

Mainly developing business information processing systems for financial industry

This report is an English translation of part of the report issued on April 4, 2023.
For inquiries concerning the report, please contact info@stock-r.org

[5257 NOVA SYSTEM Sector : Information & 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)
Dec.2021	4,173	2.4	102	-48.1	112	-47.4	72	-47.5	60.2	787.5	0.0
Dec.2022	4,626	10.9	330	3.2x	337	3.0x	212	2.9x	177.1	969.2	0.0
Dec.2023 f	5,253	13.6	420	27.4	404	19.8	260	22.5	198.1	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending December 2023 are the company's forecasts.

It conducted 1-to 20 stock split on October 1, 2022. Per share indices are adjusted retroactively.

Developing Systems with Strengths for Insurance Industry

NOVA SYSTEM provides system integration and cloud services. The system integration service accounted for 97.9% of net sales in fiscal year ended December 2022.

In the system integration service, the company develops business processing systems mainly for life and non-life insurance companies. The service covers upstream processes for requirement definition and basic design to software development. Net sales related to contracts with prime contractor system integration companies or system development companies affiliated with user companies account for over 90%.

System development for the insurance industry is the main business area; it accounted for 54.9% of the system integration service's net sales in fiscal year ended December 2022. The company has accumulated knowledge of the insurance industry by stacking up system development track records, securing superiority in system development for the industry.

In the cloud service, NOVA SYSTEM provides a store operation support system for restaurants and a reception business support system, both of which are provided in SaaS form.

The company's store operation support system has a link function with existing POS registers in restaurants, and thoroughly provides support from the customer visit through settlement. The number of contracted stores as of the end of fiscal year ended December 2022 was 242.

In a reception business support system, a webcam built into the device detects visitors' faces, and reception operations are automatically started. The reception avatar on the screen asks visitors questions by voice, and the visitors' voice answers are displayed in text within the screen. When communication with the reception avatar is completed, reception information is transferred to the visit destination.

Financial Statements

Statement of income	Fiscal Year	Dec.2020		Dec.2021		Dec.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		4,075	100.0	4,173	100.0	4,626	100.0
Cost of sales		3,220	79.0	3,413	81.8	3,598	77.8
Gross profit		854	21.0	759	18.2	1,028	22.2
Selling, general and administrative expenses		656	16.1	656	15.7	698	15.1
Operating profit		198	4.9	102	2.5	330	7.1
Non-operating income		36	-	20	-	18	-
Non-operating expenses		21	-	11	-	11	-
Ordinary profit		213	5.2	112	2.7	337	7.3
Profit before income taxes		208	5.1	112	2.7	334	7.2
Profit attributable to owners of parent		137	3.4	72	1.7	212	4.6

Balance sheet	Fiscal Year	Dec.2020		Dec.2021		Dec.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,924	69.5	1,603	62.2	1,487	53.4
Cash and deposits		988	35.7	937	36.3	633	22.7
Accounts receivable-trade		655	23.7	626	24.3	782	28.1
Inventories		14	0.5	28	1.1	38	1.4
Non-current assets		843	30.5	975	37.8	1,299	46.6
Property, plant and equipment		482	17.4	518	20.1	863	31.0
Intangible assets		14	0.5	13	0.5	19	0.7
Investments and other assets		345	12.5	443	17.2	416	15.0
Total assets		2,768	100.0	2,578	100.0	2,786	100.0
Current liabilities		1,078	38.9	874	33.9	1,059	38.0
Accounts payable		199	7.2	177	6.9	117	4.2
Current portion of bonds payable		146	5.3	130	5.0	265	9.5
Current portion of long-term borrowings		408	14.7	149	5.8	200	7.2
Non-current liabilities		902	32.6	759	29.4	564	20.3
Bonds payable		445	16.1	315	12.2	50	1.8
Long-term borrowings		372	13.4	336	13.0	387	13.9
Net assets		787	28.5	944	36.6	1,163	41.7
Owners' equity		787	28.5	944	36.6	1,163	41.7

Statement of cash flows	Fiscal Year	Dec.2020	Dec.2021	Dec.2022
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		126	174	80
Depreciation		29	25	28
Cash flows from investing activities		88	161	-299
Cash flows from financing activities		-9	-455	-27
Dividends paid		-	-	-
Net increase in cash and cash equivalents		206	-119	-246
Cash and cash equivalents		749	630	383

Note: Non-consolidated

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

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