross Profit SG&A Expenses Operating Profit Non Operating Balance Recurring Profit Extraordinary Balance Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY Profit Attributable to Owners of Parent YoY Gross Profit Margin Sales to SG&A Expenses Ratio Operating Profit Margin Recurring Profit Margin	Q1 09/2019 342 77 264 242 22 (0) 22 0 22 9 (0) 22 9 (0) 14 +12.1% (34.1%) (35.5%) (39.6%) (39.6%) 77.3% 70.6% 6.7% 6.6%	Q2 09/2019 533 147 386 246 140 0 140 0 140 (1) 92 +30.2% +10.9% +10.4% +10.4% +9.0% 26.3% 26.3%	Q3 09/2019 397 177 220 301 (81) (12) (93) (7) (101) (101) (18) (3) (7) (101) (18) (3) (7) (101) (101) (18) (3) (7) (101) (10) (5) (5) (5) (7) (2) (2) (4) (2) (2) (4) (2) (2) (2) (4) (2) (2) (2) (2) (2) (2) (2) (2) (2) (2	Q4 09/2019 558 149 409 246 162 (8) 154 (0) 153 44 (0) 153 44 - - - - - - - - - - - - - - - - - -	Q1 09/2020 391 137 254 301 (46) (6) (52) (0) (53) 4 0 (53) 4 0 (53) 4 (57) +14.3% - - - - - - - - - - - - - - - - - - -	Q2 09/2020 528 167 360 284 76 (5) (133) (204) (133) 355 0 (133) (133) (133) (133) (133) (49.3%) (49.3%) (49.3%) (49.3%) (49.3%) (53.8%) 14.5% (13.5%)	Q3	Q4	Net Chg. (5) +20 (25) +37 (63) (5) (204) (273) (14) +11 (260) - - - - - - - - - - - - - - - - - - -

Source: Company Data, WRJ Calculation

Sales by Division (Cumulative / Quarterly)

Sales by Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	09/2019	09/2019	09/2019	09/2019	09/2020	09/2020	09/2020	09/2020	Net Chg.
Licensing	210	510	687	1,029	213	481	-	-	(29)
Provision of Services	58	150	198	284	84	196	-		+45
Stocking and Selling	59	183	314	421	60	185	-		+1
Consolidated Addons	14	31	73	97	33	56			+25
Sales	342	876	1,274	1,833	391	920	-		+43
Licensing	(8.3%)	+3.1%	+7.6%	+13.7%	+1.3%	(5.7%)	-		-
Provision of Services	+53.6%	+37.1%	+42.5%	+56.5%	+44.4%	+30.2%	-		-
Stocking and Selling	+56.0%	+66.7%	+130.8%	+107.7%	+3.1%	+1.0%	-		
Consolidated Addons	-	-	-	-	+128.2%	+81.4%	-		-
Sales (YoY)	+12.1%	+22.5%	+39.4%	+42.0%	+14.3%	+5.0%	-		-
Licensing	61.4%	58.3%	53.9%	56.2%	54.4%	52.3%	-	-	-
Provision of Services	17.1%	17.2%	15.6%	15.5%	21.6%	21.3%	-		-
Stocking and Selling	17.2%	21.0%	24.7%	23.0%	15.5%	20.2%	-		-
Consolidated Addons	4.2%	3.6%	5.8%	5.3%	8.5%	6.2%	-		-
Sales (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-		-
Sales by Division	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	09/2019	09/2019	09/2019	09/2019	09/2020	09/2020	09/2020	09/2020	Net Chg.
Licensing	210	300	176	342	213	268	-	-	(31)
Provision of Services	58	92	47	85	84	111	-		+19
Stocking and Selling	59	124	131	106	60	124	-		+0
Consolidated Addons	14	16	42	23	33	23	-		+6
Sales	342	533	397	558	391	528	-	-	(5)
Licensing	042		551	000	001				
	(8.3%)	+12.9%	+23.3%	+28.1%	+1.3%	(10.6%)	-	•	-
Provision of Services							-	:	-
Provision of Services Stocking and Selling	(8.3%)	+12.9%	+23.3%	+28.1%	+1.3%	(10.6%)	-		-
	(8.3%) +53.6%	+12.9% +28.2%	+23.3% +63.0%	+28.1% +102.2%	+1.3% +44.4%	(10.6%) +21.1%	- - -	:	
Stocking and Selling	(8.3%) +53.6%	+12.9% +28.2%	+23.3% +63.0%	+28.1% +102.2%	+1.3% +44.4% +3.1%	(10.6%) +21.1% +0.1%	- - - -	-	
Stocking and Selling Consolidated Addons	(8.3%) +53.6% +56.0% -	+12.9% +28.2% +72.2% -	+23.3% +63.0% +400.7%	+28.1% +102.2% +60.3%	+1.3% +44.4% +3.1% +128.2%	(10.6%) +21.1% +0.1% +40.9%	- - - - -	-	-
Stocking and Selling Consolidated Addons Sales (YoY)	(8.3%) +53.6% +56.0% - +12.1%	+12.9% +28.2% +72.2% - +30.2%	+23.3% +63.0% +400.7% - + 100.3%	+28.1% +102.2% +60.3% - +48.5%	+1.3% +44.4% +3.1% +128.2% +14.3%	(10.6%) +21.1% +0.1% +40.9% (1.0%)	- - - - - -	-	-
Stocking and Selling Consolidated Addons Sales (YoY) Licensing	(8.3%) +53.6% +56.0% - +12.1% 61.4%	+12.9% +28.2% +72.2% - + 30.2%	+23.3% +63.0% +400.7% - +100.3%	+28.1% +102.2% +60.3% - +48.5% 61.3%	+1.3% +44.4% +3.1% +128.2% +14.3% 54.4%	(10.6%) +21.1% +0.1% +40.9% (1.0%) 50.8%	- - - - - - -	-	- - - - - - - -
Stocking and Selling Consolidated Addons Sales (YoY) Licensing Provision of Services	(8.3%) +53.6% +56.0% - +12.1% 61.4% 17.1%	+12.9% +28.2% +72.2% - + 30.2% 56.2% 17.2%	+23.3% +63.0% +400.7% - +100.3% 44.4% 12.0%	+28.1% +102.2% +60.3% - +48.5% 61.3% 15.4%	+1.3% +44.4% +3.1% +128.2% +14.3% 54.4% 21.6%	(10.6%) +21.1% +0.1% +40.9% (1.0%) 50.8% 21.1%	- - - - - - - - - - - -	-	- - - - - - - - - - - -

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet	Cons.Act								
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	09/2019	09/2019	09/2019	09/2019	09/2020	09/2020	09/2020	09/2020	Net Chg.
Cash and Deposit	866	725	832	925	887	832	-	•	+106
Accounts Receivables	707	943	776	986	821	956	-		+13
Inventory	3	3	19	21	14	19	-		+16
Other	37	39	33	38	49	44	-		+4
Current Assets	1,615	1,712	1,661	1,972	1,773	1,853	-		+141
Tangible Assets	50	49	57	56	53	50	-		+1
Intangible Assets	34	41	158	307	337	140	-		+98
Investments and Other Assets	176	287	342	341	334	306	-		+18
Fixed Assets	261	379	558	704	726	497	-		+118
Total Assets	1,876	2,091	2,219	2,676	2,499	2,351	-		+259
Accounts Payables	25	76	121	95	59	81	-	-	+5
Short Term Debt	257	257	273	675	677	679	-		+421
Other	111	184	153	182	144	138	-		(45)
Current Liabilities	394	518	548	953	880	899	-		+381
Long Term Debt	22	20	101	93	86	78	-		+58
Other	0	0	1	1	2	10	-		+10
Fixed Liabilities	22	20	102	95	88	89	-		+69
Total Liabilities	416	539	651	1,049	969	989	-		+450
Shareholders' Equity	1,452	1,546	1,569	1,629	1,530	1,361	-		(184)
Other	7	6	(1)	(1)	(0)	0	-		(6)
Net Assets	1,459	1,552	1,568	1,627	1,530	1,361	-		(190)
Total Liabilities & Net Assets	1,876	2,091	2,219	2,676	2,499	2,351	-		+259
Equity Capital	1,452	1,546	1,569	1,626	1,529	1,361	-	-	(185)
Interest Bearing Debt	279	277	374	769	763	757	-		+480
Net Debt	(586)	(447)	(458)	(155)	(123)	(74)	-		+373
Equity Ratio	77.4%	73.9%	70.7%	60.8%	61.2%	57.9%	-	-	-
Net Debt Equity Ratio	(40.4%)	(29.0%)	(29.2%)	(9.6%)	(8.1%)	(5.5%)	-		-
ROE (12 months)	8.9%	8.8%	5.9%	8.2%	4.3%	(13.6%)	-	-	-
ROA (12 months)	10.7%	10.4%	8.1%	9.7%	6.8%	3.5%	-	-	-
Quick Ratio	399%	322%	293%	201%	194%	199%	-	-	-
Current Ratio	409%	330%	303%	207%	201%	206%	-		-
Source: Company Data, WR I Calculation									

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

Cash Flow Statement	Cons.Act								
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	09/2019	09/2019	09/2019	09/2019	09/2020	09/2020	09/2020	09/2020	Net Chg.
Operating Cash Flow	-	(70)	-	(11)	-	49	-	-	+120
Investing Cash Flow	-	(128)	-	(415)	-	(89)	-		+38
Operating Cash Flow and Investing Cash Flow	-	(199)	-	(427)	-	(40)	-	-	+159
Financing Cash Flow	-	23	-	407	-	(52)	-		(76)

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of "IR Information" of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. "IR Information" of the Company comprises a) contents of our interview with the Company, b) contents of presentation documents for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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