

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

October 29, 2018

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 7, 2018
 Scheduled date to commence dividend payments: November 26, 2018
 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, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018 | 13,012 | 18.6 | 5,270 | 31.9 | 5,749 | 12.8 | 4,953 | 33.5 |
| Six months ended September 30, 2017 | 10,970 | (0.3) | 3,994 | (11.6) | 5,097 | 4.4 | 3,709 | 6.7 |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Six months ended September 30, 2018 | 131.81 | | - | |
| Six months ended September 30, 2017 | 98.71 | | - | |

(2) Non-consolidated financial position

| | Total assets | | Net assets | | Equity ratio | |
|--------------------------|-----------------|--|-----------------|--|--------------|--|
| | Millions of yen | | Millions of yen | | % | |
| As of September 30, 2018 | 129,008 | | 110,819 | | 85.9 | |
| As of March 31, 2018 | 123,615 | | 105,264 | | 85.2 | |

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, 2018 | - | 40.00 | - | 40.00 | 80.00 |
| Year ending March 31, 2019 | - | 40.00 | - | - | - |
| Year ending March 31, 2019 (Forecast) | - | - | - | 40.00 | 80.00 |

3. Forecast of non-consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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 | 27,500 | 17.0 | 11,500 | 18.1 | 12,500 | 11.6 | 9,230 | 12.9 | 245.60 |

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, 2018 | 40,352,000 shares | As of March 31, 2018 | 40,352,000 shares |
|--------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|--------------------------|------------------|----------------------|------------------|
| As of September 30, 2018 | 2,769,963 shares | As of March 31, 2018 | 2,769,940 shares |
|--------------------------|------------------|----------------------|------------------|

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

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| Six months ended September 30, 2018 | 37,582,045 shares | Six months ended September 30, 2017 | 37,582,078 shares |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2018 | As of September 30, 2018 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 87,123,504 | 92,016,176 |
| Notes receivable - trade | 1,599,020 | 1,348,274 |
| Accounts receivable - trade | 6,579,912 | 4,723,270 |
| Merchandise and finished goods | 131,452 | 148,105 |
| Work in process | 1,078 | 1,013 |
| Raw materials and supplies | 54,178 | 63,472 |
| Prepaid expenses | 183,152 | 193,342 |
| Accounts receivable - other | 5,928 | 4,340 |
| Other | 10,083 | 12,399 |
| Allowance for doubtful accounts | (13,077) | (21,777) |
| Total current assets | 95,675,235 | 98,488,618 |
| Non-current assets | | |
| Property, plant and equipment | 537,014 | 474,138 |
| Intangible assets | 453,912 | 426,739 |
| Investments and other assets | | |
| Investment securities | 26,189,944 | 28,863,665 |
| Shares of subsidiaries and associates | 16,093 | 16,093 |
| Long-term accounts receivable - other | 67,680 | 66,000 |
| Lease and guarantee deposits | 709,715 | 710,749 |
| Membership | 37,780 | 32,380 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 2,922 | 1,822 |
| Allowance for doubtful accounts | (74,752) | (71,972) |
| Total investments and other assets | 26,949,383 | 29,618,737 |
| Total non-current assets | 27,940,310 | 30,519,615 |
| Total assets | 123,615,545 | 129,008,234 |

(Thousands of yen)

| | As of March 31, 2018 | As of September 30, 2018 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 243,543 | 221,892 |
| Accounts payable - other | 499,224 | 571,247 |
| Accrued expenses | 757,776 | 1,047,580 |
| Income taxes payable | 2,231,917 | 1,879,798 |
| Accrued consumption taxes | 217,387 | 293,802 |
| Deposits received | 78,724 | 88,042 |
| Unearned revenue | 10,857,959 | 9,142,835 |
| Provision for directors' bonuses | 64,000 | 40,000 |
| Other | 3,855 | 12,504 |
| Total current liabilities | 14,954,388 | 13,297,703 |
| Non-current liabilities | | |
| Deferred tax liabilities | 1,600,037 | 2,960,607 |
| Provision for retirement benefits | 1,651,289 | 1,784,918 |
| Asset retirement obligations | 145,200 | 145,787 |
| Total non-current liabilities | 3,396,528 | 4,891,313 |
| Total liabilities | 18,350,916 | 18,189,017 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 10,519,000 | 10,519,000 |
| Capital surplus | 18,949,268 | 18,949,268 |
| Retained earnings | 71,557,652 | 75,008,015 |
| Treasury shares | (5,349,143) | (5,349,324) |
| Total shareholders' equity | 95,676,776 | 99,126,958 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 9,587,851 | 11,692,258 |
| Total valuation and translation adjustments | 9,587,851 | 11,692,258 |
| Total net assets | 105,264,628 | 110,819,216 |
| Total liabilities and net assets | 123,615,545 | 129,008,234 |

Non-consolidated statements of income (cumulative)

(Thousands of yen)

| | Six months ended September 30, 2017 | Six months ended September 30, 2018 |
|--|--|--|
| Net sales | 10,970,524 | 13,012,437 |
| Cost of sales | 1,736,866 | 2,031,347 |
| Gross profit | 9,233,657 | 10,981,090 |
| Selling, general and administrative expenses | 5,239,026 | 5,710,946 |
| Operating profit | 3,994,631 | 5,270,143 |
| Non-operating income | | |
| Interest income | 94 | 136 |
| Dividend income | 484,510 | 453,314 |
| Gain on investments in partnership | 569,215 | 13,595 |
| Other | 49,344 | 14,169 |
| Total non-operating income | 1,103,164 | 481,216 |
| Non-operating expenses | | |
| Loss on sales of investment securities | 228 | 546 |
| Other | 157 | 1,294 |
| Total non-operating expenses | 386 | 1,841 |
| Ordinary profit | 5,097,409 | 5,749,519 |
| 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 | 5,097,409 | 7,158,805 |
| Income taxes - current | 1,298,838 | 1,772,470 |
| Income taxes - deferred | 89,027 | 432,690 |
| Total income taxes | 1,387,866 | 2,205,160 |
| Profit | 3,709,543 | 4,953,645 |

Non-consolidated statements of cash flows

(Thousands of yen)

| | Six months ended September 30, 2017 | Six months ended September 30, 2018 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 5,097,409 | 7,158,805 |
| Depreciation | 198,051 | 220,895 |
| Increase (decrease) in provision for retirement benefits | 98,220 | 133,628 |
| Increase (decrease) in provision for directors' bonuses | (32,000) | (24,000) |
| Increase (decrease) in allowance for doubtful accounts | (20,230) | 5,920 |
| Interest and dividend income | (484,604) | (453,451) |
| Loss (gain) on sales of investment securities | 228 | (1,407,869) |
| Loss (gain) on valuation of investment securities | – | 328 |
| Loss (gain) on sales of membership | – | (1,200) |
| Loss (gain) on investments in partnership | (569,215) | (13,595) |
| Decrease (increase) in notes and accounts receivable - trade | 2,880,715 | 2,107,388 |
| Decrease (increase) in inventories | (10,136) | (25,880) |
| Decrease (increase) in prepaid expenses | 38,768 | (10,189) |
| Increase (decrease) in notes and accounts payable - trade | (35,434) | (21,650) |
| Increase (decrease) in accrued consumption taxes | (123,292) | 76,414 |
| Increase (decrease) in accrued expenses | 139,561 | 289,803 |
| Increase (decrease) in unearned revenue | (1,904,340) | (1,715,124) |
| Other, net | 32,524 | 125,005 |
| Subtotal | 5,306,226 | 6,445,227 |
| Interest and dividend income received | 484,604 | 453,451 |
| Income taxes paid | (1,679,466) | (2,124,589) |
| Net cash provided by (used in) operating activities | 4,111,364 | 4,774,089 |
| Cash flows from investing activities | | |
| Proceeds from sales of investment securities | 873,739 | 1,779,701 |
| Purchase of property, plant and equipment | (118,765) | (43,069) |
| Purchase of intangible assets | (108,971) | (120,282) |
| Proceeds from sales of membership | – | 6,600 |
| Payments for lease and guarantee deposits | (64,899) | (2,051) |
| Proceeds from collection of lease and guarantee deposits | 724 | 1,018 |
| Net cash provided by (used in) investing activities | 581,827 | 1,621,916 |
| Cash flows from financing activities | | |
| Cash dividends paid | (1,315,276) | (1,503,152) |
| Purchase of treasury shares | (265) | (180) |
| Net cash provided by (used in) financing activities | (1,315,541) | (1,503,333) |
| Net increase (decrease) in cash and cash equivalents | 3,377,650 | 4,892,672 |
| Cash and cash equivalents at beginning of period | 81,300,586 | 87,113,504 |
| Cash and cash equivalents at end of period | 84,678,236 | 92,006,176 |