

Financial Statements(under Japanese GAAP)

February 8, 2019

Company name	IFIS JAPAN LTD.	Stock Exchange listing	TSE
Code number	7833	URL	http://www.ifis.co.jp
Representative	President	Kazuharu Osawa	
Contact	Director	Hiroki Osawa	TEL 81-(3)6825-1250
Scheduled date of annual shareholder's meeting	March 20, 2019		
Scheduled start date of dividend	March 22, 2019		
Scheduled submission date of annual security report	March 22, 2019		
Preparation of supplementary material on earnings	: Yes		
Holding of earnings performance review	: Yes (for analysts)		

(Fractions less than ¥1 million have been omitted.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2018 (January 1, 2018 to December 31, 2018)

(1) Consolidated Operating Results

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 2018	5,450	10.9	833	21.9	838	22.5	549	26.6
Fiscal year ended December 2017	4,916	7.0	683	16.1	684	15.5	433	16.2

(Note) Comprehensive income (loss)

Fiscal year ended December 2018 ¥545 million (25.1%)

Fiscal year ended December 2017 ¥435 million (18.1%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Profit margin on sales
	¥	¥	%	%	%
Fiscal year ended December 2018	56.88	—	16.4	19.9	15.3
Fiscal year ended December 2017	44.92	—	14.9	18.2	13.9

(Reference) Earnings on investments in equity-method affiliates

Fiscal year ended December 2018 ¥2 million

Fiscal year ended December 2017 ¥1 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2018	4,511	3,584	79.5	371.10
Fiscal year ended December 2017	3,916	3,107	79.3	321.65

(Reference) Equity Fiscal year ended December 2018 ¥3,584 million

Fiscal year ended December 2017 ¥3,107 million

(3) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Closing balance of cash and cash equivalents
	¥ million	¥ million	¥ million	¥ million
Fiscal year ended December 2018	743	41	△67	3,115
Fiscal year ended December 2017	536	△46	△62	2,398

2. Dividends

	Annual dividends					Total cash dividends	Dividend payout ratio(consolidated)	Dividends on equity (consolidated)
	1 st Qtr	2 nd Qtr	3 rd Qtr	Year-end	Total			
	¥	¥	¥	¥	¥	¥million	%	%
Fiscal year ended December 2017	—	0.00	—	7.00	7.00	67	15.6	2.3
Fiscal year ended December 2018	—	0.00	—	8.00	8.00	77	14.1	2.3
Fiscal year ending December 2019 (Estimated)	—	0.00	—	9.00	9.00	—	—	—

3. Projected Results for Fiscal year 2019(January 1 to December 31, 2019)

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
First half ending Jun. 2018	2,800	6.5	410	△8.6	410	△9.3	270	△9.0	28.01
Fiscal year ending Dec. 2018	5,700	4.6	870	4.4	870	3.8	574	4.5	59.44

* Notes

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Changes in accounting policies, estimates, and restatements:

- 1) Changes in accounting policies in accordance with revisions of accounting standards: None
- 2) Changes other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at term end (including treasury stock)	Fiscal year ended December 2018	10,242,000 shares	Fiscal year ended December 2017	10,242,000 shares
2) Number of shares of treasury stock at term end	Fiscal year ended December 2018	582,239 shares	Fiscal year ended December 2017	582,237 shares
3) Average number of shares during the period	Fiscal year ended December 2018	9,659,762 shares	Fiscal year ended December 2017	9,659,763 shares

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2018
(January 1 to December 31, 2018)

(1) Non-Consolidated Operating Results

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 2018	3,330	9.5	583	15.0	585	15.1	401	16.0
Fiscal year ended December 2017	3,042	△0.4	506	△0.9	509	△1.0	346	2.7

	Net income per share		Diluted net income per share	
	¥	¥	¥	¥
Fiscal year ended December 2018	41.58	—	—	—
Fiscal year ended December 2017	35.85	—	—	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2018	3,438	2,960	86.1	306.45
Fiscal year ended December 2017	3,050	2,626	86.1	271.89

(Reference) Equity Fiscal year ended December 2018 ¥2,960 million
Fiscal year ended December 2017 ¥2,626 million

2. Non-Consolidated earnings forecasts for Fiscal year 2019(January 1 to December 31, 2019)

(Percentages figure represent changes from same period of previous year.)

	Net sales		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥
First half ending Jun. 2019	1,770	6.7	320	△1.9	217	△2.8	22.53
Fiscal year ending Dec. 2019	3,530	6.0	640	9.2	435	8.4	45.05

* Disclosure regarding execution of audit procedures

At the time of disclosure of this earnings report, audit procedures in accordance with the Financial Instruments and Exchange Act are in progress.

Note to ensure appropriate use of forecasts, and other noteworthy items

(Cautionary note on forward-looking statements and other information)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

(Means of contents of supplementary material on earnings and earnings performance review)

The Company holds presentations for analysts regarding the six-month and year-end results. Distributed presentation materials and audio recordings from performance reviews are available on the Company's website.

Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousands of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
(Assets)		
Current assets		
Cash and deposits	2,448,897	3,127,500
Notes and accounts receivable-trade	473,615	524,968
Work in process	50,182	45,918
Deferred tax assets	27,816	45,028
Other	51,134	42,562
Total current assets	3,051,646	3,785,977
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	45,696	45,696
Accumulated depreciation	△15,322	△18,075
Buildings and accompanying facilities, Net	30,374	27,621
Tools, furniture and fixtures	172,370	148,317
Accumulated depreciation	△130,474	△115,503
Tools, furniture and fixtures, Net	41,896	32,813
Total Property, plant and equipment	72,271	60,435
Intangible assets		
Goodwill	401,834	343,422
Software	65,694	75,972
Software in progress	20,306	10,950
Other	1,469	1,469
Total intangible assets	489,305	431,814
Investments and other assets		
Investment securities	76,990	25,700
Stock of affiliated company	2,360	2,360
Affiliated company investments	57,848	56,509
Guarantee deposits	88,227	85,570
Deferred tax assets	59,207	47,039
Other	18,343	16,342
Total investment and other assets	302,977	233,522
Total noncurrent assets	864,554	725,771
Total assets	3,916,201	4,511,748

(Thousands of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	226,678	223,585
Accounts payable-other	107,628	103,717
Income taxes payable	112,818	194,598
Advances received	116,345	117,676
Provision for bonuses	18,021	39,468
Provision for directors' bonuses	-	4,460
Other	101,067	120,653
Total current liabilities	682,559	804,159
Noncurrent liabilities		
Net defined benefit liability	16,505	12,756
Other	110,074	110,074
Total noncurrent liabilities	126,580	122,830
Total liabilities	809,139	926,989
Net assets		
Shareholders' equity		
Capital stock	382,510	382,510
Capital surplus	438,310	438,310
Retained earnings	2,352,553	2,834,368
Treasury stock	△77,928	△77,929
Total shareholders' equity	3,095,444	3,577,258
Accumulated other comprehensive income		
Valuation difference on securities (other than subsidiaries and affiliated companies)	△182	△366
Currency adjustment account	11,798	7,866
Total accumulated other comprehensive income	11,616	7,500
Total net assets	3,107,061	3,584,758
Total net liabilities	3,916,201	4,511,748

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated Statement of Income)

(Thousands of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Net sales	4,916,424	5,450,485
Cost of sales	2,898,392	3,267,257
Gross profit	2,018,031	2,183,227
Selling, general and administrative expenses	1,334,715	1,350,123
Operating income	683,316	833,104
Non-operating income		
Interest income	1,517	1,355
Dividends income	157	178
Investment gain by equity method	1,319	2,592
Subsidy income	-	1,800
Other	803	571
Total non-operating income	3,798	6,498
Non-operating expenses		
Interest expenses	8	-
Foreign exchange losses	2,097	1,080
Other	581	18
Total non-operating expenses	2,688	1,098
Ordinary income	684,426	838,503
Extraordinary loss		
Loss on retirement of noncurrent assets	150	30
Office transfer expenses	8,950	-
Total extraordinary loss	9,101	30
Income before income taxes	675,325	838,473
Income taxes-current	224,197	295,406
Income taxes-deferred	17,217	△6,366
Total income taxes	241,414	289,039
Net income	433,910	549,433
Profit attributable to owners of parent	433,910	549,433

(3) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Net cash provided by (used in) operating activities		
Income before income taxes	675,325	838,473
Depreciation and amortization	59,988	55,029
Amortization of goodwill	58,412	58,412
Increase (decrease) in provision for bonuses	△189	21,446
Increase (decrease) in provision for directors bonuses	-	4,460
Increase (decrease) in net defined benefit liability	1,798	△3,749
Interest and dividends income	△1,675	△1,533
Interest expenses	8	-
Investment gain(loss) by equity method	△1,319	△2,592
Loss on retirement of noncurrent assets	150	30
Relocation expenses	8,950	-
Decrease (increase) in notes and accounts receivable-trade	17,815	△50,021
Decrease (increase) in inventories	12,413	4,264
Increase (decrease) in notes and accounts payable-trade	△1,737	△3,092
Increase (decrease) in accrued consumption taxes	8,206	12,883
Other	23,491	△1,153
Subtotal	861,640	932,857
Interest and dividends income received	2,506	2,374
Interest expenses paid	△8	-
Payments for removal expenses	△6,496	-
Income taxes paid	△321,524	△211,633
Refund of income taxes	-	20,184
Net cash provided by (used in) operating activities	536,116	743,783

(Thousands of yen)

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2018
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	△49,620	△10,338
Purchase of intangible assets	△30,579	△38,980
Proceeds from redemption of securities	23,017	50,160
Proceeds from collection of lease and guarantee deposits	△1,400	-
Proceeds from collection of guarantee deposits	13,112	100
Payments for insurance premium reserve	△600	△502
Proceeds from cancellation of insurance funds	890	-
Payments into time deposits	△1,201	△1,201
Proceeds from withdrawal of time deposits	-	40,000
Collection of loans receivable from employees	-	2,000
Net cash provided by (used in) investment activities	△46,381	41,238
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	50,000	-
Decrease in short-term loans payable	△50,000	-
Purchase of Treasury stock	-	△1
Cash dividends paid	△62,788	67,618
Net cash provided by (used in) financing activities	△62,788	△67,619
Increase (decrease) in cash and cash equivalents	426,946	717,401
Opening balance of cash and cash equivalents	1,971,537	2,398,484
Closing balance of cash and cash equivalents	2,398,484	3,115,886