

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

October 28, 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: November 6, 2019
 Scheduled date to commence dividend payments: November 25, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 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	%
Six months ended September 30, 2019	15,654	20.3	7,085	34.4	7,591	32.0	5,349	8.0
Six months ended September 30, 2018	13,012	18.6	5,270	31.9	5,749	12.8	4,953	33.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	71.17		-	
Six months ended September 30, 2018	65.90		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2019	143,926		120,801		83.9	
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	65.00
Year ending March 31, 2020	-	25.00			
Year ending March 31, 2020 (Forecast)			-	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
Full year	32,000	8.4	14,500	10.6	15,500	10.3	10,700	6.3	142.35

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 September 30, 2019	80,704,000 shares	As of March 31, 2019	80,704,000 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2019	5,537,986 shares	As of March 31, 2019	5,539,986 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	75,164,670 shares	Six months ended September 30, 2018	75,164,090 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	97,839,792	102,199,198
Notes receivable - trade	2,363,287	1,598,133
Accounts receivable - trade	7,724,886	5,580,388
Merchandise and finished goods	127,222	156,414
Work in process	1,674	1,847
Raw materials and supplies	62,341	63,494
Prepaid expenses	178,238	180,359
Accounts receivable - other	6,211	7,254
Other	13,415	12,336
Allowance for doubtful accounts	(16,094)	(25,142)
Total current assets	108,300,975	109,774,283
Non-current assets		
Property, plant and equipment	447,895	405,224
Intangible assets	456,387	365,083
Investments and other assets		
Investment securities	29,900,252	32,560,837
Shares of subsidiaries and associates	16,093	16,093
Long-term accounts receivable - other	65,880	60,520
Leasehold and guarantee deposits	713,756	777,167
Membership	32,380	32,380
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,905	9,257
Allowance for doubtful accounts	(71,935)	(73,927)
Total investments and other assets	30,658,332	33,382,327
Total non-current assets	31,562,615	34,152,635
Total assets	139,863,590	143,926,918

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	316,438	324,569
Accounts payable - other	800,098	675,097
Accrued expenses	994,739	1,049,826
Income taxes payable	3,014,753	2,379,552
Accrued consumption taxes	607,112	341,710
Deposits received	83,298	97,645
Unearned revenue	12,546,251	11,144,884
Provision for bonuses for directors (and other officers)	80,000	40,000
Other	2,506	5,368
Total current liabilities	18,445,199	16,058,653
Non-current liabilities		
Deferred tax liabilities	2,727,740	3,681,069
Provision for retirement benefits	2,153,706	2,286,383
Provision for retirement benefits for directors (and other officers)	952,172	–
Long-term accounts payable - other	–	952,172
Asset retirement obligations	146,374	146,969
Total non-current liabilities	5,979,993	7,066,595
Total liabilities	24,425,193	23,125,248
Net assets		
Shareholders' equity		
Share capital	10,519,000	10,519,000
Capital surplus	18,949,268	18,957,416
Retained earnings	78,621,595	82,092,284
Treasury shares	(5,349,571)	(5,347,640)
Total shareholders' equity	102,740,292	106,221,061
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	12,698,105	14,580,608
Total valuation and translation adjustments	12,698,105	14,580,608
Total net assets	115,438,397	120,801,669
Total liabilities and net assets	139,863,590	143,926,918

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	13,012,437	15,654,238
Cost of sales	2,031,347	2,724,704
Gross profit	10,981,090	12,929,534
Selling, general and administrative expenses	5,710,946	5,844,479
Operating profit	5,270,143	7,085,054
Non-operating income		
Interest income	136	182
Dividend income	453,314	516,582
Gain on investments in investment partnerships	13,595	–
Other	14,169	13,892
Total non-operating income	481,216	530,656
Non-operating expenses		
Loss on sales of investment securities	546	294
Loss on investments in investment partnerships	–	18,043
Other	1,294	5,563
Total non-operating expenses	1,841	23,902
Ordinary profit	5,749,519	7,591,809
Extraordinary income		
Gain on sales of investment securities	1,408,415	141,468
Gain on sales of memberships	1,200	–
Total extraordinary income	1,409,615	141,468
Extraordinary losses		
Loss on valuation of investment securities	328	–
Total extraordinary losses	328	–
Profit before income taxes	7,158,805	7,733,277
Income taxes - current	1,772,470	2,260,195
Income taxes - deferred	432,690	123,292
Total income taxes	2,205,160	2,383,488
Profit	4,953,645	5,349,789

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	7,158,805	7,733,277
Depreciation	220,895	280,895
Increase (decrease) in provision for retirement benefits	133,628	132,677
Increase (decrease) in provision for bonuses for directors (and other officers)	(24,000)	(40,000)
Increase (decrease) in allowance for doubtful accounts	5,920	11,040
Interest and dividend income	(453,451)	(516,764)
Loss (gain) on sales of investment securities	(1,407,869)	(141,173)
Loss (gain) on valuation of investment securities	328	–
Loss (gain) on sales of membership	(1,200)	–
Loss (gain) on investments in investment partnerships	(13,595)	18,043
Decrease (increase) in trade receivables	2,107,388	2,909,651
Decrease (increase) in inventories	(25,880)	(30,517)
Decrease (increase) in prepaid expenses	(10,189)	(2,121)
Increase (decrease) in trade payables	(21,650)	8,130
Increase (decrease) in accrued consumption taxes	76,414	(265,401)
Increase (decrease) in accrued expenses	289,803	55,086
Increase (decrease) in unearned revenue	(1,715,124)	(1,401,366)
Other, net	125,005	(114,119)
Subtotal	6,445,227	8,637,337
Interest and dividends received	453,451	516,764
Income taxes paid	(2,124,589)	(2,873,642)
Net cash provided by (used in) operating activities	4,774,089	6,280,458
Cash flows from investing activities		
Proceeds from sales of investment securities	1,779,701	175,086
Purchase of property, plant and equipment	(43,069)	(40,374)
Purchase of intangible assets	(120,282)	(113,600)
Proceeds from sales of membership	6,600	–
Payments of leasehold and guarantee deposits	(2,051)	(64,675)
Proceeds from refund of leasehold and guarantee deposits	1,018	1,265
Net cash provided by (used in) investing activities	1,621,916	(42,298)
Cash flows from financing activities		
Dividends paid	(1,503,152)	(1,878,754)
Purchase of treasury shares	(180)	–
Net cash provided by (used in) financing activities	(1,503,333)	(1,878,754)
Net increase (decrease) in cash and cash equivalents	4,892,672	4,359,406
Cash and cash equivalents at beginning of period	87,113,504	97,829,792
Cash and cash equivalents at end of period	92,006,176	102,189,198