

Translation

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Summary of Non-Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

July 22, 2019

Company name: OBIC BUSINESS CONSULTANTS CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 4733 URL <https://www.obc.co.jp>
 Representative: President and Representative Director Shigefumi Wada
 Senior Managing Director, General Manager
 Inquiries: of Administrative Headquarters and Manager Hiroko Wada TEL 03-3342-1881
 of Administrative Division
 Scheduled date to file Quarterly Securities Report: August 5, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2019	7,561	26.7	3,362	51.6	3,563	46.1	2,458	(7.5)
Three months ended June 30, 2018	5,969	12.4	2,218	13.3	2,438	(6.2)	2,659	35.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	32.71		–	
Three months ended June 30, 2018	35.38		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2019	137,532		116,171		84.5	
As of March 31, 2019	139,863		115,438		82.5	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	40.00	–	25.00	–
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	25.00	–	25.00	50.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	14,300	9.9	6,100	15.7	6,600	14.8	4,580	(7.5)	60.93
Full year	30,000	1.6	13,400	2.2	14,400	2.5	9,850	(2.2)	131.05

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of June 30, 2019	80,704,000 shares	As of March 31, 2019	80,704,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	5,539,986 shares	As of March 31, 2019	5,539,986 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	75,164,014 shares	Three months ended June 30, 2018	75,164,107 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	97,839,792	98,295,877
Notes receivable - trade	2,363,287	2,170,763
Accounts receivable - trade	7,724,886	5,012,341
Merchandise and finished goods	127,222	153,934
Work in process	1,674	1,809
Raw materials and supplies	62,341	61,810
Prepaid expenses	178,238	144,505
Accounts receivable - other	6,211	6,457
Other	13,415	14,665
Allowance for doubtful accounts	(16,094)	(15,224)
Total current assets	108,300,975	105,846,941
Non-current assets		
Property, plant and equipment	447,895	394,267
Intangible assets	456,387	380,391
Investments and other assets		
Investment securities	29,900,252	30,134,726
Shares of subsidiaries and associates	16,093	16,093
Leasehold and guarantee deposits	713,756	731,612
Long-term accounts receivable - other	65,880	62,760
Membership	32,380	32,380
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,905	1,975
Allowance for doubtful accounts	(71,935)	(68,885)
Total investments and other assets	30,658,332	30,910,661
Total non-current assets	31,562,615	31,685,320
Total assets	139,863,590	137,532,262

(Thousands of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	316,438	216,869
Accounts payable - other	800,098	522,904
Accrued expenses	994,739	1,160,218
Income taxes payable	3,014,753	1,076,276
Accrued consumption taxes	607,112	432,621
Deposits received	83,298	220,947
Unearned revenue	12,546,251	11,447,839
Provision for bonuses for directors (and other officers)	80,000	80,000
Other	2,506	4,699
Total current liabilities	18,445,199	15,162,377
Non-current liabilities		
Deferred tax liabilities	2,727,740	2,894,380
Provision for retirement benefits	2,153,706	2,205,453
Provision for retirement benefits for directors (and other officers)	952,172	–
Long-term accounts payable - other	–	952,172
Asset retirement obligations	146,374	146,672
Total non-current liabilities	5,979,993	6,198,678
Total liabilities	24,425,193	21,361,055
Net assets		
Shareholders' equity		
Share capital	10,519,000	10,519,000
Capital surplus	18,949,268	18,949,268
Retained earnings	78,621,595	79,201,399
Treasury shares	(5,349,571)	(5,349,571)
Total shareholders' equity	102,740,292	103,320,096
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	12,698,105	12,851,111
Total valuation and translation adjustments	12,698,105	12,851,111
Total net assets	115,438,397	116,171,207
Total liabilities and net assets	139,863,590	137,532,262

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	5,969,770	7,561,375
Cost of sales	961,780	1,284,973
Gross profit	5,007,989	6,276,402
Selling, general and administrative expenses	2,789,651	2,914,355
Operating profit	2,218,338	3,362,047
Non-operating income		
Interest income	1	1
Dividend income	212,447	186,388
Gain on investments in investment partnerships	4,251	14,004
Other	4,918	4,308
Total non-operating income	221,619	204,702
Non-operating expenses		
Loss on sales of investment securities	546	–
Other	970	3,244
Total non-operating expenses	1,516	3,244
Ordinary profit	2,438,442	3,563,505
Extraordinary income		
Gain on sales of investment securities	1,408,415	–
Gain on sales of memberships	1,200	–
Total extraordinary income	1,409,615	–
Extraordinary losses		
Loss on valuation of investment securities	328	–
Total extraordinary losses	328	–
Profit before income taxes	3,847,728	3,563,505
Income taxes - current	744,561	1,005,424
Income taxes - deferred	443,704	99,176
Total income taxes	1,188,265	1,104,601
Profit	2,659,463	2,458,904

Non-consolidated statements of cash flows

(Thousands of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	3,847,728	3,563,505
Depreciation	110,447	140,447
Increase (decrease) in provision for retirement benefits	65,485	51,746
Increase (decrease) in allowance for doubtful accounts	(3,140)	(3,920)
Interest and dividend income	(212,448)	(186,389)
Loss (gain) on sales of investment securities	(1,407,869)	–
Loss (gain) on valuation of investment securities	328	–
Loss (gain) on sales of membership	(1,200)	–
Loss (gain) on investments in investment partnerships	(4,251)	(14,004)
Decrease (increase) in trade receivables	2,415,704	2,905,068
Decrease (increase) in inventories	(2,586)	(26,314)
Decrease (increase) in prepaid expenses	27,104	33,732
Increase (decrease) in trade payables	(67,232)	(99,569)
Increase (decrease) in accrued consumption taxes	101,746	(174,490)
Increase (decrease) in accrued expenses	293,217	165,478
Increase (decrease) in unearned revenue	(1,203,719)	(1,098,411)
Other, net	44,397	(210,144)
Subtotal	4,003,713	5,046,735
Interest and dividends received	212,448	186,389
Income taxes paid	(2,176,079)	(2,822,871)
Net cash provided by (used in) operating activities	2,040,083	2,410,253
Cash flows from investing activities		
Proceeds from sales of investment securities	1,755,454	–
Purchase of property, plant and equipment	(6,803)	(4,170)
Purchase of intangible assets	(32,103)	(52,964)
Proceeds from sales of membership	6,600	–
Payments of leasehold and guarantee deposits	(361)	(18,646)
Proceeds from refund of leasehold and guarantee deposits	419	791
Net cash provided by (used in) investing activities	1,723,205	(74,990)
Cash flows from financing activities		
Dividends paid	(1,503,535)	(1,879,176)
Purchase of treasury shares	(180)	–
Net cash provided by (used in) financing activities	(1,503,716)	(1,879,176)
Net increase (decrease) in cash and cash equivalents	2,259,572	456,085
Cash and cash equivalents at beginning of period	87,113,504	97,829,792
Cash and cash equivalents at end of period	89,373,077	98,285,877