

Translation

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Summary of Non-Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

July 22, 2020

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
 Vice President and Representative Director,
 Inquiries: General Manager Hiroko Wada TEL 03-3342-1881
 of Administrative Headquarters
 Scheduled date to file Quarterly Securities Report: August 5, 2020
 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, 2020 (from April 1, 2020 to June 30, 2020)

(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, 2020	6,597	(12.8)	2,550	(24.1)	2,713	(23.8)	1,873	(23.8)
Three months ended June 30, 2019	7,561	26.7	3,362	51.6	3,563	46.1	2,458	(7.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	24.92		–	
Three months ended June 30, 2019	32.71		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2020	141,226		118,976		84.2	
As of March 31, 2020	143,129		118,525		82.8	

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, 2020	–	25.00	–	25.00	50.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	25.00	–	25.00	50.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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, 2020	14,310	(8.6)	5,810	(18.0)	6,210	(18.2)	4,300	(19.6)	57.21
Full year	30,500	1.4	12,700	(2.2)	13,500	(3.8)	9,160	(8.0)	121.86

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, 2020	⋮	80,704,000 shares	As of March 31, 2020	⋮	80,704,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	⋮	5,538,036 shares	As of March 31, 2020	⋮	5,537,986 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, 2020	⋮	75,165,984 shares	Three months ended June 30, 2019	⋮	75,164,014 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	106,700,778	107,229,322
Notes receivable - trade	1,724,108	1,577,663
Accounts receivable - trade	7,356,458	4,553,563
Merchandise and finished goods	135,663	133,246
Work in process	1,168	1,626
Raw materials and supplies	71,661	66,364
Prepaid expenses	147,926	149,316
Accounts receivable - other	8,044	9,078
Other	10,643	6,382
Allowance for doubtful accounts	(3,664)	(13,598)
Total current assets	116,152,789	113,712,967
Non-current assets		
Property, plant and equipment	505,625	449,997
Intangible assets	417,402	400,215
Investments and other assets		
Investment securities	25,265,079	25,875,112
Shares of subsidiaries and associates	9,196	9,196
Leasehold and guarantee deposits	751,125	751,139
Long-term accounts receivable - other	61,240	60,920
Membership	32,380	32,380
Distressed receivables	4,335	3,801
Allowance for doubtful accounts	(69,725)	(68,871)
Total investments and other assets	26,053,630	26,663,677
Total non-current assets	26,976,658	27,513,890
Total assets	143,129,448	141,226,857

(Thousands of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	289,651	146,002
Accounts payable - other	763,723	526,224
Accrued expenses	934,508	1,265,929
Income taxes payable	2,212,835	900,813
Accrued consumption taxes	434,595	464,321
Deposits received	89,909	262,038
Unearned revenue	14,909,934	13,467,589
Provision for bonuses for directors (and other officers)	72,000	–
Other	6,173	2,821
Total current liabilities	19,713,331	17,035,741
Non-current liabilities		
Deferred tax liabilities	1,296,917	1,505,563
Provision for retirement benefits	2,493,694	2,609,536
Long-term accounts payable - other	952,172	952,172
Asset retirement obligations	147,563	147,608
Total non-current liabilities	4,890,347	5,214,881
Total liabilities	24,603,679	22,250,622
Net assets		
Shareholders' equity		
Share capital	10,519,000	10,519,000
Capital surplus	18,957,416	18,957,416
Retained earnings	84,821,015	84,814,870
Treasury shares	(5,347,640)	(5,347,891)
Total shareholders' equity	108,949,791	108,943,395
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,575,977	10,032,839
Total valuation and translation adjustments	9,575,977	10,032,839
Total net assets	118,525,769	118,976,234
Total liabilities and net assets	143,129,448	141,226,857

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	7,561,375	6,597,187
Cost of sales	1,284,973	1,030,132
Gross profit	6,276,402	5,567,055
Selling, general and administrative expenses	2,914,355	3,016,814
Operating profit	3,362,047	2,550,241
Non-operating income		
Interest income	1	1
Dividend income	186,388	204,920
Gain on sales of investment securities	–	572
Gain on investments in investment partnerships	14,004	–
Other	4,308	4,143
Total non-operating income	204,702	209,638
Non-operating expenses		
Loss on investments in investment partnerships	–	45,642
Other	3,244	487
Total non-operating expenses	3,244	46,129
Ordinary profit	3,563,505	2,713,749
Extraordinary income		
Total extraordinary income	–	–
Extraordinary losses		
Total extraordinary losses	–	–
Profit before income taxes	3,563,505	2,713,749
Income taxes - current	1,005,424	833,538
Income taxes - deferred	99,176	7,206
Total income taxes	1,104,601	840,744
Profit	2,458,904	1,873,005

Non-consolidated statements of cash flows

(Thousands of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Cash flows from operating activities		
Profit before income taxes	3,563,505	2,713,749
Depreciation	140,447	141,778
Increase (decrease) in provision for retirement benefits	51,746	115,841
Increase (decrease) in allowance for doubtful accounts	(3,920)	9,080
Interest and dividend income	(186,389)	(204,921)
Loss (gain) on sales of investment securities	–	(572)
Increase (decrease) in provision for bonuses for directors (and other officers)	–	(72,000)
Loss (gain) on investments in investment partnerships	(14,004)	45,642
Decrease (increase) in trade receivables	2,905,068	2,949,339
Decrease (increase) in inventories	(26,314)	7,255
Decrease (increase) in prepaid expenses	33,732	(1,389)
Increase (decrease) in trade payables	(99,569)	(143,648)
Increase (decrease) in accrued consumption taxes	(174,490)	29,726
Increase (decrease) in accrued expenses	165,478	331,421
Increase (decrease) in unearned revenue	(1,098,411)	(1,442,344)
Other, net	(210,144)	(131,083)
Subtotal	5,046,735	4,347,874
Interest and dividends received	186,389	204,921
Income taxes paid	(2,822,871)	(2,047,690)
Net cash provided by (used in) operating activities	2,410,253	2,505,105
Cash flows from investing activities		
Proceeds from sales of investment securities	–	3,200
Purchase of property, plant and equipment	(4,170)	(2,954)
Purchase of intangible assets	(52,964)	(95,807)
Payments of leasehold and guarantee deposits	(18,646)	(424)
Proceeds from refund of leasehold and guarantee deposits	791	409
Net cash provided by (used in) investing activities	(74,990)	(95,576)
Cash flows from financing activities		
Dividends paid	(1,879,176)	(1,880,733)
Purchase of treasury shares	–	(251)
Net cash provided by (used in) financing activities	(1,879,176)	(1,880,985)
Net increase (decrease) in cash and cash equivalents	456,085	528,543
Cash and cash equivalents at beginning of period	97,829,792	106,690,778
Cash and cash equivalents at end of period	98,285,877	107,219,322