

Translation

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

October 26, 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: November 6, 2020
 Scheduled date to commence dividend payments: November 24, 2020
 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, 2020 (from April 1, 2020 to September 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	%
Six months ended September 30, 2020	13,780	(12.0)	5,597	(21.0)	6,161	(18.8)	4,262	(20.3)
Six months ended September 30, 2019	15,654	20.3	7,085	34.4	7,591	32.0	5,349	8.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	56.71		-	
Six months ended September 30, 2019	71.17		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2020	145,555		122,200		84.0	
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	-	25.00	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	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
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 September 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 September 30, 2020	5,536,074 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)

Six months ended September 30, 2020	75,166,639 shares	Six months ended September 30, 2019	75,164,670 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	106,700,778	110,051,855
Notes receivable - trade	1,724,108	1,372,810
Accounts receivable - trade	7,356,458	5,009,619
Merchandise and finished goods	135,663	148,659
Work in process	1,168	1,289
Raw materials and supplies	71,661	64,336
Prepaid expenses	147,926	161,304
Accounts receivable - other	8,044	8,084
Other	10,643	6,315
Allowance for doubtful accounts	(3,664)	(28,308)
Total current assets	116,152,789	116,795,967
Non-current assets		
Property, plant and equipment	505,625	444,115
Intangible assets	417,402	335,603
Investments and other assets		
Investment securities	25,265,079	27,028,285
Shares of subsidiaries and associates	9,196	9,196
Long-term accounts receivable - other	61,240	62,160
Leasehold and guarantee deposits	751,125	913,914
Membership	32,380	32,380
Distressed receivables	4,335	3,291
Allowance for doubtful accounts	(69,725)	(69,601)
Total investments and other assets	26,053,630	27,979,626
Total non-current assets	26,976,658	28,759,345
Total assets	143,129,448	145,555,312

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	289,651	214,279
Accounts payable - other	763,723	655,551
Accrued expenses	934,508	1,120,819
Income taxes payable	2,212,835	2,018,626
Accrued consumption taxes	434,595	373,334
Deposits received	89,909	107,387
Unearned revenue	14,909,934	13,134,751
Provision for bonuses for directors (and other officers)	72,000	40,000
Other	6,173	6,374
Total current liabilities	19,713,331	17,671,123
Non-current liabilities		
Deferred tax liabilities	1,296,917	1,857,072
Provision for retirement benefits	2,493,694	2,726,897
Long-term accounts payable - other	952,172	952,172
Asset retirement obligations	147,563	147,645
Total non-current liabilities	4,890,347	5,683,788
Total liabilities	24,603,679	23,354,911
Net assets		
Shareholders' equity		
Share capital	10,519,000	10,519,000
Capital surplus	18,957,416	18,966,705
Retained earnings	84,821,015	87,204,564
Treasury shares	(5,347,640)	(5,346,191)
Total shareholders' equity	108,949,791	111,344,078
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,575,977	10,856,322
Total valuation and translation adjustments	9,575,977	10,856,322
Total net assets	118,525,769	122,200,401
Total liabilities and net assets	143,129,448	145,555,312

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	15,654,238	13,780,376
Cost of sales	2,724,704	2,215,007
Gross profit	12,929,534	11,565,369
Selling, general and administrative expenses	5,844,479	5,967,470
Operating profit	7,085,054	5,597,899
Non-operating income		
Interest income	182	227
Dividend income	516,582	537,801
Gain on sales of investment securities	–	572
Other	13,892	76,549
Total non-operating income	530,656	615,151
Non-operating expenses		
Loss on sales of investment securities	294	–
Loss on investments in investment partnerships	18,043	49,810
Other	5,563	1,334
Total non-operating expenses	23,902	51,145
Ordinary profit	7,591,809	6,161,905
Extraordinary income		
Gain on sales of investment securities	141,468	–
Total extraordinary income	141,468	–
Extraordinary losses		
Total extraordinary losses	–	–
Profit before income taxes	7,733,277	6,161,905
Income taxes - current	2,260,195	1,903,584
Income taxes - deferred	123,292	(4,377)
Total income taxes	2,383,488	1,899,206
Profit	5,349,789	4,262,699

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	7,733,277	6,161,905
Depreciation	280,895	283,556
Increase (decrease) in provision for retirement benefits	132,677	233,203
Increase (decrease) in provision for bonuses for directors (and other officers)	(40,000)	(32,000)
Increase (decrease) in allowance for doubtful accounts	11,040	24,520
Interest and dividend income	(516,764)	(538,028)
Loss (gain) on sales of investment securities	(141,173)	(572)
Loss (gain) on investments in investment partnerships	18,043	49,810
Decrease (increase) in trade receivables	2,909,651	2,698,136
Decrease (increase) in inventories	(30,517)	(5,791)
Decrease (increase) in prepaid expenses	(2,121)	(13,378)
Increase (decrease) in trade payables	8,130	(75,371)
Increase (decrease) in accrued consumption taxes	(265,401)	(61,261)
Increase (decrease) in accrued expenses	55,086	186,310
Increase (decrease) in unearned revenue	(1,401,366)	(1,775,182)
Other, net	(114,119)	(70,667)
Subtotal	8,637,337	7,065,187
Interest and dividends received	516,764	538,028
Income taxes paid	(2,873,642)	(2,098,736)
Net cash provided by (used in) operating activities	6,280,458	5,504,480
Cash flows from investing activities		
Proceeds from sales of investment securities	175,086	32,435
Purchase of property, plant and equipment	(40,374)	(32,709)
Purchase of intangible assets	(113,600)	(109,351)
Payments of leasehold and guarantee deposits	(64,675)	(163,527)
Proceeds from refund of leasehold and guarantee deposits	1,265	737
Net cash provided by (used in) investing activities	(42,298)	(272,415)
Cash flows from financing activities		
Dividends paid	(1,878,754)	(1,880,506)
Purchase of treasury shares	–	(482)
Net cash provided by (used in) financing activities	(1,878,754)	(1,880,988)
Net increase (decrease) in cash and cash equivalents	4,359,406	3,351,076
Cash and cash equivalents at beginning of period	97,829,792	106,690,778
Cash and cash equivalents at end of period	102,189,198	110,041,855