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

November 08, 2019

Company name: Relia, Inc.

Stock exchange listing: Tokyo

Code number: 4708

URL: <https://www.relia-group.com/>

Representative: TAKASHI AMINO, President

Contact: KENICHIRO IWAMOTO, General Manager

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Scheduled date of filing quarterly securities report: November 13, 2019

Scheduled date of commencing dividend payments: December 02, 2019

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 01, 2019 to September 30, 2019)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2019	61,131	9.4	4,279	89.2	4,163	79.7	2,735	106.0
September 30, 2018	55,888	4.7	2,261	22.4	2,316	23.7	1,327	2.4

(Note) Comprehensive income: Six months ended September 30, 2019: ¥ 2,398 million [288.8%]
Six months ended September 30, 2018: ¥ 617 million [113.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	39.70	-
September 30, 2018	19.27	-

(Reference) Profit before amortization of goodwill

(Profit attributable to owners of parent + amortization of goodwill)

Six months ended September 30, 2019: ¥ 2,934 million [35.4%]
Six months ended September 30, 2018: ¥ 2,167 million [0.1%]
Adjusted EPS Six months ended September 30, 2019: ¥ 42.58
Six months ended September 30, 2018: ¥ 31.45

(Note) Adjusted EPS : profit before amortization of goodwill / (number of shares issued at the end of the period – number of treasury stock at the end of the period)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2019	57,503	38,849	67.6	563.63
March 31, 2019	55,755	37,814	67.8	548.62

(Reference) Equity: As of September 30, 2019: ¥ 38,846 million
As of March 31, 2019: ¥ 37,811 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	-	18.00	-	18.00	36.00
Fiscal year ending March 31, 2020	-	19.00			
Fiscal year ending March 31, 2020 (Forecast)			-	20.00	39.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020(April 01, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	124,000	7.1	9,100	64.7	8,900	59.1	5,600	-	81.25

(Note) Revision to the financial results forecast announced most recently: Yes

(Reference) Profit before amortization of goodwill

	Fiscal year ended March 31, 2020:	¥	6,000 million	[28.0%]
Adjusted EPS	Fiscal year ended March 31, 2020:	¥	87.06		

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2019

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

September 30, 2019: 69,503,040 shares

March 31, 2019: 69,503,040 shares

2) Total number of treasury shares at the end of the period:

September 30, 2019: 582,172 shares

March 31, 2019: 582,172 shares

3) Average number of shares during the period:

Six months ended September 30, 2019: 68,920,868 shares

Six months ended September 30, 2018: 68,920,882 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2019	As of September 30,2019
Assets		
Current assets		
Cash and deposits	16,659	16,618
Notes and accounts receivable - trade	17,827	18,433
Work in process	1,418	1,734
Supplies	28	22
Other	2,314	2,552
Allowance for doubtful accounts	(34)	(177)
Total current assets	38,214	39,183
Non-current assets		
Property, plant and equipment	4,654	6,452
Intangible assets		
Goodwill	3,086	2,803
Other	812	925
Total intangible assets	3,898	3,729
Investments and other assets	8,988	8,137
Total non-current assets	17,541	18,319
Total assets	55,755	57,503
Liabilities		
Current liabilities		
Accounts payable - trade	3,109	3,322
Short-term borrowings	500	-
Accounts payable - other	7,640	6,992
Income taxes payable	921	1,829
Provision for bonuses	975	1,129
Provision for bonuses for directors (and other officers)	43	35
Other	3,157	2,254
Total current liabilities	16,346	15,562
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	20	-
Retirement benefit liability	445	449
Asset retirement obligations	1,099	1,306
Other	30	1,335
Total non-current liabilities	1,595	3,091
Total liabilities	17,941	18,654

(Million yen)

	As of March 31,2019	As of September 30,2019
Net assets		
Shareholders' equity		
Share capital	998	998
Capital surplus	1,112	1,112
Retained earnings	34,497	35,869
Treasury shares	(592)	(592)
Total shareholders' equity	36,015	37,387
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28	22
Deferred gains or losses on hedges	79	55
Foreign currency translation adjustment	1,796	1,557
Remeasurements of defined benefit plans	(109)	(177)
Total accumulated other comprehensive income	1,795	1,458
Non-controlling interests	2	2
Total net assets	37,814	38,849
Total liabilities and net assets	55,755	57,503

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Net sales	55,888	61,131
Cost of sales	47,944	51,602
Gross profit	7,944	9,529
Selling, general and administrative expenses	5,682	5,249
Operating profit	2,261	4,279
Non-operating income		
Interest income	8	24
Dividend income	3	3
Commission income	10	11
Compensation income	38	-
Share of profit of entities accounted for using equity method	8	10
Other	30	22
Total non-operating income	101	72
Non-operating expenses		
Interest expenses	1	46
Foreign exchange losses	39	1
Provision of allowance for doubtful accounts	-	135
Other	4	6
Total non-operating expenses	46	189
Ordinary profit	2,316	4,163
Extraordinary income		
Gain on sales of investment securities	9	-
Other	0	0
Total extraordinary income	9	0
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on sales of shares of subsidiaries and associates	89	-
Loss on valuation of investment securities	344	13
Other	30	-
Total extraordinary losses	465	13
Profit before income taxes	1,861	4,149
Income taxes - current	538	1,558
Income taxes - deferred	(1)	(145)
Total income taxes	537	1,413
Profit	1,324	2,736
Profit (loss) attributable to non-controlling interests	(3)	0
Profit attributable to owners of parent	1,327	2,735

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Profit	1,324	2,736
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(5)
Deferred gains or losses on hedges	(80)	(23)
Foreign currency translation adjustment	(648)	(241)
Remeasurements of defined benefit plans, net of tax	15	(67)
Share of other comprehensive income of entities accounted for using equity method	(2)	1
Total other comprehensive income	(707)	(337)
Comprehensive income	617	2,398
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	620	2,398
Comprehensive income attributable to non-controlling interests	(3)	0

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Cash flows from operating activities		
Profit before income taxes	1,861	4,149
Depreciation	788	1,120
Amortization of goodwill	839	198
Loss (gain) on sales of investment securities	(9)	-
Loss (gain) on valuation of investment securities	344	13
Loss (gain) on sales of shares of subsidiaries and associates	89	-
Increase (decrease) in provision	63	268
Interest and dividend income	(12)	(28)
Interest expenses	1	46
Share of loss (profit) of entities accounted for using equity method	(8)	(10)
Decrease (increase) in trade receivables	1,548	(1,818)
Decrease (increase) in inventories	(142)	(310)
Increase (decrease) in trade payables	(728)	233
Increase (decrease) in accounts payable - other	(421)	(651)
Other, net	(553)	(231)
Subtotal	3,661	2,979
Interest and dividends received	13	29
Interest paid	(1)	(46)
Income taxes paid	(1,260)	(691)
Net cash provided by (used in) operating activities	2,412	2,269
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,031)	(883)
Purchase of intangible assets	(131)	(307)
Proceeds from sales of investment securities	52	-
Decrease (increase) in time deposits	-	800
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(101)	-
Other, net	(501)	86
Net cash provided by (used in) investing activities	(1,713)	(304)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(759)	(500)
Repayments of lease obligations	-	(205)
Purchase of treasury shares	(0)	-
Dividends paid	(1,240)	(1,240)
Other, net	(2)	-
Net cash provided by (used in) financing activities	(2,003)	(1,946)
Effect of exchange rate change on cash and cash equivalents	(50)	(60)
Net increase (decrease) in cash and cash equivalents	(1,354)	(41)
Cash and cash equivalents at beginning of period	16,270	16,659
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	99	-
Cash and cash equivalents at end of period	15,015	16,618