

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

April 23, 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 of ordinary general meeting of shareholders: June 24, 2019
 Scheduled date to file Securities Report: June 25, 2019
 Scheduled date to commence dividend payments: June 25, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Non-consolidated operating results

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	%
Year ended March 31, 2019	29,525	25.6	13,113	34.7	14,051	25.5	10,070	23.2
Year ended March 31, 2018	23,513	1.0	9,737	(2.2)	11,198	1.8	8,172	6.5

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	133.98	–	9.1	10.7	44.4
Year ended March 31, 2018	108.72	–	8.0	9.3	41.4

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	139,863	115,438	82.5	1,535.82
As of March 31, 2018	123,920	105,264	84.9	1,400.46

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	11,823	1,900	(3,007)	97,829
Year ended March 31, 2018	8,115	516	(2,819)	87,113

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	40.00	–	40.00	80.00	3,006	36.8	2.9
Year ended March 31, 2019	–	40.00	–	25.00	65.00	3,382	33.6	3.1
Year ending March 31, 2020 (Forecast)	–	25.00	–	25.00	50.00		38.2	

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) 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

(2) Number of issued shares (common shares)

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

As of March 31, 2019	80,704,000 shares	As of March 31, 2018	80,704,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	5,539,986 shares	As of March 31, 2018	5,539,880 shares
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Average number of shares during the period

Year ended March 31, 2019	75,164,069 shares	Year ended March 31, 2018	75,164,138 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	87,123,504	97,839,792
Notes receivable - trade	1,599,020	2,363,287
Accounts receivable - trade	6,579,912	7,724,886
Merchandise and finished goods	131,452	127,222
Work in process	1,078	1,674
Raw materials and supplies	54,178	62,341
Prepaid expenses	183,152	178,238
Deferred tax assets	304,645	–
Accounts receivable - other	5,928	6,211
Other	10,083	13,415
Allowance for doubtful accounts	(13,077)	(16,094)
Total current assets	95,979,880	108,300,975
Non-current assets		
Property, plant and equipment		
Buildings	611,110	614,795
Accumulated depreciation	(275,755)	(327,745)
Buildings, net	335,355	287,050
Vehicles	12,837	12,837
Accumulated depreciation	(6,019)	(8,290)
Vehicles, net	6,817	4,547
Tools, furniture and fixtures	921,591	851,909
Accumulated depreciation	(726,750)	(695,611)
Tools, furniture and fixtures, net	194,841	156,297
Total property, plant and equipment	537,014	447,895
Intangible assets		
Telephone subscription right	13,003	13,003
Software	389,101	443,384
Software in progress	51,807	–
Total intangible assets	453,912	456,387
Investments and other assets		
Investment securities	26,189,944	29,900,252
Shares of subsidiaries and associates	16,093	16,093
Long-term accounts receivable - other	67,680	65,880
Leasehold and guarantee deposits	709,715	713,756
Membership	37,780	32,380
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,922	1,905
Allowance for doubtful accounts	(74,752)	(71,935)
Total investments and other assets	26,949,383	30,658,332
Total non-current assets	27,940,310	31,562,615
Total assets	123,920,190	139,863,590

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	243,543	316,438
Accounts payable - other	499,224	800,098
Accrued expenses	757,776	994,739
Income taxes payable	2,231,917	3,014,753
Accrued consumption taxes	217,387	607,112
Deposits received	78,724	83,298
Unearned revenue	10,857,959	12,546,251
Provision for bonuses for directors (and other officers)	64,000	80,000
Other	3,855	2,506
Total current liabilities	14,954,388	18,445,199
Non-current liabilities		
Deferred tax liabilities	1,904,683	2,727,740
Provision for retirement benefits	1,651,289	2,153,706
Provision for retirement benefits for directors (and other officers)	—	952,172
Asset retirement obligations	145,200	146,374
Total non-current liabilities	3,701,173	5,979,993
Total liabilities	18,655,562	24,425,193
Net assets		
Shareholders' equity		
Capital stock	10,519,000	10,519,000
Capital surplus		
Legal capital surplus	18,415,000	18,415,000
Other capital surplus	534,268	534,268
Total capital surpluses	18,949,268	18,949,268
Retained earnings		
Legal retained earnings	140,610	140,610
Other retained earnings		
General reserve	57,100,000	62,100,000
Retained earnings brought forward	14,317,041	16,380,985
Total retained earnings	71,557,652	78,621,595
Treasury shares	(5,349,143)	(5,349,571)
Total shareholders' equity	95,676,776	102,740,292
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,587,851	12,698,105
Total valuation and translation adjustments	9,587,851	12,698,105
Total net assets	105,264,628	115,438,397
Total liabilities and net assets	123,920,190	139,863,590

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales		
Total net sales	23,513,216	29,525,109
Cost of sales		
Total cost of sales	3,668,870	4,721,932
Gross profit	19,844,346	24,803,176
Selling, general and administrative expenses	10,107,332	11,689,937
Operating profit	9,737,013	13,113,239
Non-operating income		
Interest income	208	305
Dividend income	821,545	895,673
Gain on investments in partnership	523,281	–
Other	116,733	77,458
Total non-operating income	1,461,769	973,438
Non-operating expenses		
Loss on sales of investment securities	228	817
Loss on investments in partnership	–	24,673
Other	307	10,132
Total non-operating expenses	536	35,623
Ordinary profit	11,198,246	14,051,054
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 retirement of non-current assets	29,819	0
Loss on valuation of investment securities	–	3,696
Provision for retirement benefits for directors (and other officers)	–	952,172
Total extraordinary losses	29,819	955,868
Profit before income taxes	11,168,427	14,504,800
Income taxes - current	3,467,094	4,677,971
Income taxes - deferred	(470,803)	(243,677)
Total income taxes	2,996,291	4,434,293
Profit	8,172,135	10,070,506

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of current period	10,519,000	18,415,000	534,268	18,949,268	140,610	52,100,000	13,963,562	66,204,172	(5,348,878)	90,323,562
Changes of items during period										
Provision of general reserve						5,000,000	(5,000,000)	-		-
Dividends of surplus							(2,818,656)	(2,818,656)		(2,818,656)
Profit							8,172,135	8,172,135		8,172,135
Purchase of treasury shares									(265)	(265)
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	-	5,000,000	353,479	5,353,479	(265)	5,353,214
Balance at end of current period	10,519,000	18,415,000	534,268	18,949,268	140,610	57,100,000	14,317,041	71,557,652	(5,349,143)	95,676,776

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	9,718,582	9,718,582	100,042,145
Changes of items during period			
Provision of general reserve			-
Dividends of surplus			(2,818,656)
Profit			8,172,135
Purchase of treasury shares			(265)
Net changes of items other than shareholders' equity	(130,731)	(130,731)	(130,731)
Total changes of items during period	(130,731)	(130,731)	5,222,483
Balance at end of current period	9,587,851	9,587,851	105,264,628

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of current period	10,519,000	18,415,000	534,268	18,949,268	140,610	57,100,000	14,317,041	71,557,652	(5,349,143)	95,676,776
Changes of items during period										
Provision of general reserve						5,000,000	(5,000,000)	-		-
Dividends of surplus							(3,006,563)	(3,006,563)		(3,006,563)
Profit							10,070,506	10,070,506		10,070,506
Purchase of treasury shares									(427)	(427)
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	-	5,000,000	2,063,943	7,063,943	(427)	7,063,515
Balance at end of current period	10,519,000	18,415,000	534,268	18,949,268	140,610	62,100,000	16,380,985	78,621,595	(5,349,571)	102,740,292

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	9,587,851	9,587,851	105,264,628
Changes of items during period			
Provision of general reserve			-
Dividends of surplus			(3,006,563)
Profit			10,070,506
Purchase of treasury shares			(427)
Net changes of items other than shareholders' equity	3,110,253	3,110,253	3,110,253
Total changes of items during period	3,110,253	3,110,253	10,173,769
Balance at end of current period	12,698,105	12,698,105	115,438,397

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	11,168,427	14,504,800
Depreciation	316,152	346,549
Increase (decrease) in provision for retirement benefits	183,859	502,416
Increase (decrease) in provision for bonuses for directors (and other officers)	–	16,000
Increase (decrease) in provision for retirement benefits for directors (and other officers)	–	952,172
Increase (decrease) in allowance for doubtful accounts	(44,050)	200
Interest and dividends income received	(821,754)	(895,979)
Loss (gain) on sales of investment securities	228	(1,407,597)
Loss (gain) on valuation of investment securities	–	3,696
Loss (gain) on sales of membership	–	(1,200)
Loss on retirement of non-current assets	29,819	0
Loss (gain) on investments in partnership	(523,281)	24,673
Decrease (increase) in notes and accounts receivable - trade	(668,534)	(1,909,240)
Decrease (increase) in inventories	10,928	(4,529)
Decrease (increase) in prepaid expenses	22,854	4,914
Increase (decrease) in notes and accounts payable - trade	9,771	72,895
Increase (decrease) in accrued consumption taxes	(64,570)	389,724
Increase (decrease) in accrued expenses	(12,083)	236,963
Increase (decrease) in unearned revenue	895,468	1,688,291
Other, net	(53,492)	328,158
Subtotal	10,449,742	14,852,909
Interest and dividend income received	821,754	895,979
Income taxes paid	(3,155,587)	(3,925,628)
Net cash provided by (used in) operating activities	8,115,910	11,823,261
Cash flows from investing activities		
Proceeds from sales of investment securities	945,762	2,150,553
Decrease (increase) in long-term accounts receivable - other	48,930	–
Purchase of property, plant and equipment	(200,139)	(56,718)
Purchase of intangible assets	(178,026)	(196,337)
Payments for asset retirement obligations	(13,595)	–
Proceeds from sales of membership	–	6,600
Payments for leasehold and guarantee deposits	(101,939)	(5,693)
Proceeds from collection of leasehold and guarantee deposits	15,226	1,652
Net cash provided by (used in) investing activities	516,218	1,900,056
Cash flows from financing activities		
Cash dividends paid	(2,818,945)	(3,006,602)
Purchase of treasury shares	(265)	(427)
Net cash provided by (used in) financing activities	(2,819,210)	(3,007,030)
Net increase (decrease) in cash and cash equivalents	5,812,918	10,716,287
Cash and cash equivalents at beginning of period	81,300,586	87,113,504
Cash and cash equivalents at end of period	87,113,504	97,829,792