

Engaged in information service, ERP and digital marketing businesses

This report is an English translation of part of the report issued on June 25, 2021.
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[4200 HCS HOLDINGS Sector : Information & Communication]

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Mar. 2020	4,747	7.0	305	2.1x	366	2.1x	283	2.7x	131.3	1,085.1	17.5
Mar. 2021	4,758	0.2	365	19.7	398	8.7	208	-26.5	96.3	1,159.4	17.5
Mar. 2022 f	5,054	6.2	368	0.8	407	2.3	231	11.1	94.3	-	20.0

Note: Consolidated basis. Figures for the fiscal year ending March 2022 are the company's forecasts.

Providing Mainly Information Service Business

HCS HOLDINGS is a pure holding company and has six consolidated subsidiaries (of which one in Vietnam is planned to be liquidated) and one equity method affiliate. The group engages in the three business segments of the information service business, the ERP business and the digital marketing business. They have six lines of service, which are the system integration service, the master file solution service, the SAP introduction support/development service, the resource planning support service, the package solution service and the marketing solution service. In the fiscal year ended March 2021, the information service business accounted for 59.1% of net sales, the ERP business for 25.9% and the digital marketing business accounted for 15.0%.

Information Service Business**1) System Integration Service**

It is engaged in software design, development and operation services centering on on-site projects mainly as a subcontractor for development projects of major companies' subsidiaries specialized in building information systems mostly for their parent companies and major system integrators.

2) Master File Solution Service

It provides address maintenance services utilizing the master for the national land administrative district code.

ERP Business**1) SAP Introduction Support/Development Service**

As a service partner of SAP Japan, it is engaged in SAP introduction/maintenance projects of major consulting companies and major system integrators mainly as a subcontractor. Centering on on-site projects, it provides SAP's ERP software introduction support, customization, add-on development, maintenance and operation services.

2) Resource Planning Support Service

It provides helpdesk operations of SAP systems, peripheral operation management tools for the system, etc. remotely from support centers.

Digital Marketing Business**1) Marketing Solution Service**

It provides digital marketing support services including internet advertisement operation and marketing data management platform construction.

2) Package Solution Service

It is engaged in development and sales of inspection/examination report creation applications.

HCS HOLDINGS (4200 TSE JASDAQ) ----- June 25,2021**Financial Statements**

Statement of income	Fiscal Year	Mar. 2019		Mar. 2020		Mar.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		4,436	100.0	4,747	100.0	4,758	100.0
Cost of sales		3,051	68.8	3,149	66.3	3,164	66.5
Gross profit		1,384	31.2	1,597	33.6	1,594	33.5
Selling, general and administrative expenses		1,240	28.0	1,291	27.2	1,229	25.8
Operating profit		144	3.2	305	6.4	365	7.7
Non-operating income		120	2.7	132	2.8	117	2.5
Non-operating expenses		90	2.0	71	1.5	84	1.8
Ordinary profit		173	3.9	366	7.7	398	8.4
Profit before income taxes		177	4.0	366	7.7	419	8.8
Profit attributable to owners of parent		103	2.3	283	6.0	208	4.4

Balance sheet	Fiscal Year	Mar. 2019		Mar. 2020		Mar.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,545	40.6	1,708	43.1	1,868	45.9
Cash and deposits		916	24.0	900	22.7	1,050	25.8
Accounts receivable-trade		557	14.6	729	18.4	739	18.2
Inventories		15	0.4	22	0.6	10	0.2
Non-current assets		2,264	59.4	2,259	56.9	2,198	54.0
Property, plant and equipment		1,799	47.2	1,748	44.1	1,695	41.7
Intangible assets		313	8.2	326	8.2	364	9.0
Investments and other assets		152	4.0	185	4.7	138	3.4
Total assets		3,809	100.0	3,967	100.0	4,067	100.0
Current liabilities		1,396	36.7	1,435	36.2	1,414	34.8
Accounts payable-trade		191	5.0	187	4.7	234	5.8
Short-term borrowings		572	15.0	568	14.3	568	14.0
Current portion of long-term borrowings		138	3.6	124	3.1	48	1.2
Non-current liabilities		310	8.1	171	4.3	117	2.9
Long-term borrowings		247	6.5	122	3.1	74	1.8
Net assets		2,102	55.2	2,361	59.5	2,536	62.4
Owners' equity		2,091	54.9	2,342	59.1	2,504	61.6

Statement of cash flows	Fiscal Year	Mar. 2019	Mar. 2020	Mar.2021
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		168	239	426
Depreciation		89	85	86
Amortization of goodwill		32	31	31
Cash flows from investing activities		1	-69	-99
Cash flows from financing activities		-195	-185	-175
Dividends paid		-27	-27	-37
Net increase in cash and cash equivalents		-25	-15	149
Cash and cash equivalents		916	900	1,050

Note: Consolidated basis.

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

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