

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP]



May 13, 2021

Company name: Business Engineering Corporation

Stock exchange listing: Tokyo Stock Exchange, First Section

Code number: 4828

URL: <https://www.b-en-g.co.jp/>

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Scheduled date of the Annual General Meeting of Shareholders: June 25, 2021

Scheduled date of commencing dividend payments: June 28, 2021

Scheduled date of filing securities report: June 28, 2021

Availability of supplementary briefing materials on financial results: Available

Schedule of financial results briefing session: Scheduled (for securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	17,855	0.7	2,032	29.2	2,025	28.3	1,378	61.6
March 31, 2020	17,728	16.2	1,573	30.1	1,577	31.3	853	6.0

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥1,518 million [72.3%]

Fiscal year ended March 31, 2020: ¥881 million [16.8%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	233.10	—	24.1	21.2	11.4
March 31, 2020	145.17	—	18.1	18.9	8.9

(Reference) Investment profit (loss) on equity method: Fiscal year ended March 31, 2021: ¥— million

Fiscal year ended March 31, 2020: ¥— million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	%
As of March 31, 2021	10,476	6,398	61.1	1,076.50
As of March 31, 2020	8,593	5,033	58.6	853.77

(Reference) Equity: As of March 31, 2021: ¥6,398 million

As of March 31, 2020: ¥5,033 million

(3) Status of Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	2,539	(817)	196	4,078
March 31, 2020	2,088	(773)	(416)	2,159

2. Dividends

	Annual dividends					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2020	—	19.00	—	26.00	45.00	266	31.0	5.6
Fiscal year ended March 31, 2021	—	22.00	—	48.00	70.00	418	30.0	7.3
Fiscal year ending March 31, 2022 (Forecast)	—	35.00	—	35.00	70.00		29.9	

(Note) The total amount of dividends includes the following dividends of the Company's shares held by the Employee Stock Ownership Plan Trust.

Fiscal year ended March 31, 2020: ¥1 million

Fiscal year ended March 31, 2021: ¥2 million

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% represent changes from the previous fiscal year for full year, and on a year-on-year basis for quarterly results)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	8,400	(6.7)	1,000	(12.5)	1,000	(13.0)	670	(11.9)	112.39
Full year	17,900	1.0	2,100	10.1	2,100	10.6	1,400	8.4	234.19

(Note) From the beginning of the fiscal year ending March 31, 2022, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc., will be applied and the consolidated financial results forecast above indicates amounts after application of said Accounting Standard, etc. Changes from the previous fiscal year and changes on a year-on-year basis indicate the rate of increase or decrease calculated with the retrospective application of said Accounting Standard, etc. for the fiscal year ended March 31, 2021.

* Notes:

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2021: No

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

New subsidiaries: — Excluded subsidiaries: —

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2021: 6,000,000 shares

March 31, 2020: 6,000,000 shares

2) Total number of treasury shares at the end of the period:

March 31, 2021: 56,443 shares

March 31, 2020: 104,690 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2021: 5,915,963 shares

Fiscal year ended March 31, 2020: 5,877,192 shares

(Note) “Total number of treasury shares at the end of the period” and “Average number of shares during the period” are calculated by including the Company’s shares held by the Employee Stock Ownership Plan Trust in the treasury shares that are deductible.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	17,475	1.2	1,767	26.0	1,719	22.2	1,179	64.8
March 31, 2020	17,264	15.6	1,402	28.3	1,407	29.6	715	5.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2021	199.33	—
March 31, 2020	121.74	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	%
As of March 31, 2021	10,291	5,772	56.1	971.30
As of March 31, 2020	8,184	4,607	56.3	781.55

(Reference) Equity: As of March 31, 2021: ¥5,772 million

As of March 31, 2020: ¥4,607 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentages represent changes from the previous fiscal year for full year, and on a year-on-year basis for quarterly results)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	8,200	(6.8)	880	(14.8)	600	(12.1)	100.65
Full year	17,500	1.1	1,800	13.2	1,200	10.2	200.74

(Note) From the beginning of the fiscal year ending March 31, 2022, the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., will be applied and the non-consolidated financial results forecast above indicates amounts after application of said Accounting Standard, etc. Changes from the previous fiscal year and changes on a year-on-year basis indicate the rate of increase or decrease calculated with the retrospective application of said Accounting Standard, etc. for the fiscal year ended March 31, 2021.

* These financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions that are deemed reasonable. They are not a pledge by the Company to achieve the forecasted results. Actual results, etc. may differ significantly from these forecasts due to a wide range of factors. For more details on the above forecasts, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 5.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2021, the Japanese economy remained in a severe situation due to the impact of the COVID-19 outbreak. While there are still large uncertainties in the impact on the economy both in Japan and overseas caused by COVID-19, the economy has picked up on the back of a trend of overall improvement in corporate earnings and business sentiment.

In the information services industry, although a cautious approach could be seen in the area of information technology investment due to deteriorated corporate earnings, demand for strategic IT services from companies was robust and major customers in the manufacturing industry steadily invested in information technology as a whole.

Under these circumstances, the Group has worked to provide consulting services, software products, system construction, operation and maintenance services, cloud services and such, solutions with high added value, which contribute to the resolution of customers' management issues, and strengthened support for promoting their digital transformations (DX).

Main initiatives are as follows:

- Backed by steady orders of ERP systems, focus was placed on providing complex solutions that link ERP systems and various systems and services.
- Through strengthening functions of in-house developed products and promoting collaboration with potent partners, efforts were made to enhance the solution portfolio and promote "Monozukuri Digitalization" toward a digitalized manufacturing industry.
- In order to support introduction of IT at overseas locations of customers under the restricted movement of people due to COVID-19, collaborations between the head office in Tokyo and local subsidiaries and partners were promoted and focus was placed on providing cloud-based system services.
- Amid COVID-19, the Group smoothly implemented remote work to maintain seamless execution of projects and strived for improvement in quality and productivity of system integration.

Through the above initiatives, the financial results for the fiscal year under review, which is the final fiscal year of the management plan "Management Vision 2020," significantly exceeded the targets of the management plan (net sales of ¥15.0 billion, operating profit of ¥1.0 billion, profit of ¥550 million) and both sales and profits achieved record-high figures.

On the back of robust investment in information technology in the manufacturing industry, mainly owing to increases in sales in the Solutions Business and sales of licenses in the Products Business, orders received were ¥17,582 million (down 2.7% year on year), and net sales were ¥17,855 million (up 0.7% year on year). In terms of profit, mainly owing to increases in license sales in the Products Business and productivity improvements in the Systems Support Business, operating profit was ¥2,032 million (up 29.2% year on year), ordinary profit was ¥2,025 million (up 28.3% year on year), and profit attributable to owners of parent was ¥1,378 million (up 61.6% year on year), achieving record-highs in each profit indicator for five consecutive fiscal years.

Operating results by business segment are as follows.

(i) Solutions Business

The Solutions Business mainly engages in the consulting and system construction services, which are based on ERP package products developed by other companies.

- Amid COVID-19, the Company worked to deepen relationships with customers, focused on activities for offering proposals suited to customers' needs, and strove to acquire orders from a wide range of industries including pharmaceuticals, foods, chemicals and precision equipment.
- The Company focused on offering ERP systems mainly, and at the same time offering Manufacturing Execution System and other systems that conduct planning of supply chains and business management as well as data analysis. As a result, both orders received and net sales increased.

- The Company worked on steady project management for prime projects. Owing to the existence of some projects with low profitability, profit decreased compared to the previous fiscal year.

As a result, orders received for this segment were ¥12,339 million (up 3.6% year on year), net sales were ¥12,219 million (up 2.2% year on year) and segment profit was ¥2,027 million (down 12.0% year on year).

(ii) Products Business

The Products Business mainly engages in sales of the in-house developed ERP package “mcframe” series products through business partners as well as consulting and system construction services based on these products.

- In addition to strengthening functions of core product “mcframe 7,” the Company worked on enhancing functions that contribute to global business development and promotion of digitalization for customers to focus on the enhancement of brand appeal for “mcframe.”
- The Company focused on the strengthening and building stronger relationships with business partners and engineering partners.
- Amid COVID-19, many online events were held to actively develop sales promotional activities.
- Sales of licenses grew overall mainly in the core product “mcframe 7” and all series products. As a result, net sales of licenses once again achieved a record high for the fiscal year under review.
- In system construction, orders received decreased compared with the previous fiscal year due to the completion of the development of a large project.

As a result, orders received for this segment were ¥4,872 million (down 14.4% year on year), net sales were ¥5,249 million (down 1.4% year on year) and segment profit was ¥1,433 million (up 40.4% year on year). Net sales of licenses were ¥2,865 million (up 8.1% year on year).

(iii) Systems Support Business

The Systems Support Business mainly engages in operation and maintenance services of systems introduced to customers, and offering proposals and additional development through these services, which is operated by Business System Service Corporation, a subsidiary of the Company.

- The Company worked to enhance life cycle support for customer systems.
- Efforts were made to establish a base for stable profits and interest with a focus on improving productivity.

As a result, orders received for this segment were ¥369 million (down 20.4% year on year), net sales were ¥387 million (down 12.7% year on year) and segment profit was ¥308 million (up 47.5% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets increased by ¥1,640 million from the end of the previous fiscal year to ¥7,809 million. This is mainly attributable to an increase in cash and deposits, and a decrease in notes and accounts receivable – trade. The ratio of current assets to total assets at the end of the fiscal year under review was 74.5%.

Non-current assets increased by ¥242 million from the end of the previous fiscal year to ¥2,667 million. This is mainly attributable to an increase in investments and other assets due to the fair valuation of investment securities, and the purchase of intangible assets, which exceeded the depreciation of intangible assets.

As a result, total assets at the end of the fiscal year under review increased by ¥1,883 million from the end of the previous fiscal year to ¥10,476 million.

(Liabilities)

Current liabilities increased by ¥347 million from the end of the previous fiscal year to ¥3,907 million. This is mainly attributable to an increase in short-term borrowings and advances received.

Non-current liabilities increased by ¥170 million from the end of the previous fiscal year to ¥170 million due to long-term borrowings.

As a result, total liabilities at the end of the fiscal year under review increased by ¥518 million from the end

of the previous fiscal year to ¥4,078 million.

(Net assets)

Net assets at the end of the fiscal year under review increased by ¥1,364 million from the end of the previous fiscal year to ¥6,398 million. This is mainly attributable to an increase owing to the recording of profit attributable to owners of parent, a decrease due to dividends of surplus, an increase in valuation difference on available-for-sale securities, and an increase due to disposal of treasury shares through a third-party allotment.

As a result, the equity ratio at the end of the fiscal year under review increased by 2.5 points from the end of the previous fiscal year to 61.1%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review increased by ¥1,918 million from the end of the previous fiscal year to ¥4,078 million.

(Cash flows from operating activities)

Cash flows provided by operating activities during the fiscal year ended March 31, 2021 increased by ¥450 million from the end of the previous fiscal year to ¥2,539 million. This is mainly attributable to the recording of profit before income taxes of ¥2,025 million, depreciation of ¥720 million, income taxes paid of ¥591 million, and a decrease in trade receivables of ¥290 million.

(Cash flows from investing activities)

Cash flows used in investing activities during the fiscal year ended March 31, 2021 increased by ¥43 million from the same period of the previous year to ¥817 million. This is mainly attributable to purchase of intangible assets (including developmental investment in “mcframe,” an in-house developed ERP package) and purchase of investment securities.

(Cash flows from financing activities)

Cash flows provided by financing activities during the fiscal year ended March 31, 2021 increased by ¥613 million from the same period of the previous year to ¥196 million. This is mainly attributable to expenditure arising from the payment of dividends, a net increase in short-term borrowings, and proceeds from long-term borrowings.

(Reference) Changes in indices related to cash flows

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Equity ratio (%)	54.0	58.6	61.1
Equity ratio based on market price (%)	167.8	162.7	196.9
Ratio of interest-bearing liabilities to cash flows (%)	0.1	0.1	0.2
Interest coverage ratio (times)	391.7	817.7	739.1

Equity ratio: Equity/Total assets

Equity ratio based on market price: Market capitalization/Total assets

Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest payment

(Notes) 1. Each index is calculated using consolidated financial figures.

2. Market capitalization is the amount of the closing price of share at the end of the period multiplied by the total number of issued shares at the end of the period (after deduction of treasury shares)

3. Operating cash flows are used for cash flows in the above indices.

4. Interest-bearing liabilities represent all liabilities recorded on the balance sheet for which interest is paid.

(4) Future Outlook

With the impact of the COVID-19 outbreak gradually abating, the economy is expected to recover, supported by increased foreign demand, an easing monetary environment, and the effects of economic measures by the government.

While investment in information technology in the manufacturing industry will continue to stay firm, uncertainty is still high in terms of the impact of COVID-19 on the Japanese and foreign economies, and these situations cannot completely dispel concerns about customers' lowering motivation for investment in information technology.

Under these circumstances, the Group will explore customers' needs by deepening relationships with customers, and will promote closer and stronger relationships with business partners for our in-house developed product "mcframe," with a view to striving for acquiring orders and securing profitability.

The Group's outlook for the consolidated financial results for the next fiscal year is expected to be as follows.

Due to a rebound from a large project in the Solutions Business, which completed in the first half of the fiscal year ended March 31, 2021, sales and profits for the second quarter (cumulative) are expected to decrease; however, sales and profits for the full year are expected to increase, boosted by sales growth in the second half of the fiscal year with a new project to be launched in the first half of the fiscal year ending March 31, 2022.

[Consolidated]	2nd quarter Consolidated cumulative period	(Year on year)	Full year	(Year on year)
Net sales	¥8,400 million	(Down 6.7%)	¥17,900 million	(Up 1.0%)
Operating profit	¥1,000 million	(Down 12.5%)	¥2,100 million	(Up 10.1%)
Ordinary profit	¥1,000 million	(Down 13.0%)	¥2,100 million	(Up 10.6%)
Profit attributable to owners of parent	¥670 million	(Down 11.9%)	¥1,400 million	(Up 8.4%)

(Note) From the beginning of the fiscal year ending March 31, 2022, the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc., will be applied and the consolidated financial results forecast above indicates amounts after application of said Accounting Standard, etc. Changes from the previous fiscal year and changes on a year-on-year basis indicate the rate of increase or decrease calculated with the retrospective application of said Accounting Standard, etc. for the fiscal year ended March 31, 2021.

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and Next Fiscal Year

The Company is working to return profits to shareholders in consideration of overall factors including the business environment surrounding the Company, expected financial results, and the financial standing of the Company. The Company intends to provide shareholder returns through dividend payments, and its basic policy is to strive for stable, ongoing dividends and maintain a consolidated dividend payout ratio of over 30% in the medium to long term. In addition, the Company makes dividend payments twice a year as an interim dividend and year-end dividend under the basic policy.

Internal reserves are mainly allocated to investment for strengthening competitiveness and utilized for a stable business foundation and performance improvement.

In accordance with the above policy, the Company plans to pay a year-end dividend of ¥48 per share as an ordinary dividend for the fiscal year under review. Together with an interim dividend of ¥22 per share already paid, the annual dividend will be ¥70 per share for the fiscal year under review.

With regard to dividends for the fiscal year ending March 31, 2022, the Company plans to pay an annual dividend of ¥70 per share (interim dividend of ¥35 and year-end dividend of ¥35).

2. Status of Corporate Group

The Group consists of the Company, two consolidated subsidiaries, five non-consolidated subsidiaries, and one affiliated company which are not accounted for under the equity method, and engages in the information services business. The segments include the “Solutions Business,” “Products Business,” and “Systems Support Business.”

A business description of each segment and the business structure are as follows.

(1) Solutions Business

This segment mainly utilizes ERP package products developed by other companies to provide services for design, development, and introduction of corporate information systems.

Major company in charge: The Company

(2) Products Business

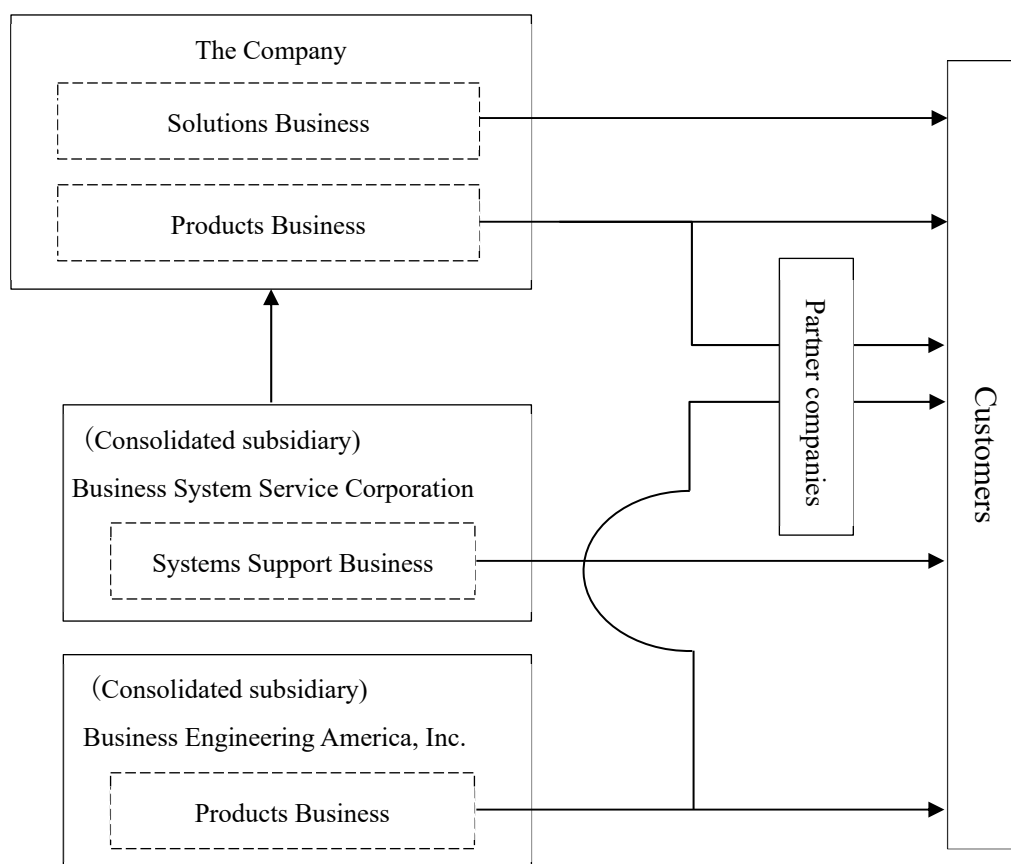
This segment sells ERP package products developed by the Company through partner companies and provides services for design, development, and introduction of corporate information systems utilizing those products.

Major company in charge: The Company, Business Engineering America, Inc.

(3) Systems Support Business

This segment provides support services including operation and maintenance of systems for companies that have introduced core business systems.

Major company in charge: Business System Service Corporation



(Notes) 1. Provision of various information services: —————→

2. In addition to the above consolidated subsidiaries, there are five non-consolidated subsidiaries and one affiliated company which are not accounted for under the equity method.

3. Management Policies

(1) Basic Policy on Management

As a corporate group that utilizes the new value of information technologies (IT) for customer success, the Group supports business innovation for customers in a wide range of industries including manufacturing.

In order to meet customers' needs that have become more sophisticated, complicated, and globalized, the Group works on the provision of software products and services of a high quality through evaluation and introduction of advanced technologies.

[Corporate philosophy]

With customer satisfaction as its foremost goal, our company is committed, as a professional group, to contributing to society through the creation of new value.

(2) Target Business Indicators

The management goal of the Group is to improve corporate value through continuous expansion of businesses.

As target business indicators, the Group focuses on return on equity (ROE) and strives for a higher ROE.

(3) Medium-to-Long-term Management Strategies and Issues to be Addressed

- Management environment and medium-to-long-term management strategy of the Group

The Group works on the “three pillars” strategy to support the manufacturing industry with products and services utilizing its strengths in response to changes in the business environment in the manufacturing industry where the Group's major customers operate business.

<Changes in business environment of customers>

1. Digital transformation

As a way to respond to Japan's “2025 digital cliff” and the impact of COVID-19, digital transformation will further accelerate in the future.

2. Innovation of business models in manufacturing

As values in society shift along with the end of the era of mass production and mass consumption, innovation in manufacturing business models will progress.

3. Globalization

With an increasingly multipolar global economy and a shrinking Japanese market, overseas relocation will advance. COVID-19 will cause changes in needs for the global supply chain.

<Strength and resources of B-EN-G>

- Achievements in IT support services in manufacturing.

The Company has supported implementation of IT in manufacturing for over 20 years. (*1)

- Product planning and development skills for in-house products

The Company boasts development skills for its highly acclaimed in-house products utilizing its technologies and expertise.

- Relationships of trust with customers

The Company boasts strong relationships with customers based on trust and issue-solving skills established over 20 years.

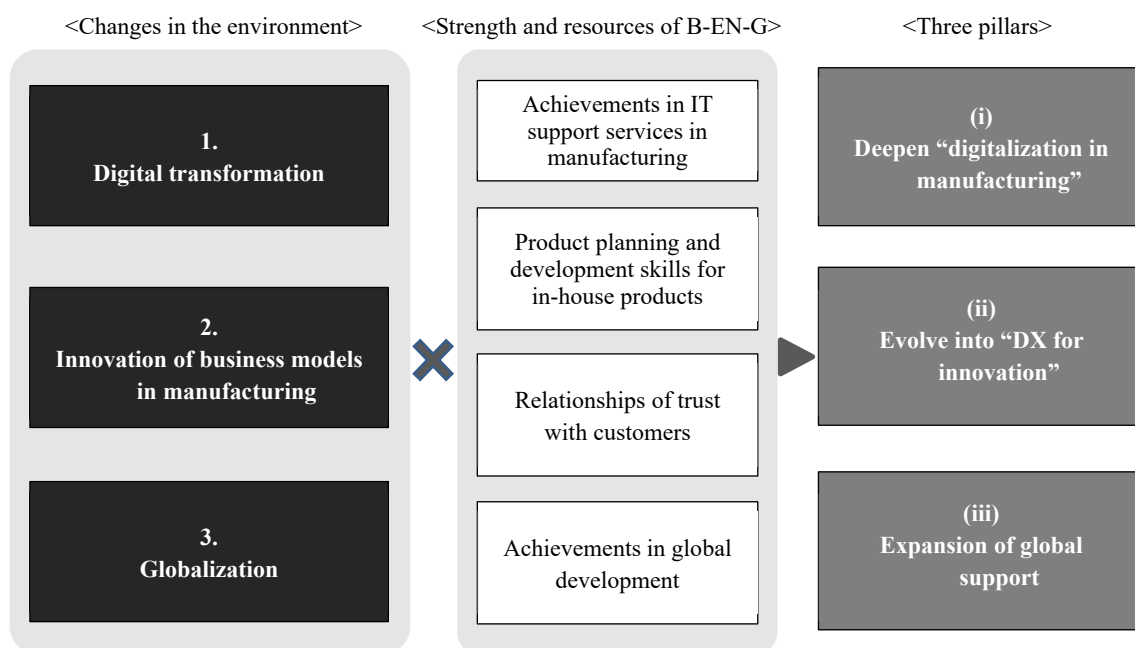
- Achievements in global development

The Company supports global development by utilizing its ample experience and expertise based on its development track record in 25 countries worldwide.

*1: Prior to its business launch in April 1999, the Company made achievements through the system integration division of Tokyo Engineering Corporation, which is the Company's predecessor.

<Three pillars>

- 1) Deepen “digitalization in manufacturing” (*2)
We will promote DX for efficient operations with “Monozukuri Digitalization.”
 - 2) Evolve into “DX for innovation”
While supporting innovation in business models for customers, we will work on our own business innovation through creation of new types of business.
 - 3) Expansion of global support
We continuously reinforce global development for the Japanese manufacturing industry to expand our own businesses.
- *2: To realize efficiency by digitalizing operations related to “manufacturing,” leading to business innovation.



• Issues to be Addressed

With an expected economic recovery, investment in information technology is anticipated to continuously stay firm, but uncertainty is still high in terms of the impact of COVID-19 on the Japanese and foreign economies, leaving concerns about customers’ lowering motivation for investment in information technology.

Under these circumstances, we will promote the medium-to long-term management strategy of the Group mentioned above, work on creation of business opportunities and enhancement of our merchandise and services, and take the next step toward securing stable profits and development of our business foundation. Furthermore, in order to improve corporate value for a medium-to long-term, we will endeavor to remain listed on the prime market.

- Deepen relationships with customers, strengthen proposals, build stronger alliances with potent partners, and strengthen relationships with business partners.
- Improve quality and productivity of system integration and secure profitability.
- Nurture and secure human resources, reform workstyles, promote diversity, implement ongoing improvement in corporate governance, and strengthen business continuity activities.

4. Basic Views on Selecting Accounting Standards

The Group adopts Japanese GAAP (Japanese accounting standards).

In view of various situations, the Group will also proceed to consider the application of IFRS (International Financial Reporting Standards).

5.Consolidated Financial Statements
(1) Consolidated Balance Sheet

	(thousands of yen)	
	FY03/2020 (As of Mar. 31, 2020)	FY03/2021 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	2,159,577	4,078,245
Notes and accounts receivable - trade	3,233,222	2,942,512
Work in process	288,986	361,511
Other	486,744	426,797
Total current assets	6,168,530	7,809,067
Non-current assets		
Property, plant and equipment		
Buildings	245,971	235,674
Accumulated depreciation	△182,804	△168,872
Buildings, net	63,167	66,802
Tools, furniture and fixtures	376,196	388,263
Accumulated depreciation	△296,738	△296,895
Tools, furniture and fixtures, net	79,458	91,367
Total property, plant and equipment	142,626	158,170
Intangible assets		
Software	1,225,005	1,296,673
Other	3,282	2,104
Total intangible assets	1,228,288	1,298,778
Investments and other assets		
Investment securities	264,395	511,964
Leasehold deposits	345,965	296,594
Deferred tax assets	303,700	266,740
Other	145,530	140,971
Allowance for doubtful accounts	△5,499	△5,499
Total investments and other assets	1,054,092	1,210,771
Total non-current assets	2,425,006	2,667,720
Total assets	8,593,537	10,476,787

	(thousands of yen)	
	FY03/2020 (As of Mar. 31, 2020)	FY03/2021 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	550,956	661,376
Short-term borrowings	100,000	300,000
Current portion of long-term borrowings	7,910	—
Accrued expenses	663,716	623,537
Income taxes payable	373,805	401,760
Advances received	709,753	868,792
Provision for bonuses	679,520	594,114
Provision for bonuses for directors (and other officers)	35,000	35,000
Reserve for guarantee for after-care of products	17,145	16,584
Provision for loss on order received	—	13,329
Other	422,509	393,303
Total current liabilities	3,560,317	3,907,798
Non-current liabilities		
Long-term borrowings	—	170,779
Total non-current liabilities	—	170,779
Total liabilities	3,560,317	4,078,577
Net assets		
Shareholders' equity		
Share capital	697,600	697,600
Capital surplus	448,901	565,273
Retained earnings	4,096,154	5,191,222
Treasury shares	△185,386	△170,854
Total shareholders' equity	5,057,269	6,283,240
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△19,717	119,572
Foreign currency translation adjustment	△4,332	△4,602
Total accumulated other comprehensive income	△24,050	114,969
Total net assets	5,033,219	6,398,210
Total liabilities and net assets	8,593,537	10,476,787

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(thousands of yen)

	FY03/2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	17,728,434	17,855,412
Cost of sales	12,511,313	12,290,436
Gross profit	5,217,121	5,564,975
Selling, general and administrative expenses	3,643,720	3,532,427
Operating profit	1,573,400	2,032,547
Non-operating income		
Interest income	350	393
Dividend income	7,241	6,361
Subsidy income	—	2,507
Other	626	854
Total non-operating income	8,218	10,117
Non-operating expenses		
Interest expenses	2,564	3,387
Foreign exchange losses	1,089	3,492
Share issuance costs	—	593
Commission expenses	—	9,015
Other	136	1,079
Total non-operating expenses	3,790	17,567
Ordinary profit	1,577,828	2,025,097
Extraordinary losses		
Loss on sale of investment securities	297	—
Loss on valuation of investment securities	147,247	—
Loss on valuation of shares of subsidiaries and associates	33,673	—
Total extraordinary losses	181,217	—
Profit before income taxes	1,396,610	2,025,097
Income taxes - current	554,280	622,211
Income taxes - deferred	△10,862	23,886
Total income taxes	543,418	646,097
Profit	853,192	1,378,999
Profit attributable to owners of parent	853,192	1,378,999

Consolidated Statement of Comprehensive Income

(thousands of yen)

	FY03/2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)
Profit	853,192	1,378,999
Other comprehensive income		
Valuation difference on available-for-sale securities	28,651	139,289
Foreign currency translation adjustment	△631	△269
Total other comprehensive income	28,020	139,020
Comprehensive income	881,213	1,518,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	881,213	1,518,019
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

FY03/2020(Apr. 1, 2019 – Mar. 31, 2020)

(thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	697,600	448,901	3,532,812	△254,354	4,424,960
Changes during period					
Dividends of surplus			△289,850		△289,850
Profit attributable to owners of parent			853,192		853,192
Purchase of treasury shares				△55	△55
Disposal of treasury shares				69,022	69,022
Net changes in items other than shareholders' equity					
Total changes during period	—	—	563,341	68,967	632,309
Balance at end of period	697,600	448,901	4,096,154	△185,386	5,057,269

(thousands of yen)

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	△48,369	△3,701	△52,070	4,372,890
Changes during period				
Dividends of surplus				△289,850
Profit attributable to owners of parent				853,192
Purchase of treasury shares				△55
Disposal of treasury shares				69,022
Net changes in items other than shareholders' equity	28,651	△631	28,020	28,020
Total changes during period	28,651	△631	28,020	660,329
Balance at end of period	△19,717	△4,332	△24,050	5,033,219

FY03/2021(Apr. 1, 2020 – Mar. 31, 2021)

(thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	697,600	448,901	4,096,154	△185,386	5,057,269
Changes during period					
Dividends of surplus			△283,932		△283,932
Profit attributable to owners of parent			1,378,999		1,378,999
Purchase of treasury shares				△472	△472
Disposal of treasury shares		116,371		15,004	131,376
Net changes in items other than shareholders' equity					
Total changes during period	—	116,371	1,095,067	14,531	1,225,970
Balance at end of period	697,600	565,273	5,191,222	△170,854	6,283,240

(thousands of yen)

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	△19,717	△4,332	△24,050	5,033,219
Changes during period				
Dividends of surplus				△283,932
Profit attributable to owners of parent				1,378,999
Purchase of treasury shares				△472
Disposal of treasury shares				131,376
Net changes in items other than shareholders' equity	139,289	△269	139,020	139,020
Total changes during period	139,289	△269	139,020	1,364,990
Balance at end of period	119,572	△4,602	114,969	6,398,210

(4) Consolidated Statement of Cash Flows

(thousands of yen)

	FY03/2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY03/2021 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	1,396,610	2,025,097
Depreciation	845,286	720,180
Increase (decrease) in provision for bonuses	60,470	△85,406
Increase (decrease) in provision for bonuses for directors (and other officers)	△10,000	—
Increase (decrease) in reserve for guarantee for after-care of products	△2,769	△560
Increase (decrease) in provision for loss on order received	△14,025	13,329
Interest and dividend income	△7,591	△6,755
Interest expenses	2,564	3,387
Foreign exchange losses (gains)	1,089	3,492
Loss (gain) on sale of investment securities	297	—
Loss (gain) on valuation of investment securities	147,247	—
Loss on valuation of shares of subsidiaries and associates	33,673	—
Decrease (increase) in trade receivables	△221,918	290,708
Decrease (increase) in inventories	440,724	△72,525
Decrease (increase) in advance payments to suppliers	△39,330	△3,869
Increase (decrease) in trade payables	77,652	77,731
Increase (decrease) in accrued consumption taxes	37,441	△41,275
Increase (decrease) in advances received	△139,282	159,039
Other, net	30,410	44,789
Subtotal	2,638,549	3,127,362
Interest and dividends received	7,593	6,755
Interest paid	△2,554	△3,435
Income taxes paid	△555,107	△591,627
Net cash provided by (used in) operating activities	2,088,481	2,539,054
Cash flows from investing activities		
Purchase of property, plant and equipment	△41,396	△34,631
Purchase of intangible assets	△695,808	△725,058
Purchase of investment securities	△21,409	△95,206
Proceeds from sale of investment securities	720	—
Other, net	△15,349	37,799
Net cash provided by (used in) investing activities	△773,244	△817,096
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△100,000	200,000
Proceeds from long-term borrowings	—	170,779
Repayments of long-term borrowings	△96,180	△7,910
Purchase of treasury shares	△55	△472
Proceeds from disposal of treasury shares	69,022	131,376
Dividends paid	△289,059	△283,523
Other, net	—	△13,268
Net cash provided by (used in) financing activities	△416,272	196,979
Effect of exchange rate change on cash and cash equivalents	△631	△269
Net increase (decrease) in cash and cash equivalents	898,332	1,918,668
Cash and cash equivalents at beginning of period	1,261,244	2,159,577
Cash and cash equivalents at end of period	2,159,577	4,078,245