

**Providing systems for dental clinics centering on Western Japan**

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**[ 4172 TOWA Hi SYSTEM Sector : Informatin and Communication ]**

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Sep. 2019	1,906	-6.6	381	-16.6	386	-15.1	237	-21.7	120.6	1,240.9	20.8
Sep. 2020	1,910	0.2	384	0.7	398	3.1	245	3.4	124.8	1,344.5	35.0
Sep. 2021 f	2,147	12.4	414	7.8	416	4.7	266	8.7	125.8	-	55.0

Note: Non-consolidated basis. Figures for the fiscal year ending September 2021 are the company's forecasts.  
It conducted 1-to-24 stock split on July 31, 2020. Per share indicies are adjusted retroactively.

**Flagship Product is Integration Systems for Dental Clinics Based on Electronic Clinical Records**

TOWA Hi SYSTEM provides systems for dental clinics. Systems for dental clinics had been separated by function, such as the health insurance claims function that is needed for claiming medical fees paid to medical institutions under the medical insurance system, the electronic clinical record function and the function that streamlines operation and management of dental clinics, and each system had been operated individually. The company developed its original integration system that combines such functions into one system and enable unified management and operation. This is its flagship product, "Hi Dental Spirit XR-10i," a dental electronic clinical record integration system.

The company's net sales are categorized into system net sales, program revision net sales, equipment repair net sales and others. The system net sales accounts for about 80% of all net sales.

**Net Sales Breakdown**

Revenue form	Fiscal year ended Sep. 2019			Fiscal year ended Sep. 2020		
	Net sales	Year-on-year comparison	Composition	Net sales	Year-on-year comparison	Composition
	(mn yen)	(%)	(%)	(mn yen)	(%)	(%)
System net sales	1,572	-9.1	82.5	1,532	-2.6	80.2
Program revision net sales	261	4.8	13.7	305	16.4	16.0
Equipment repair net sales and others	72	18.3	3.8	72	0.0	3.8
<b>Total</b>	<b>1,906</b>	<b>-6.6</b>	<b>100.0</b>	<b>1,910</b>	<b>24.5</b>	<b>100.0</b>

Note: The figures in the breakdown for the fiscal year ended September 2020 are calculated from the figures indicated in the company's Japanese press release on its financial results, etc. accompanying the listing on the Tokyo Stock Exchange JASDAQ.

Source: Prepared by Stock Research Center based on the notifiable prospectus and the company's Japanese press release on its financial results, etc. accompanying the listing on the Tokyo Stock Exchange JASDAQ.

**Sales Support Structure in Close Contact with Customers**

One of the features of the company is its sales support structure that is in close contact with customers. Its sales support employees handle everything from the sales activities of new customers to the maintenance service and other support of existing customers. The company adheres to face-to-face sales support, and is thorough about it as shown by its not selling systems to dental clinics in regions where it has no sales base. Therefore, the company's products are all sold directly.

As of the end of October 2020, the company has 23 sales bases centering on Western Japan and has about 100 sales support employees in these bases.

**TOWA Hi SYSTEM (4172-TSE JASDAQ) ----- January 9,2021****Financial Statements**

Statement of income	Fiscal Year	Sep. 2018		Sep. 2019		Sep. 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		2,041	100.0	1,906	100.0	1,910	100.0
Cost of sales		453	22.2	446	23.4	410	21.5
Gross profit		1,587	77.8	1,459	76.6	1,499	78.5
Selling, general and administrative expenses		1,130	55.4	1,077	56.5	1,115	58.4
Operating profit		457	22.4	381	20.0	384	20.1
Non-operating income		9	-	5	-	13	-
Non-operating expenses		12	-	0	-	-	-
Ordinary profit		454	22.3	386	20.3	398	20.8
Profit before income taxes		470	23.0	386	20.3	398	20.8
Profit		303	14.9	237	12.5	245	12.9

Balance sheet	Fiscal Year	Sep. 2018		Sep. 2019		Sep. 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		2,099	69.9	1,923	68.7	2,199	71.3
Cash and deposits		1,490	49.6	1,680	60.0	2,041	66.2
Accounts receivable-trade		234	7.8	163	5.8	69	2.3
Inventories		51	1.7	51	1.9	58	1.9
Non-current assets		904	30.1	876	31.3	884	28.7
Property, plant and equipment		786	26.2	763	27.3	747	24.2
Intangible assets		12	0.4	10	0.4	19	0.6
Investments and other assets		105	3.5	103	3.7	117	3.8
Total assets		3,004	100.0	2,800	100.0	3,084	100.0
Current liabilities		458	15.3	321	11.5	398	12.9
Accounts payable-trade		68	2.3	61	2.2	64	2.1
Non-current liabilities		299	10.0	36	1.3	40	1.3
Net assets		2,245	74.8	2,422	86.5	2,645	85.8
Owners' equity		2,245	74.8	2,422	86.5	2,645	85.8

Statement of cash flows	Fiscal Year	Sep. 2018	Sep. 2019	Sep. 2020
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		290	282	430
Depreciation		31	30	30
Cash flows from investing activities		233	297	-27
Cash flows from financing activities		83	-384	-41
Dividends paid		-55	-41	-41
Net increase in cash and cash equivalents		607	195	361
Cash and cash equivalents		1,174	1,370	1,731

Note: Non-consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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