FYE Sep-2020 Kessan Tanshin〔J-GAAP〕 (Consolidated)

12 Nov 2020

Company name	Internetworking and Broadband Consulting Co., Ltd.			Listed TSE
Code	3920	ＵＲＬ https://www.ibc21.co.jp/		
Representative	(Title) CEO and President		(Name) Kato, Hiroyuki	
Contact	(Title) Director, Corporate Service Div.		(Name) Shimane, Naoto	ＴＥＬ 03-5117-2780
Scheduled general shareholders' meeting	17 Dec 2020		Scheduled dividend payment date	―
Scheduled submission date of Yuka Shoken Hokokusyo	17 Dec 2020			

Supplementary materials : Japanese only
Explanatory meeting : Not scheduled

(Fraction less than JPY mil)

1. FYE Sep-2020 Consolidated Financial Results (1 Oct 2019 ～ 30 Sep 2020)

(1) Consolidated statement of income

(YoY %)

	Sales		Operating Income		Ordinary Income		Profit (loss) attributable to owners of parent	
	JPY mil	%	JPY mil	%	JPY mil	%	JPY mil	%
FYE Sep-2020	1,946	6.2	198	(18.7)	174	(22.0)	(45)	―
FYE Sep-2019	1,833	―	244	―	223	―	134	―

Comprehensive income FYE Sep-2020 (47) JPY mil (―%) FYE Sep-2019 127 JPY mil (―%)

	EPS	EPS (diluted)	ROE	Ordinary income / Total assets	Operating income margin
	JPY	JPY	%	%	%
FYE Sep-2020	(8.30)	―	(2.9)	6.1	10.2
FYE Sep-2019	24.18	23.89	8.2	9.7	13.3

(Ref.) Share of profit (loss) of entities accounted for using equity method FYE Sep-2020 (27) JPY mil FYE Sep-2019 (22) JPY mil

(2) Consolidated balance sheet

	Total Assets	Net Assets	Capital-to-asset ratio	BPS
	JPY mil	JPY mil	%	JPY
FYE Sep-2020	3,045	1,539	50.5	278.71
FYE Sep-2019	2,676	1,627	60.8	292.93

(Ref.) Net assets FYE Sep-2020 1,538 JPY mil FYE Sep-2019 1,626 JPY mil

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	JPY mil	JPY mil	JPY mil	JPY mil
FYE Sep-2020	84	(142)	361	1,229
FYE Sep-2019	(11)	(415)	407	925

2. Dividend

	Dividend					Dividend (Total)	Payout ratio (Consol.)	DOE (Consol.)
	1Q	2Q	3Q	4Q	Total			
	JPY	JPY	JPY	JPY	JPY	JPY mil	%	%
FYE Sep-2019	―	0.00	―	0.00	0.00	―	―	―
FYE Sep-2020	―	0.00	―	0.00	0.00	―	―	―
FYE Sep-2021 (Est.)	―	―	―	―	―		―	

３. Consolidated financial forecast (1 Oct 2020～30 Sep 2021)

(YoY %)

	Sales		Operating Income		Ordinary Income		Profit (loss) attributable to owners of parent		EPS
	JPY mil	%	JPY mil	%	JPY mil	%	JPY mil	%	JPY
1st half	1,046	13.7	116	287.2	114	520.1	68	―	12.45
FYE Sep-2021	2,313	18.8	322	62.3	319	83.3	195	―	35.40

※ Notes

（１）Transfer of material subsidiaries (subsidiaries resulting in change in scope of consolidation) : Include ― (Name) ―、Exclude 1 (Name) iChain Co., Ltd

（２）Changes in Accounting policies, estimation and restatement

① Accounting policy changes in accordance with revision of Accounting Standard : None
② Accounting policy changes excluding ① : None
③ Accounting estimate changes : None
④ Restatement : None

（３）Number of outstanding shares (Ordinary share)

① Outstanding number of shares at FYE (Incl. treasury shares)	FYE Sep-2020	5,715,600	FYE Sep-2019	5,707,600
② Number of treasury shares at FYE	FYE Sep-2020	194,159	FYE Sep-2019	154,159
③ Average number of shares	FYE Sep-2020	5,519,791	FYE Sep-2019	5,575,415

(Ref.) Summary of parent financial results

1. Parent financial results at FYE Sep-2020 (1 Oct 2019～30 Sep 2020)

（１）Parent statement of income

(YoY %)

	Sales		Operating Income		Ordinary Income		Net profit (loss)	
	JPY mil	%	JPY mil	%	JPY mil	%	JPY mil	%
FYE Sep-2020	1,829	5.4	339	7.4	344	7.4	(146)	―
FYE Sep-2019	1,735	34.5	315	56.2	320	55.7	224	58.4

	EPS	EPS (Diluted)
	JPY	JPY
FYE Sep-2020	(26.51)	―
FYE Sep-2019	40.35	39.87

（２）Parent balance sheet

	Total Assets	Net Assets	Capital-to-asset ratio	BPS
	JPY mil	JPY mil	%	JPY
FYE Sep-2020	3,020	1,582	52.4	286.49
FYE Sep-2019	2,694	1,770	65.7	319.17

(Ref.) Net assets FYE Sep-2020 1,581 JPY mil FYE Sep-2019 1,770 JPY mil

※ This Tanshin is out of scope of audit by Auditors

※ (Disclaimer)

The description regarding estimation or forecast in the future in this material is based on our information and assumptions that we have understood reasonably, we never commit, pledge or promise an achievement of the description. Actual achievement will suffer from various factors.

3. Consolidated financial statement

(1) Consolidated balance sheet

(Unit : JPY thousand)

	Previous FYE (30 Sep 2019)	Latest FYE (30 Sep 2020)
Assets		
Current assets		
Cash and deposits	925,045	1,229,058
Accounts receivable – trade	986,702	1,232,179
Inventories	21,939	18,844
Prepaid expenses	30,558	33,183
Income taxes receivable	–	37,031
Other	8,122	12,291
Current assets	1,972,368	2,562,589
Non-current assets		
Property, plant and equipment		
Buildings, net	40,458	35,719
Tools, furniture and fixtures, net	15,604	11,125
Vehicles, net	0	0
Property, plant and equipment	56,063	46,845
Intangible assets		
Goodwill	192,715	76,281
Software	76,429	48,077
Software in progress	37,927	–
Intangible assets	307,071	124,358
Investments and other assets		
Investment securities	161,064	131,690
Lona-term loan receivable from subsidiaries and associates	3,000	3,000
Deferred tax assets	34,898	16,941
Long-term loan receivable	–	24,447
Other	145,488	162,634
Allowance for doubtful accounts	(3,000)	(27,447)
Investments and other assets	341,451	311,265
Non-current assets	704,586	482,470
Assets	2,676,954	3,045,059

(Unit : JPY thousand)

	Previous FYE (30 Sep 2019)	Latest FYE (30 Sep 2020)
Liabilities		
Current liabilities		
Accounts payable – trade-	95,652	160,286
Short-term loan payable	650,000	650,000
Current portion of long-term loans payable	25,176	122,396
Accounts payable – other -	34,974	32,459
Accrued expenses	32,295	34,126
Income taxes payable	70,677	3,794
Provision for loss on order received	2,539	–
Other	42,148	99,899
Current liabilities	953,465	1,102,962
Non-current liabilities		
Long-term loans payable	93,924	399,306
Provision for loss on business of subsidiaries and associates	1,967	3,331
Other	6	–
Non-current liabilities	95,897	402,637
Liabilities	1,049,362	1,505,600
Net Assets		
Shareholders' equity		
Capital stock	440,830	442,030
Capital surplus	418,774	419,974
Retained earnings	947,508	901,702
Treasury shares	(178,061)	(221,114)
Shareholders' equity	1,629,052	1,542,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,263)	(3,719)
Accumulated other comprehensive income	(2,263)	(3,719)
Subscription rights to shares	802	585
Net Assets	1,627,591	1,539,458
Liabilities and net assets	2,676,954	3,045,059

(2) Consolidated statement of income and comprehensive income

(Consolidated statement of income)

(Unit : JPY thousand)

	Previous FYE (from 1 Oct 2018 to 30 Sep 2019)	Latest FYE (from 1 Oct 209 to 30 Sep 2020)
Sales	1,833,266	1,946,940
COGS	551,538	631,396
Gross profit	1,281,728	1,315,544
Selling, general and administrative expenses	1,037,320	1,116,878
Operating Income	244,408	198,665
Non-operating income		
Commission fee	1,028	1,565
Insurance premiums refunded cancellation	1,441	1,696
Consumption tax difference	—	2,291
Subsidy	—	1,680
Other	641	201
Non-operating income	3,111	7,434
Non-operating expenses		
Interest expenses	1,396	3,663
Share of loss of entities accounted for using equity method	22,026	27,274
Other	693	910
Non-operating expenses	24,116	31,848
Ordinary Income	223,402	174,251
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	—	8,051
Gain on reversal of subscription rights to shares	77	217
Extraordinary income	77	8,268
Extraordinary losses		
Loss on retirement of non-current assets	45	—
Loss on valuation of membership	3,734	—
Provision of allowance for doubtful accounts for subsidiaries and associates	3,000	—
Provision for loss on business of subsidiaries and associates	1,967	1,364
Impairment loss	—	203,799
Extraordinary losses	8,746	205,164
Income (loss) before income taxes	214,733	(22,645)
Income taxes - current	96,962	4,560
Income taxes - deferred	(11,618)	18,600
Income taxes	85,344	23,161
Net income (loss)	129,388	(45,806)
Profit (loss) attributable to non-controlling interests	(5,446)	—
Profit (loss) attributable to owners of parent	134,835	(45,806)

(Statement of consolidated comprehensive income)

(Unit : JPY thousand)

	Previous FYE (from 1 Oct 2018 to 30 Sep 2019)	Latest FYE (from 1 Oct 2019 to 30 Sep 2020)
Net income (loss)	129,388	(45,806)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,263)	(1,456)
Other comprehensive income	(2,263)	(1,456)
Comprehensive income	127,125	(47,262)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	132,572	(47,262)
Comprehensive income attributable to non-controlling interests	(5,446)	—

(3) Consolidated statement of changes in equity

Previous FYE (from 1 Oct 2018 to 30 Sep 2019)

(Unit : JPY thousand)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of current period	438,430	411,401	812,673	(86)	1,662,418
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	2,400	2,400			4,800
Profit (loss) attributable to owners of parent			134,835		134,835
Purchase of Treasury shares				(275,846)	(275,846)
Purchase of shares of consolidated subsidiaries		(24,248)			(24,248)
Changes by share exchanges		29,222		97,871	127,093
Other changes of items during period (net)					
Changes of items during period	2,400	7,373	134,835	(177,975)	(33,366)
Balance at end of current period	440,830	418,774	947,508	(178,061)	1,629,052

	Accumulated other comprehensive income		Subscription rights to shares	Non-controlling interests	Net Assets
	Valuation difference on available-for-sale securities	Accumulated other comprehensive income			
Balance at beginning of current period	—	—	879	7,197	1,670,495
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares					4,800
Profit (loss) attributable to owners of parent					134,835
Purchase of Treasury shares					(275,846)
Purchase of shares of consolidated subsidiaries					(24,248)
Changes by share exchanges					127,093
Other changes of items during period (net)	(2,263)	(2,263)	(77)	(7,197)	(9,538)
Changes of items during period	(2,263)	(2,263)	(77)	(7,197)	(42,904)
Balance at end of current period	(2,263)	(2,263)	802	—	1,627,591

Latest FYE (from 1 Oct 2019 to 30 Sep 2020)

(Unit : JPY thousand)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of current period	440,830	418,774	947,508	(178,061)	1,629,052
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	1,200	1,200			2,400
Profit (loss) attributable to owners of parent			(45,806)		(45,806)
Purchase of Treasury shares				(43,053)	(43,053)
Other changes of items during period (net)					
Changes of items during period	1,200	1,200	(45,806)	(43,053)	(86,459)
Balance at end of current period	442,030	419,974	901,702	(221,114)	1,542,592

	Accumulated other comprehensive income		Subscription rights to shares	Net Assets
	Valuation difference on available-for-sale securities	Accumulated other comprehensive income		
Balance at beginning of current period	(2,263)	(2,263)	802	1,627,591
Changes of items during period				
Issuance of new shares - exercise of subscription rights to shares				2,400
Profit (loss) attributable to owners of parent				(45,806)
Purchase of Treasury shares				(43,053)
Other changes of items during period (net)	(1,456)	(1,456)	(217)	(1,672)
Changes of items during period	(1,456)	(1,456)	(217)	(88,132)
Balance at end of current period	(3,719)	(3,719)	585	1,539,458

(4) Consolidated statement of cash flows

(Unit : JPY thousand)

	Previous FYE (from 1 Oct 2018 to 30 Sep 2019)	Latest FYE (from 1 Oct 2019 to 30 Sep 2020)
Cash flows from operating activities		
Income (loss) before income taxes	214,733	(22,645)
Depreciation	47,133	51,197
Amortization of goodwill	14,042	30,625
Impairment loss	—	203,799
Increase (decrease) in allowance for doubtful accounts	3,000	24,447
Increase (decrease) in provision for loss on order received	2,539	(2,539)
Increase (decrease) in provision for loss on business of subsidiaries and associates	1,967	1,364
Share of (profit) loss of entities accounted for using equity method	22,026	27,274
Interest expenses	1,396	3,663
Loss on valuation of membership	3,734	—
Loss (gain) on sales of shares of subsidiaries and associates	—	(8,051)
Decrease (increase) in notes and accounts receivable - trade	(265,119)	(247,786)
Decrease (increase) in inventories	(10,998)	266
Increase (decrease) in notes and accounts payable - trade	34,646	64,634
Decrease (increase) in advance payments	3,726	(9,065)
Increase (decrease) in advances received	1,406	21,972
Increase (decrease) in accounts payable - other	(13,518)	22,114
Increase (decrease) in accrued consumption taxes	(47)	37,563
Increase (decrease) in income taxes payable - factor based tax	2,924	(5,224)
Other, net	(957)	(6,395)
Subtotal	62,636	187,215
Interest income received	—	61
Interest expenses paid	(1,624)	(3,779)
Income taxes paid	(72,995)	(103,033)
Income taxes received	—	4,126
Net cash provided by (used in) operating activities	(11,983)	84,591
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,517)	(215)
Purchase of intangible assets	(110,961)	(94,794)
Payments for lease and guarantee deposits	(2,501)	—
Proceeds from collection of lease and guarantee deposits	3,997	—
Payments of loans receivable from subsidiaries and associates	(3,000)	—
Purchase of investment securities	(110,102)	—
Payments of loans receivable	—	(24,447)
Purchase of shares of subsidiaries and associates	(60,000)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	0
Purchase of insurance funds	(20,608)	(27,513)
Proceeds from cancellation of insurance funds	4,263	4,634
Payments for transfer of business	(100,000)	—
Net cash provided by (used in) investing activities	(415,430)	(142,337)

(Unit : JPY thousand)

	Previous FYE (from 1 Oct 2018 to 30 Sep 2019)	Latest FYE (from 1 Oct 2019 to 30 Sep 2020)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	650,000	—
Proceeds from long-term loans payable	100,000	500,000
Repayments of long-term loans payable	(44,830)	(97,398)
Proceeds from issuance of common shares	4,710	2,400
Purchase of treasury shares	(275,846)	(43,182)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(26,000)	—
Other, net	(50)	(60)
Net cash provided by (used in) financing activities	407,982	361,759
Net increase (decrease) in cash and cash equivalents	(19,430)	304,013
Cash and cash equivalents at beginning of period	901,254	925,045
Increase in cash and cash equivalents from newly consolidated subsidiary	43,221	—
Cash and cash equivalents at end of period	925,045	1,229,058