

Notice: This document is an excerpt translation of the original Japanese document and is for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]



August 5, 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/>

Representative: Masakazu Haneda, President & CEO

Contact: Shigeaki Betsunou, Managing Director and Division General Manager, Corporate Administration & Planning Div.

Phone: +81-3-3510-1600

Scheduled date of filing quarterly securities report: August 12, 2021

Scheduled date of commencing dividend payments: –

Availability of supplementary briefing materials on quarterly financial results: None

Schedule of quarterly financial results briefing session: None

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

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2021	4,021	(12.4)	156	(76.9)	162	(76.2)	109	(76.3)
June 30, 2020	4,589	–	677	–	683	–	461	–

(Note) Comprehensive income: Three months ended June 30, 2021: ¥73 million [(88.1%)]

Three months ended June 30, 2020: ¥619 million [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	18.39	–
June 30, 2020	78.22	–

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been adopted from the beginning of the first quarter under review, and figures for the three months ended June 30, 2020 indicate amounts after retrospective application of the said accounting standard, etc. Accordingly, year-on-year percentage changes for the three months ended June 30, 2020 are not provided.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021	9,773	6,172	63.2
As of March 31, 2021	10,481	6,312	60.2

(Reference) Equity: As of June 30, 2021: ¥6,172 million

As of March 31, 2021: ¥6,312 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen —	Yen 22.00	Yen —	Yen 48.00	Yen 70.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecast)		35.00	—	35.00	70.00

(Note) Revision to the most recently announced dividends forecast: No

## 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	(6.5)	1,000	(12.1)	1,000	(12.5)	670	(11.5)	112.39
Full year	17,900	1.1	2,100	10.4	2,100	10.8	1,400	8.6	234.19

(Note) Revision to the most recently announced financial results forecast: No

From the beginning of the fiscal year ending March 31, 2022, the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. is applied, and the consolidated financial results forecast above indicates amounts after application of the said accounting standard, etc. Changes from the previous fiscal year and changes on a year-on-year basis are calculated based on comparison with the figures for the fiscal year ended March 31, 2021 after retrospective application of the said accounting standard, etc.

**\* Notes:**

(1) Changes in significant subsidiaries during the three months ended June 30, 2021: No  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)  
New subsidiaries: – Excluded subsidiaries: –

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

June 30, 2021: 6,000,000 shares

March 31, 2021: 6,000,000 shares

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

June 30, 2021: 31,943 shares

March 31, 2021: 56,443 shares

3) Average number of shares during the period:

Three months ended June 30, 2021: 5,948,820 shares

Three months ended June 30, 2020: 5,898,903 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.

\* These quarterly financial results are outside the scope of quarterly review 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. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information” on page 3.

## Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information ....	3
2. Consolidated Quarterly Financial Statements .....	4
(1) Consolidated Quarterly Balance Sheets .....	4
(2) Consolidated Quarterly Statements of Income and Comprehensive Income .....	6

## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been adopted from the beginning of the first quarter under review. Comparison and analysis with figures for the three months ended June 30, 2020 and the previous fiscal year have been made based on the figures after retrospective application of the said accounting standard, etc.

### (1) Explanation of Operating Results

During the three months ended June 30, 2021, the Japanese economy picked up on the back of a trend of overall improvement in corporate earnings and business sentiment, while there are still large uncertainties over the impact on the economy both in Japan and overseas caused by COVID-19.

In the information services industry, customers’ willingness to invest in digital transformations (DX) is robust, and investments in information technology in the manufacturing industry are expected to continue to remain strong. However, as the impact of COVID-19 drags on, concerns over a decline in customers’ willingness to invest in information technology cannot be dispelled.

Under the 6-year management plan “Management Vision 2026” that started from the fiscal year ending March 31, 2022, the Group is working to resolve management issues such as the promotion of DX and global expansion in the manufacturing industry, in order to support the changing business environment facing companies in the manufacturing industry, our main customers, with products and services that leverage the strengths of the Group.

During the three months ended June 30, 2021, orders received fell year on year due to a decrease in the Solutions Business despite an increase in the Products Business. Net sales fell year on year due to a decrease in the Solutions Business. As a result, orders received were ¥3,839 million (down 13.1% year on year), and net sales were ¥4,021 million (down 12.4% year on year). In terms of profit, gross profit ratio declined due to the unprofitable project in the Solutions Business, resulting in operating profit of ¥156 million (down 76.9% year on year), ordinary profit of ¥162 million (down 76.2% year on year), and profit attributable to owners of parent of ¥109 million (down 76.3% year on year).

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. We provided complex solutions that contribute to the resolution of customers’ issues, and actively engaged in proposal activities based on customer needs. Orders received and net sales decreased due to a reactionary decline from large-scale projects in the three months ended June 30, 2020. Segment loss was recorded due to the unprofitable project. As a result, orders received were ¥2,183 million (down 32.3% year on year), net sales were ¥2,537 million (down 18.7% year on year), and segment loss was ¥20 million (compared to segment profit of ¥566 million in the three months ended June 30, 2020).

#### (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. We continued our efforts to strengthen our relationships with customers and business partners, focused on license sales, and implemented initiatives to continuously enhance brand power. As a result, orders received were ¥1,569 million (up 38.5% year on year), net sales were ¥1,401 million (up 1.8% year on year), and segment profit was ¥473 million (up 5.9% year on year). License sales remained firm, and net sales of mcframe licenses in the first quarter under review reached ¥850 million (up 4.7% year on year), marking a new record high.

#### (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. We continued to work on enhancing life

cycle support for customers' systems. As a result, orders received were ¥86 million (up 42.1% year on year), net sales were ¥82 million (down 9.4% year on year), and segment profit was ¥90 million (up 16.7% year on year) .

## (2) Explanation of Financial Position

### (Assets)

Current assets decreased by ¥693 million from the end of the previous fiscal year to ¥7,081 million. This is mainly attributable to a decrease in cash and deposits and a decrease in notes and accounts receivable - trade, and contract assets. The ratio of current assets to total assets at the end of the first quarter under review was 72.5%.

Non-current assets decreased by ¥13 million from the end of the previous fiscal year to ¥2,691 million. This is mainly attributable to a decrease in investments and other assets due to the fair valuation of investment securities, and the purchases of property, plant and equipment and intangible assets, which exceeded the depreciation of property, plant and equipment and intangible assets.

As a result, total assets at the end of the first quarter under review decreased by ¥707 million from the end of the previous fiscal year to ¥9,773 million.

### (Liabilities)

Liabilities at the end of the first quarter under review decreased by ¥567 million from the end of the previous fiscal year to ¥3,601 million. This is mainly attributable to an increase in advances received, a decrease in provision for bonuses, a decrease in income taxes payable, and a decrease in short-term borrowings.

### (Net assets)

Net assets at the end of the first quarter under review decreased by ¥140 million from the end of the previous fiscal year to ¥6,172 million. This is mainly attributable to a decrease due to dividends of surplus, an increase owing to the recording of profit attributable to owners of parent, and an increase due to disposal of treasury shares by the Employee Stock Ownership Plan Trust.

As a result, the equity ratio at the end of the first quarter under review increased by 3.0 points from the end of the previous fiscal year to 63.2%.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

Although the project turned unprofitable in the Solution Business in the first quarter under review, the performance of the Products Business and the Systems Support Business is expected to exceed targets. Therefore, there is no change to the consolidated financial results forecast announced on May 13, 2021.

[Consolidated]	2nd quarter Consolidated cumulative period	(Year on year)	Full year	(Year on year)
Net sales	¥8,400 million	(Down 6.5%)	¥17,900 million	(Up 1.1%)
Operating profit	¥1,000 million	(Down 12.1%)	¥2,100 million	(Up 10.4%)
Ordinary profit	¥1,000 million	(Down 12.5%)	¥2,100 million	(Up 10.8%)
Profit attributable to owners of parent	¥670 million	(Down 11.5%)	¥1,400 million	(Up 8.6%)

**2.Consolidated Quarterly Financial Statements**  
**(1) Consolidated Quarterly Balance Sheet**

	(thousands of yen)	
	FY03/2021 (As of Mar. 31, 2021)	1Q FY03/2022 (As of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposits	4,078,245	3,521,273
Notes and accounts receivable - trade, and contract assets	3,171,851	2,931,817
Work in process	67,903	54,581
Other	457,808	574,299
Total current assets	<u>7,775,808</u>	<u>7,081,972</u>
Non-current assets		
Property, plant and equipment	158,170	165,553
Intangible assets		
Software	1,296,673	1,309,089
Other	2,104	1,804
Total intangible assets	<u>1,298,778</u>	<u>1,310,893</u>
Investments and other assets		
Other	1,253,981	1,220,794
Allowance for doubtful accounts	△5,499	△5,499
Total investments and other assets	<u>1,248,481</u>	<u>1,215,294</u>
Total non-current assets	<u>2,705,430</u>	<u>2,691,741</u>
Total assets	<u>10,481,238</u>	<u>9,773,713</u>

	(thousands of yen)	
	FY03/2021 (As of Mar. 31, 2021)	1Q FY03/2022 (As of Jun. 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	661,376	392,287
Short-term borrowings	300,000	—
Current portion of long-term borrowings	—	170,779
Income taxes payable	401,760	70,747
Advances received	958,688	1,388,797
Provision for bonuses	594,114	226,489
Provision for bonuses for directors (and other officers)	35,000	—
Reserve for guarantee for after-care of products	16,584	16,018
Provision for loss on order received	13,329	91,581
Other	1,016,840	1,244,602
<b>Total current liabilities</b>	<b>3,997,693</b>	<b>3,601,303</b>
<b>Non-current liabilities</b>		
Long-term borrowings	170,779	—
<b>Total non-current liabilities</b>	<b>170,779</b>	<b>—</b>
<b>Total liabilities</b>	<b>4,168,472</b>	<b>3,601,303</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	697,600	697,600
Capital surplus	565,273	565,273
Retained earnings	5,105,777	4,927,184
Treasury shares	△170,854	△96,668
<b>Total shareholders' equity</b>	<b>6,197,795</b>	<b>6,093,388</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	119,572	85,672
Foreign currency translation adjustment	△4,602	△6,651
<b>Total accumulated other comprehensive income</b>	<b>114,969</b>	<b>79,021</b>
<b>Total net assets</b>	<b>6,312,765</b>	<b>6,172,409</b>
<b>Total liabilities and net assets</b>	<b>10,481,238</b>	<b>9,773,713</b>



**(2) Consolidated Quarterly Statements of Income and Comprehensive Income**  
**Consolidated Quarterly Statement of Income(For the Three-month Period)**

(thousands of yen)

	1Q FY03/2021 (Apr. 1, 2020 – Jun. 30, 2020)	1Q FY03/2022 (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	4,589,663	4,021,514
Cost of sales	3,026,426	2,955,960
Gross profit	1,563,237	1,065,554
Selling, general and administrative expenses	886,092	909,272
Operating profit	677,144	156,282
Non-operating income		
Dividend income	5,591	7,022
Subsidy income	1,963	1,828
Other	96	521
Total non-operating income	7,651	9,372
Non-operating expenses		
Interest expenses	478	550
Commission expenses	—	1,371
Foreign exchange losses	537	1,107
Other	—	8
Total non-operating expenses	1,015	3,037
Ordinary profit	683,780	162,617
Profit before income taxes	683,780	162,617
Income taxes	222,363	53,212
Profit	461,417	109,404
Profit attributable to owners of parent	461,417	109,404

**Consolidated Quarterly Statement of Comprehensive Income(For the Three-month Period)**

(thousands of yen)

	1Q FY03/2021 (Apr. 1, 2020 – Jun. 30, 2020)	1Q FY03/2022 (Apr. 1, 2021 – Jun. 30 2021)
Profit	461,417	109,404
Other comprehensive income		
Valuation difference on available-for-sale securities	157,685	△33,899
Foreign currency translation adjustment	△32	△2,048
Total other comprehensive income	157,652	△35,948
Comprehensive income	619,069	73,456
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	619,069	73,456
Comprehensive income attributable to non-controlling interests	—	—