

Translation

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

August 6, 2020

Company name: YAMADA Consulting Group Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4792 URL <https://www.yamada-cg.co.jp>
 Representative: President Keisaku Masuda
 Inquiries: Head of Finance and Accounting Kazunori Tanida TEL 03-6212-2500
 Scheduled date to file Quarterly Securities Report: August 13, 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. Consolidated financial results for the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Three months ended June 30, 2020 | 2,544 | (7.8) | (60) | – | (66) | – | (250) | – |
| Three months ended June 30, 2019 | 2,759 | (6.7) | 68 | (76.2) | 51 | (83.8) | 0 | (99.8) |

| | Earnings per share | Diluted earnings per share |
|----------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Three months ended June 30, 2020 | (13.20) | – |
| Three months ended June 30, 2019 | 0.01 | 0.01 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|----------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of June 30, 2020 | 14,769 | 11,297 | 75.5 |
| As of March 31, 2020 | 15,010 | 12,000 | 78.9 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2020 | – | 23.00 | – | 23.00 | 46.00 |
| Year ending March 31, 2021 | – | | | | |
| Year ending March 31, 2021 (Forecast) | | – | – | – | – |

3. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) 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 | 19,896,000 shares | As of March 31, 2020 | 19,896,000 shares |
|---------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|---------------------|----------------|----------------------|----------------|
| As of June 30, 2020 | 895,090 shares | As of March 31, 2020 | 897,848 shares |
|---------------------|----------------|----------------------|----------------|

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

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Three months ended June 30, 2020 | 18,999,217 shares | Three months ended June 30, 2019 | 18,996,667 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2020 | As of June 30, 2020 |
|---------------------------------------|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,251,994 | 6,341,122 |
| Notes and accounts receivable - trade | 1,509,582 | 927,253 |
| Operational investment securities | 3,921,382 | 4,043,603 |
| Merchandise and finished goods | 99,826 | 108,819 |
| Raw materials and supplies | 116 | 116 |
| Other | 361,773 | 344,225 |
| Total current assets | 12,144,675 | 11,765,141 |
| Non-current assets | | |
| Property, plant and equipment | 503,719 | 497,458 |
| Intangible assets | | |
| Goodwill | 628 | 599 |
| Other | 172,072 | 184,138 |
| Total intangible assets | 172,700 | 184,738 |
| Investments and other assets | | |
| Investment securities | 840,964 | 820,025 |
| Leasehold and guarantee deposits | 585,702 | 608,319 |
| Deferred tax assets | 243,346 | 384,885 |
| Other | 519,778 | 508,468 |
| Total investments and other assets | 2,189,792 | 2,321,699 |
| Total non-current assets | 2,866,212 | 3,003,896 |
| Total assets | 15,010,887 | 14,769,038 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 253,387 | 321,201 |
| Short-term borrowings | 500,000 | 2,000,000 |
| Income taxes payable | 732,320 | 88,548 |
| Provision for bonuses | 135,938 | 250,998 |
| Other | 1,304,704 | 712,124 |
| Total current liabilities | 2,926,351 | 3,372,872 |
| Non-current liabilities | | |
| Deferred tax liabilities | 10,767 | 7,868 |
| Other | 73,182 | 91,034 |
| Total non-current liabilities | 83,949 | 98,902 |
| Total liabilities | 3,010,301 | 3,471,774 |

| | (Thousands of yen) | |
|---|----------------------|---------------------|
| | As of March 31, 2020 | As of June 30, 2020 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,599,538 | 1,599,538 |
| Capital surplus | 1,523,982 | 1,526,001 |
| Retained earnings | 9,272,156 | 8,584,332 |
| Treasury shares | (525,355) | (523,772) |
| Total shareholders' equity | 11,870,321 | 11,186,099 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8,182 | (3,158) |
| Foreign currency translation adjustment | (20,227) | (21,098) |
| Total accumulated other comprehensive income | (12,045) | (24,257) |
| Share acquisition rights | 27,304 | 27,570 |
| Non-controlling interests | 115,005 | 107,849 |
| Total net assets | 12,000,585 | 11,297,263 |
| Total liabilities and net assets | 15,010,887 | 14,769,038 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

| | (Thousands of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2019 | Three months ended June 30, 2020 |
| Net sales | 2,759,433 | 2,544,003 |
| Cost of sales | 395,480 | 407,654 |
| Gross profit | 2,363,952 | 2,136,348 |
| Selling, general and administrative expenses | 2,295,650 | 2,196,983 |
| Operating profit (loss) | 68,302 | (60,635) |
| Non-operating income | | |
| Interest income | 3,928 | 3,004 |
| Subsidy income | — | 4,041 |
| Other | 1,337 | 1,780 |
| Total non-operating income | 5,266 | 8,825 |
| Non-operating expenses | | |
| Foreign exchange losses | 20,411 | 3,002 |
| Commission expenses | — | 5,916 |
| Other | 1,255 | 6,061 |
| Total non-operating expenses | 21,666 | 14,980 |
| Ordinary profit (loss) | 51,901 | (66,789) |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 32,869 | — |
| Special executive bonuses | — | 300,000 |
| Total extraordinary losses | 32,869 | 300,000 |
| Profit (loss) before income taxes | 19,032 | (366,789) |
| Income taxes - current | 75,832 | 28,873 |
| Income taxes - deferred | (50,868) | (135,647) |
| Total income taxes | 24,963 | (106,773) |
| Loss | (5,930) | (260,015) |
| Loss attributable to non-controlling interests | (6,186) | (9,149) |
| Profit (loss) attributable to owners of parent | 256 | (250,866) |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Three months ended June 30, 2019 | Three months ended June 30, 2020 |
|--|-------------------------------------|-------------------------------------|
| Loss | (5,930) | (260,015) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,745 | (11,340) |
| Foreign currency translation adjustment | (17,992) | (3,249) |
| Total other comprehensive income | (11,247) | (14,590) |
| Comprehensive income | (17,177) | (274,605) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (8,587) | (265,748) |
| Comprehensive income attributable to non-controlling interests | (8,590) | (8,857) |

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 (loss) before income taxes | 19,032 | (366,789) |
| Depreciation | 23,610 | 30,899 |
| Amortization of goodwill | 17,742 | 28 |
| Increase (decrease) in provision for bonuses | 133,981 | 115,059 |
| Interest and dividend income | (3,928) | (3,004) |
| Interest expenses | – | 938 |
| Foreign exchange losses (gains) | 20,411 | 3,002 |
| Special executive bonuses | – | 300,000 |
| Decrease (increase) in investment securities for sale | – | (122,221) |
| Loss on retirement of non-current assets | 32,869 | – |
| Decrease (increase) in trade receivables | 402,848 | 582,328 |
| Decrease (increase) in inventories | (5,858) | (8,992) |
| Increase (decrease) in trade payables | (89,562) | 67,813 |
| Decrease (increase) in other assets | (17,205) | 35,814 |
| Increase (decrease) in other liabilities | (12,382) | (650,711) |
| Subtotal | 521,558 | (15,835) |
| Interest and dividends received | 1,222 | 253 |
| Payments for special executive bonuses | – | (300,000) |
| Income taxes paid | (175,150) | (603,230) |
| Net cash provided by (used in) operating activities | 347,630 | (918,811) |
| Cash flows from investing activities | | |
| Proceeds from withdrawal of time deposits | 54,680 | – |
| Purchase of property, plant and equipment | (26,414) | (20,248) |
| Purchase of intangible assets | (32,751) | (17,121) |
| Purchase of investment securities | (1,385) | (200) |
| Cash dividends income to Investment securities | 504 | 524 |
| Payments of leasehold and guarantee deposits | (5,255) | (28,167) |
| Proceeds from refund of leasehold and guarantee deposits | 1,093 | 2,732 |
| Other, net | (332) | – |
| Net cash provided by (used in) investing activities | (9,862) | (62,480) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term borrowings | – | 1,500,000 |
| Proceeds from received an investment to non-controlling shareholders | – | 1,701 |
| Payment of dividends to non-controlling interests | (9,466) | – |
| Proceeds from disposal of treasury shares | – | 2,881 |
| Purchase of treasury shares | – | (55) |
| Dividends paid | (436,923) | (436,957) |
| Other, net | – | 8,192 |
| Net cash provided by (used in) financing activities | (446,390) | 1,075,762 |
| Effect of exchange rate change on cash and cash equivalents | (14,070) | (4,887) |
| Net increase (decrease) in cash and cash equivalents | (122,692) | 89,583 |
| Cash and cash equivalents at beginning of period | 7,929,587 | 6,055,915 |
| Cash and cash equivalents at end of period | 7,806,895 | 6,145,498 |