

## IBC (3920)

| Consolidated Fiscal Year<br>(Million Yen) |     | Sales  | Operating<br>Profit | Recurring<br>Profit | Profit Attributable to<br>Owners of Parent | EPS<br>(Yen) | DPS<br>(Yen) | BPS<br>(Yen) |
|---|-----|--------|---------------------|---------------------|--|--------------|--------------|--------------|
| FY09/2018 (Parent)                        |     | 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 Q1 to Q3<br>(Million Yen)    |     | Sales  | Operating<br>Profit | Recurring<br>Profit | Profit Attributable to<br>Owners of Parent | EPS<br>(Yen) | DPS<br>(Yen) | BPS<br>(Yen) |
| Q1 to Q3 FY09/2019                        |     | 1,274  | 81                  | 69                  | 26   | -            | -            | -            |
| Q1 to Q3 FY09/2020                        |     | 1,258  | (52)                | (72)                | (191)                                      | -            | -            | -            |
| Q1 to Q3 FY09/2020                        | YoY | (1.2%) | -                   | -                   | -  | -            | -            | -            |

Source: Company Data, WRJ Calculation (consolidated accounts disclosed since FY09/2019)

### 1.0 Results Update (25 August 2020)

#### In the Post-COVID-19 World

On 14 August 2020, IBC, mainly selling System Answer Series, i.e., tool developed in-house for network system performance monitoring and information management, released its Q1 to Q3 FY09/2020 results. It has been revealed that sales have failed to increase over the same period of the previous year due to the impacts stemming from COVID-19. Meanwhile, given uncertainty for the prospective impacts for Q4, when sales and operating profit are to concentrate, full-year Company forecasts have remained undecided. So far, it has been severely constrained for the Company to continue conventional face-to-face sales activities, having resulted in sluggishness for acquisition of new customers, while multi-year contracts have been renewed for one-year contracts as a trend. Thus, sales have failed to increase. More importantly, however, one-year contracts have been renewed steadily, while demand is picking up sharply, amongst existing customers consistently using System Answer Series, for provision of additional services to cope with surging stay-home work and online communications. That is to say, assuming that stay-home work and online communications are becoming more and more common across the board in the post-COVID-19 world, demand for System Answer Series provided by the Company and its related services is likely to steadily grow over the long term.

For information: [IBC \(3920\) New Values in New Domains \(17 January 2020\)](#)

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## 2.0 Company Profile

### Pioneer of Network System Monitoring

|                         |   |
|-------------------------|---|
| <b>Company Name</b>     | IBC Co.,Ltd.: Internetworking & Broadband Consulting Co.,Ltd.<br><a href="#">Website</a><br><a href="#">IR Information (Japanese)</a><br><a href="#">Share Price (Japanese)</a>   |
| <b>Established</b>      | 16 October 2002   |
| <b>Listing</b>          | 28 November 2016: Tokyo Stock Exchange 1st section (ticker: 3920)<br>15 September 2015: Tokyo Stock Exchange Mothers  |
| <b>Capital</b>          | ¥441m (as of the end of June 2020)  |
| <b>No. of Shares</b>    | 5,713,600 shares, including 194,159 treasury shares (as of the end of June 2020)  |
| <b>Main Features</b>    | <ul style="list-style-type: none"><li>● Selling proprietary System Answer Series on a licensing basis</li><li>● Realizing visualization of network infrastructure</li><li>● Avoiding opportunity loss by system downs and lowered customer satisfaction</li></ul> |
| <b>Business Segment</b> | I . Software Service Business   |
| <b>Top Management</b>   | CEO & President: Hiroyuki Kato  |
| <b>Shareholders</b>     | Hiroyuki Kato: 37.07%, Plus Fuji: 9.06%, Bank of New York 133595: 3.10% (as of the end of March 2020, but for treasury shares)  |
| <b>Headquarters</b>     | Chuo-ku, Tokyo, JAPAN   |
| <b>No. of Employees</b> | Consolidated: 101, Parent: 73 (as of the end of March 2020)   |

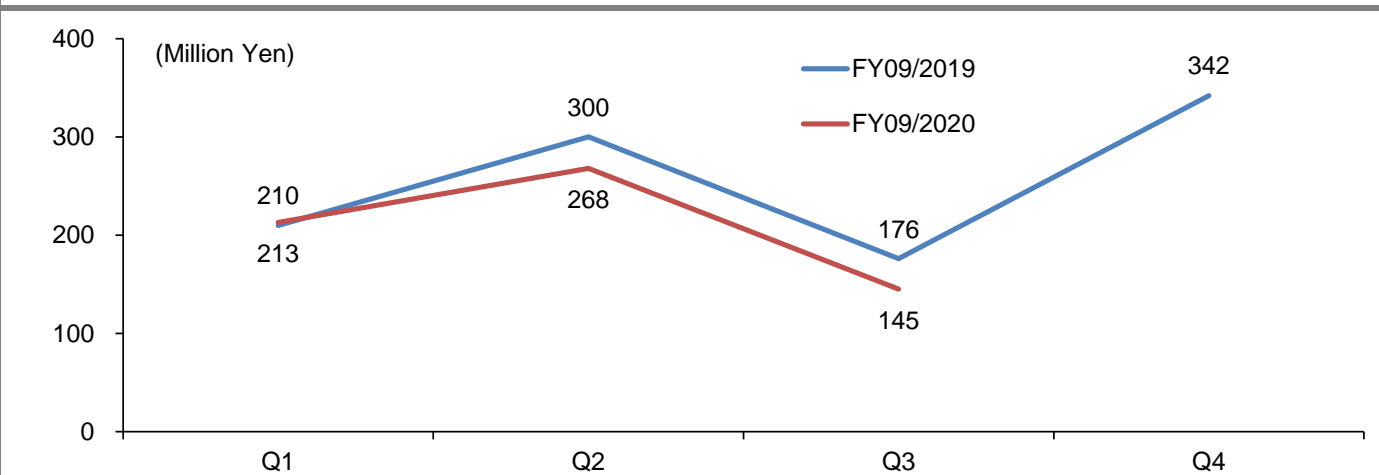
Source: Company Data

## 3.0 Recent Trading and Prospects

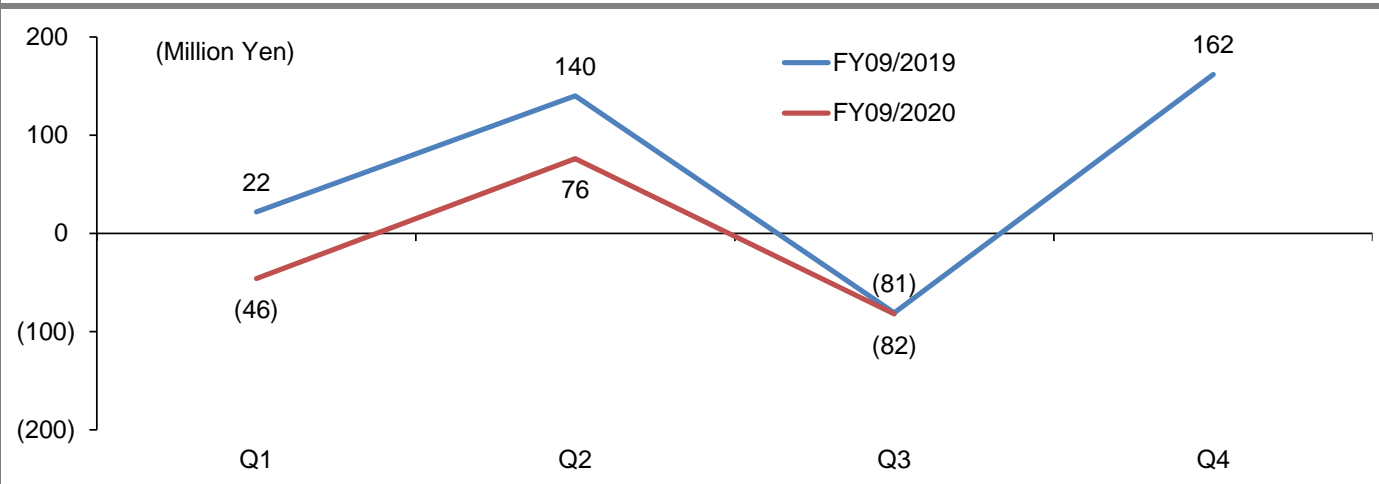
### Q1 to Q3 FY09/2020 Results

In Q1 to Q3 FY09/2020, sales came in at ¥1,258m (down 1.2% YoY), operating profit minus ¥52m (versus ¥81m during the same period of the previous year), recurring profit minus ¥72m (¥69m) and profit attributable to owners of parent minus ¥191m (¥26m). Meanwhile, gross profit came in at ¥826m (down 5.2%) and SG&A expenses ¥879m (up 11.3%), implying gross profit margin of 65.7% (down 2.8% points) and sales to SG&A expenses ratio of 69.9% (up 7.9% points). As a result, operating profit margin came in at minus 4.2% (down 10.6% points).

#### Sales of Licensing



#### Operating Profit



Source: Company Data, WRJ Calculation

### Licensing

In Licensing, sales came in at ¥627m (down 8.7%) and sales composition ratio 49.8% (down 4.1% points). Sales here are booked by selling licenses to use System Answer Series, i.e., tool developed in-house for network system performance monitoring and information management, on a one-year or multi-year contract basis. System Answer Series is developed in-house, so its gross profit margin and marginal profit ratio are considered to be so high and changes in sales appear to have an overwhelmingly large impact on earnings as a whole for the Company. Meanwhile the fact that sales composition ratio has declined suggests that this was the key reason for lowed gross profit margin as a whole for the Company.

### **Provision of Services**

In Provision of Services, sales came in at ¥271m (up 37.1%). According to the Company, demand is picking up sharply, amongst existing customers consistently using System Answer Series, for provision of additional services to cope with surging stay-home work and online communications.

### **Stocking and Selling**

In Stocking and Selling, sales came in at ¥266m (down 15.3%). The Company is also involved with construction of servers and the delivery of network devices, associated with sales of System Answer Series, while sales stemming from all those operations are booked here. Given a factor that sales of large-scale deal to have had been booked during the same period of the previous year did not reappear, sales have declined. Still, in the first place, sales here carry low gross profit margin and thus all those operations hardly give impacts to earnings as a whole for the Company. Meanwhile, the Company expects sales related to “kusabi™”, which are included in Stocking and Selling, to grow significantly in the future. This system has been developed by the Company in response to the strengthening of IoT-security measures promoted by the Ministry of Internal Affairs and Communications. For example, Hiroyuki Kato, president & CEO of the Company and professors of Waseda University mention the bright prospects of “kusabi™” in a discussion article published in [The Japanese edition of Newsweek \(released on 26 May 2020\)](#).

### **Consolidated Subsidiaries**

Due to the impacts stemming from COVID-19, it has been difficult for both consolidated subsidiaries to achieve the expected earnings. With respect to SundayArts Co., Ltd., which dispatches system engineers and develops systems on an outsourced basis, goodwill amounting to ¥85m which occurred at the time of acquisition was impaired in the stage of Q2, while it appears this subsidiary did not show signs of recovery for its performance in Q3. Meanwhile, with respect to iChain, Inc., which has focused on developments associated with Insuretec saw impairment of ¥117m on its software and software in progress in the stage of Q2, which was followed by debt forgiveness and share transfer by the Company in Q3. As a results, this subsidiary will be excluded out of the scope of consolidation in Q4 and thereafter.

## 4.0 Financial Statements

### Income Statement (Cumulative/Quarterly)

| Income Statement                               | Cons.Act   | Cons.Act   | Cons.Act     | Cons.Act     | Cons.Act    | Cons.Act     | Cons.Act     | Cons.Act | Cons.Act | YoY          |
|--|------------|------------|--------------|--------------|-------------|--------------|--------------|----------|----------|--------------|
| (Million Yen)                                  | Q1         | Q1 to Q2   | Q1 to Q3     | Q1 to Q4     | Q1          | Q1 to Q2     | Q1 to Q3     | Q1 to Q4 | YoY      | Net Chg.     |
|  | 09/2019    | 09/2019    | 09/2019      | 09/2019      | 09/2020     | 09/2020      | 09/2020      | 09/2020  | 09/2020  |              |
| <b>Sales</b>                                   | <b>342</b> | <b>876</b> | <b>1,274</b> | <b>1,833</b> | <b>391</b>  | <b>920</b>   | <b>1,258</b> | -        | -        | <b>(15)</b>  |
| Cost of Sales                                  | 77         | 224        | 402          | 551          | 137         | 304          | 431          | -        | -        | +29          |
| Gross Profit                                   | 264        | 651        | 872          | 1,281        | 254         | 615          | 826          | -        | -        | (45)         |
| SG&A Expenses                                  | 242        | 488        | 790          | 1,037        | 301         | 585          | 879          | -        | -        | +88          |
| <b>Operating Profit</b>                        | <b>22</b>  | <b>163</b> | <b>81</b>    | <b>244</b>   | <b>(46)</b> | <b>29</b>    | <b>(52)</b>  | -        | -        | <b>(134)</b> |
| Non Operating Balance                          | (0)        | (0)        | (12)         | (21)         | (6)         | (11)         | (19)         | -        | -        | (7)          |
| <b>Recurring Profit</b>                        | <b>22</b>  | <b>163</b> | <b>69</b>    | <b>223</b>   | <b>(52)</b> | <b>18</b>    | <b>(72)</b>  | -        | -        | <b>(141)</b> |
| Extraordinary Balance                          | 0          | 0          | (7)          | (8)          | (0)         | (204)        | (196)        | -        | -        | (188)        |
| Profit before Income Taxes                     | 22         | 163        | 61           | 214          | (53)        | (186)        | (268)        | -        | -        | (330)        |
| Total Income Taxes                             | 9          | 58         | 40           | 85           | 4           | 39           | (77)         | -        | -        | (118)        |
| NP Belonging to Non-Controlling SHs            | (0)        | (1)        | (5)          | (5)          | 0           | 0            | 0            | -        | -        | +5           |
| <b>Profit Attributable to Owners of Parent</b> | <b>14</b>  | <b>106</b> | <b>26</b>    | <b>134</b>   | <b>(57)</b> | <b>(225)</b> | <b>(191)</b> | -        | -        | <b>(217)</b> |
| Sales YoY                                      | +12.1%     | +22.5%     | +39.4%       | +42.0%       | +14.3%      | +5.0%        | (1.2%)       | -        | -        | -            |
| Operating Profit YoY                           | (34.1%)    | +1.2%      | (26.0%)      | +20.9%       | -           | (81.6%)      | -            | -        | -        | -            |
| Recurring Profit YoY                           | (35.5%)    | +0.5%      | (38.4%)      | +8.6%        | -           | (88.7%)      | -            | -        | -        | -            |
| Profit Attributable to Owners of Parent YoY    | (39.6%)    | (1.5%)     | (64.4%)      | (5.0%)       | -           | -            | -            | -        | -        | -            |
| Gross Profit Margin                            | 77.3%      | 74.3%      | 68.5%        | 69.9%        | 65.0%       | 66.9%        | 65.7%        | -        | -        | (2.8%)       |
| Sales to SG&A Expenses Ratio                   | 70.6%      | 55.7%      | 62.0%        | 56.6%        | 76.9%       | 63.6%        | 69.9%        | -        | -        | +7.9%        |
| Operating Profit Margin                        | 6.7%       | 18.6%      | 6.4%         | 13.3%        | (11.9%)     | 3.3%         | (4.2%)       | -        | -        | (10.6%)      |
| Recurring Profit Margin                        | 6.6%       | 18.6%      | 5.4%         | 12.2%        | (13.4%)     | 2.0%         | (5.8%)       | -        | -        | (11.2%)      |
| Profit Attributable to Owners of Parent Margin | 4.1%       | 12.1%      | 2.1%         | 7.4%         | (14.6%)     | (24.5%)      | (15.2%)      | -        | -        | (17.3%)      |
| Total Income Taxes/Profit before Income Taxes  | 41.0%      | 36.2%      | 65.9%        | 39.7%        | (7.9%)      | (21.4%)      | 28.8%        | -        | -        | (37.1%)      |

| Income Statement                               | Cons.Act   | Cons.Act   | Cons.Act    | Cons.Act   | Cons.Act    | Cons.Act     | Cons.Act    | Cons.Act | Cons.Act | YoY         |
|--|------------|------------|-------------|------------|-------------|--------------|-------------|----------|----------|-------------|
| (Million Yen)                                  | Q1         | Q2         | Q3          | Q4         | Q1          | Q2           | Q3          | Q4       | YoY      | Net Chg.    |
|  | 09/2019    | 09/2019    | 09/2019     | 09/2019    | 09/2020     | 09/2020      | 09/2020     | 09/2020  | 09/2020  |             |
| <b>Sales</b>                                   | <b>342</b> | <b>533</b> | <b>397</b>  | <b>558</b> | <b>391</b>  | <b>528</b>   | <b>338</b>  | -        | -        | <b>(59)</b> |
| Cost of Sales                                  | 77         | 147        | 177         | 149        | 137         | 167          | 126         | -        | -        | (50)        |
| Gross Profit                                   | 264        | 386        | 220         | 409        | 254         | 360          | 211         | -        | -        | (9)         |
| SG&A Expenses                                  | 242        | 246        | 301         | 246        | 301         | 284          | 294         | -        | -        | (7)         |
| <b>Operating Profit</b>                        | <b>22</b>  | <b>140</b> | <b>(81)</b> | <b>162</b> | <b>(46)</b> | <b>76</b>    | <b>(82)</b> | -        | -        | <b>(1)</b>  |
| Non Operating Balance                          | (0)        | 0          | (12)        | (8)        | (6)         | (5)          | (8)         | -        | -        | +4          |
| <b>Recurring Profit</b>                        | <b>22</b>  | <b>140</b> | <b>(93)</b> | <b>154</b> | <b>(52)</b> | <b>71</b>    | <b>(90)</b> | -        | -        | <b>+2</b>   |
| Extraordinary Balance                          | 0          | 0          | (7)         | (0)        | (0)         | (204)        | 7           | -        | -        | +15         |
| Profit before Income Taxes                     | 22         | 140        | (101)       | 153        | (53)        | (133)        | (82)        | -        | -        | +18         |
| Total Income Taxes                             | 9          | 49         | (18)        | 44         | 4           | 35           | (117)       | -        | -        | (98)        |
| NP Belonging to Non-Controlling SHs            | (0)        | (1)        | (3)         | 0          | 0           | 0            | 0           | -        | -        | +3          |
| <b>Profit Attributable to Owners of Parent</b> | <b>14</b>  | <b>92</b>  | <b>(79)</b> | <b>108</b> | <b>(57)</b> | <b>(168)</b> | <b>34</b>   | -        | -        | <b>+114</b> |
| Sales YoY                                      | +12.1%     | +30.2%     | +100.3%     | +48.5%     | +14.3%      | (1.0%)       | (15.0%)     | -        | -        | -           |
| 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%        | 62.5%       | -        | -        | +7.0%       |
| Sales to SG&A Expenses Ratio                   | 70.6%      | 46.2%      | 75.9%       | 44.2%      | 76.9%       | 53.8%        | 86.9%       | -        | -        | +11.1%      |
| Operating Profit Margin                        | 6.7%       | 26.3%      | (20.4%)     | 29.1%      | (11.9%)     | 14.5%        | (24.4%)     | -        | -        | (4.0%)      |
| Recurring Profit Margin                        | 6.6%       | 26.3%      | (23.6%)     | 27.6%      | (13.4%)     | 13.5%        | (26.9%)     | -        | -        | (3.3%)      |
| Profit Attributable to Owners of Parent Margin | 4.1%       | 17.2%      | (20.0%)     | 19.4%      | (14.6%)     | (31.9%)      | 10.2%       | -        | -        | +30.2%      |
| Total Income Taxes/Profit before Income Taxes  | 41.0%      | 35.4%      | -           | 29.3%      | (7.9%)      | -            | -           | -        | -        | -           |

Source: Company Data, WRJ Calculation

## Sales by Category of Services (Cumulative/Quarterly)

| Sales by Category of Services<br>(Million Yen) | Cons.Act      | Cons.Act            | Cons.Act            | Cons.Act            | Cons.Act      | Cons.Act            | Cons.Act            | Cons.Act            | Cons.Act    | YoY<br>Net Chg. |
|--|---------------|---------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------------|-------------|-----------------|
|  | Q1<br>09/2019 | Q1 to Q2<br>09/2019 | Q1 to Q3<br>09/2019 | Q1 to Q4<br>09/2019 | Q1<br>09/2020 | Q1 to Q2<br>09/2020 | Q1 to Q3<br>09/2020 | Q1 to Q4<br>09/2020 |             |                 |
| Licensing                                      | 210           | 510                 | 687                 | 1,029               | 213           | 481                 | 627                 | -                   | (60)        |                 |
| Provision of Services                          | 58            | 150                 | 198                 | 284                 | 84            | 196                 | 271                 | -                   | +73         |                 |
| Stocking and Selling                           | 59            | 183                 | 314                 | 421                 | 60            | 185                 | 266                 | -                   | (48)        |                 |
| Consolidated Addons                            | 14            | 31                  | 73                  | 97                  | 33            | 56                  | 92                  | -                   | +18         |                 |
| <b>Sales</b>                                   | <b>342</b>    | <b>876</b>          | <b>1,274</b>        | <b>1,833</b>        | <b>391</b>    | <b>920</b>          | <b>1,258</b>        | -                   | <b>(15)</b> |                 |
| Licensing                                      | (8.3%)        | +3.1%               | +7.6%               | +13.7%              | +1.3%         | (5.7%)              | (8.7%)              | -                   | -           |                 |
| Provision of Services                          | +53.6%        | +37.1%              | +42.5%              | +56.5%              | +44.4%        | +30.2%              | +37.1%              | -                   | -           |                 |
| Stocking and Selling                           | +56.0%        | +66.7%              | +130.8%             | +107.7%             | +3.1%         | +1.0%               | (15.3%)             | -                   | -           |                 |
| Consolidated Addons                            | -             | -                   | -                   | -                   | +128.2%       | +81.4%              | +25.3%              | -                   | -           |                 |
| <b>Sales (YoY)</b>                             | <b>+12.1%</b> | <b>+22.5%</b>       | <b>+39.4%</b>       | <b>+42.0%</b>       | <b>+14.3%</b> | <b>+5.0%</b>        | <b>(1.2%)</b>       | -                   | -           |                 |
| Licensing                                      | 61.4%         | 58.3%               | 53.9%               | 56.2%               | 54.4%         | 52.3%               | 49.8%               | -                   | -           |                 |
| Provision of Services                          | 17.1%         | 17.2%               | 15.6%               | 15.5%               | 21.6%         | 21.3%               | 21.6%               | -                   | -           |                 |
| Stocking and Selling                           | 17.2%         | 21.0%               | 24.7%               | 23.0%               | 15.5%         | 20.2%               | 21.2%               | -                   | -           |                 |
| Consolidated Addons                            | 4.2%          | 3.6%                | 5.8%                | 5.3%                | 8.5%          | 6.2%                | 7.3%                | -                   | -           |                 |
| <b>Sales (Composition)</b>                     | <b>100.0%</b> | <b>100.0%</b>       | <b>100.0%</b>       | <b>100.0%</b>       | <b>100.0%</b> | <b>100.0%</b>       | <b>100.0%</b>       | -                   | -           |                 |

| Sales by Category of Services<br>(Million Yen) | Cons.Act      | Cons.Act      | Cons.Act       | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act       | Cons.Act      | YoY<br>Net Chg. |
|--|---------------|---------------|----------------|---------------|---------------|---------------|----------------|---------------|-----------------|
|  | Q1<br>09/2019 | Q2<br>09/2019 | Q3<br>09/2019  | Q4<br>09/2019 | Q1<br>09/2020 | Q2<br>09/2020 | Q3<br>09/2020  | Q4<br>09/2020 |                 |
| Licensing                                      | 210           | 300           | 176            | 342           | 213           | 268           | 145            | -             | (30)            |
| Provision of Services                          | 58            | 92            | 47             | 85            | 84            | 111           | 75             | -             | +28             |
| Stocking and Selling                           | 59            | 124           | 131            | 106           | 60            | 124           | 81             | -             | (50)            |
| Consolidated Addons                            | 14            | 16            | 42             | 23            | 33            | 23            | 35             | -             | (6)             |
| <b>Sales</b>                                   | <b>342</b>    | <b>533</b>    | <b>397</b>     | <b>558</b>    | <b>391</b>    | <b>528</b>    | <b>338</b>     | -             | <b>(59)</b>     |
| Licensing                                      | (8.3%)        | +12.9%        | +23.3%         | +28.1%        | +1.3%         | (10.6%)       | (17.5%)        | -             | -               |
| Provision of Services                          | +53.6%        | +28.2%        | +63.0%         | +102.2%       | +44.4%        | +21.1%        | +59.1%         | -             | -               |
| Stocking and Selling                           | +56.0%        | +72.2%        | +400.7%        | +60.3%        | +3.1%         | +0.1%         | (38.2%)        | -             | -               |
| Consolidated Addons                            | -             | -             | -              | -             | +128.2%       | +40.9%        | (16.1%)        | -             | -               |
| <b>Sales (YoY)</b>                             | <b>+12.1%</b> | <b>+30.2%</b> | <b>+100.3%</b> | <b>+48.5%</b> | <b>+14.3%</b> | <b>(1.0%)</b> | <b>(15.0%)</b> | -             | -               |
| Licensing                                      | 61.4%         | 56.2%         | 44.4%          | 61.3%         | 54.4%         | 50.8%         | 43.1%          | -             | -               |
| Provision of Services                          | 17.1%         | 17.2%         | 12.0%          | 15.4%         | 21.6%         | 21.1%         | 22.4%          | -             | -               |
| Stocking and Selling                           | 17.2%         | 23.4%         | 33.0%          | 19.1%         | 15.5%         | 23.6%         | 24.0%          | -             | -               |
| Consolidated Addons                            | 4.2%          | 3.6%          | 5.8%           | 4.3%          | 8.5%          | 6.2%          | 7.3%           | -             | -               |
| <b>Sales (Composition)</b>                     | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>  | -             | -               |

Source: Company Data, WRJ Calculation

## Balance Sheet (Quarterly)

| Balance Sheet<br>(Million Yen)            | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act | YoY<br>Net Chg. |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|-----------------|
|   | Q1<br>09/2019 | Q2<br>09/2019 | Q3<br>09/2019 | Q4<br>09/2019 | Q1<br>09/2020 | Q2<br>09/2020 | Q3<br>09/2020 | Q4<br>09/2020 |          |                 |
| Cash and Deposit                          | 866           | 725           | 832           | 925           | 887           | 832           | 1,267         | -             | -        | +434            |
| Accounts Receivables                      | 707           | 943           | 776           | 986           | 821           | 956           | 789           | -             | -        | +13             |
| Inventory                                 | 3             | 3             | 19            | 21            | 14            | 19            | 25            | -             | -        | +6              |
| Other                                     | 37            | 39            | 33            | 38            | 49            | 44            | 46            | -             | -        | +12             |
| <b>Current Assets</b>                     | <b>1,615</b>  | <b>1,712</b>  | <b>1,661</b>  | <b>1,972</b>  | <b>1,773</b>  | <b>1,853</b>  | <b>2,127</b>  | -             | -        | <b>+466</b>     |
| Tangible Assets                           | 50            | 49            | 57            | 56            | 53            | 50            | 49            | -             | -        | (8)             |
| Intangible Assets                         | 34            | 41            | 158           | 307           | 337           | 140           | 134           | -             | -        | (24)            |
| Investments and Other Assets              | 176           | 287           | 342           | 341           | 334           | 306           | 457           | -             | -        | +115            |
| <b>Fixed Assets</b>                       | <b>261</b>    | <b>379</b>    | <b>558</b>    | <b>704</b>    | <b>726</b>    | <b>497</b>    | <b>641</b>    | -             | -        | <b>+82</b>      |
| <b>Total Assets</b>                       | <b>1,876</b>  | <b>2,091</b>  | <b>2,219</b>  | <b>2,676</b>  | <b>2,499</b>  | <b>2,351</b>  | <b>2,768</b>  | -             | -        | <b>+549</b>     |
| Accounts Payables                         | 25            | 76            | 121           | 95            | 59            | 81            | 32            | -             | -        | (89)            |
| Short Term Debt                           | 257           | 257           | 273           | 675           | 677           | 679           | 772           | -             | -        | +499            |
| Other                                     | 111           | 184           | 153           | 182           | 144           | 138           | 135           | -             | -        | (17)            |
| <b>Current Liabilities</b>                | <b>394</b>    | <b>518</b>    | <b>548</b>    | <b>953</b>    | <b>880</b>    | <b>899</b>    | <b>940</b>    | -             | -        | <b>+392</b>     |
| Long Term Debt                            | 22            | 20            | 101           | 93            | 86            | 78            | 429           | -             | -        | +328            |
| Other                                     | -             | -             | 1             | 1             | 2             | 10            | 2             | -             | -        | +1              |
| <b>Fixed Liabilities</b>                  | <b>22</b>     | <b>20</b>     | <b>102</b>    | <b>95</b>     | <b>88</b>     | <b>89</b>     | <b>432</b>    | -             | -        | <b>+330</b>     |
| <b>Total Liabilities</b>                  | <b>416</b>    | <b>539</b>    | <b>651</b>    | <b>1,049</b>  | <b>969</b>    | <b>989</b>    | <b>1,373</b>  | -             | -        | <b>+722</b>     |
| <b>Shareholders' Equity</b>               | <b>1,452</b>  | <b>1,546</b>  | <b>1,569</b>  | <b>1,629</b>  | <b>1,530</b>  | <b>1,361</b>  | <b>1,396</b>  | -             | -        | <b>(173)</b>    |
| Other                                     | 7             | 6             | (1)           | (1)           | (0)           | 0             | (0)           | -             | -        | +0              |
| <b>Net Assets</b>                         | <b>1,459</b>  | <b>1,552</b>  | <b>1,568</b>  | <b>1,627</b>  | <b>1,530</b>  | <b>1,361</b>  | <b>1,395</b>  | -             | -        | <b>(172)</b>    |
| <b>Total Liabilities &amp; Net Assets</b> | <b>1,876</b>  | <b>2,091</b>  | <b>2,219</b>  | <b>2,676</b>  | <b>2,499</b>  | <b>2,351</b>  | <b>2,768</b>  | -             | -        | <b>+549</b>     |
| Equity Capital                            | 1,452         | 1,546         | 1,569         | 1,626         | 1,529         | 1,361         | 1,394         | -             | -        | (175)           |
| Interest Bearing Debt                     | 279           | 277           | 374           | 769           | 763           | 757           | 1,202         | -             | -        | +827            |
| Net Debt                                  | (586)         | (447)         | (458)         | (155)         | (123)         | (74)          | (65)          | -             | -        | +393            |
| Equity Ratio                              | 77.4%         | 73.9%         | 70.7%         | 60.8%         | 61.2%         | 57.9%         | 50.4%         | -             | -        | -               |
| Net Debt Equity Ratio                     | (40.4%)       | (29.0%)       | (29.2%)       | (9.6%)        | (8.1%)        | (5.5%)        | (4.7%)        | -             | -        | -               |
| ROE (12 months)                           | 8.9%          | 8.8%          | 5.9%          | 8.2%          | 4.3%          | (13.6%)       | (5.6%)        | -             | -        | -               |
| ROA (12 months)                           | 10.7%         | 10.4%         | 8.1%          | 9.7%          | 6.8%          | 3.5%          | 3.3%          | -             | -        | -               |
| Quick Ratio                               | 399%          | 322%          | 293%          | 201%          | 194%          | 199%          | 219%          | -             | -        | -               |
| Current Ratio                             | 409%          | 330%          | 303%          | 207%          | 201%          | 206%          | 226%          | -             | -        | -               |

Source: Company Data, WRJ Calculation

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## Cash Flow Statement (Cumulative)

| Cash Flow Statement<br>(Million Yen)               | Cons.Act      | Cons.Act            | Cons.Act            | Cons.Act            | Cons.Act      | Cons.Act            | Cons.Act            | Cons.Act            | Cons.Act | YoY<br>Net Chg. |
|--|---------------|---------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------------|----------|-----------------|
|  | Q1<br>09/2019 | Q1 to Q2<br>09/2019 | Q1 to Q3<br>09/2019 | Q1 to Q4<br>09/2019 | Q1<br>09/2020 | Q1 to Q2<br>09/2020 | Q1 to Q3<br>09/2020 | Q1 to Q4<br>09/2020 |          |                 |
| Operating Cash Flow                                | -             | (70)                | -                   | (11)                | -             | 49                  | -                   | -                   | -        | -               |
| Investing Cash Flow                                | -             | (128)               | -                   | (415)               | -             | (89)                | -                   | -                   | -        | -               |
| <b>Operating Cash Flow and Investing Cash Flow</b> | -             | <b>(199)</b>        | -                   | <b>(427)</b>        | -             | <b>(40)</b>         | -                   | -                   | -        | -               |
| Financing Cash Flow                                | -             | 23                  | -                   | 407                 | -             | (52)                | -                   | -                   | -        | -               |

Source: Company Data, WRJ Calculation

**Disclaimer**

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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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