



Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 [Japanese GAAP]

February 13, 2020

Listed company name	Frontier Management INC.	Listed Exchange East
Code number	7038	URL https://www.frontier-mgmt.com
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Scheduled date of the ordinary general meeting of shareholders	March 27, 2020	Scheduled date of commencement of dividend payment
		March 30, 2020
Scheduled date to file Securities Report	March 27, 2020	
Preparation of supplementary material on financial results: Yes		
Financial results briefing: Yes	(for institutional investors and analysts)	

(Millions of yen are rounded down)

Consolidated results for the year ended December 31, 1,2019 (January 1, 2,019 to December 31, 2019)

(1) Consolidated Results of Operations

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent Net income	
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%
FY12/2019	4,771	1.7	663	△1.4	678	0.3	429	△9.1
FY12/2018	4,690	20.9	672	167.4	676	166.1	472	227.6

(NOTE)

Comprehensive income	FY12/2019	430	JPY mil.	(△9.4%)	FY12/2018	475	JPY mil.	(232.6%)
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	Per share Net income	Fully diluted Net income per share	Shareholders' equity Net income margin	Total assets Ordinary income ratio	Net sales Operating income margin
	Yen	Yen	%	%	%
FY12/2019	75.30	73.37	21.0	19.7	13.9
FY12/2018	91.29	90.61	35.8	24.2	14.3

(Reference) Equity in earnings of affiliates

FY12/2019	13	JPY mil.	FY12/2018	13	JPY mil.
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(NOTE) We conducted a 1000-for-1 stock split on July 13, 2018 and a 2-for-1 stock split on October 1, 2019. Net income per share and diluted net income per share are calculated as if the stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	JPY mil.	JPY mil.	%	Yen
FY12/2019	3,269	2,185	66.8	383.26
FY12/2018	3,623	1,897	52.4	332.78

Reference:

Shareholders' equity	FY12/2019	2,185	JPY mil.	FY12/2018	1,897	JPY mil.
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(NOTE) We conducted a 1000-for-1 stock split on July 13, 2018 and a 2-for-1 stock split on October 1, 2019. Net assets per share are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	From operating activities Cash Flows	From investing activities Cash Flows	From financing activities Cash Flows	Cash and cash equivalents Balance at end of year
	JPY mil.	JPY mil.	JPY mil.	JPY mil.
FY12/2019	137	△203	△317	1,733
FY12/2018	629	△22	649	2,116

2. Dividend Status

	Dividend per share					Total dividend amount (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total			
	Yen	Yen	Yen	Yen	Yen	JPY mil.	%	%
FY12/2018	-	0.00	-	50.00	50.00	142	27.4	10.4
FY12/2019	-	0.00	-	23.00	23.00	131	30.5	6.4
FY12/2020 (Forecast)	-	0.00	-	-	-	-	-	-

(NOTE) 1. We plan to pay a dividend for the year ending December 31, 2020, but have not yet determined the year-end dividend forecast.

2. We conducted a 2-for-1 stock split on October 1, 2019. For the year ended December 31, 2018, the actual amount of dividends prior to the stock split is stated. The figures for the fiscal year ended December 31, 2019 reflect the impact of the stock split.

Forecasts for the fiscal year ended December 31, 3.2020 (January 1, 2,020 to December 31, 2020)

(Percentages indicate year-on-year changes for the full year.)

	Net sales		Operating income		Ordinary income		Attributable to owners of parent Net income		Per share Net income
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%	
Full year	5,300	11.1	800	20.6	800	17.8	557	29.7	Yen 97.68

(NOTE) Due to the timing of recording sales of incentive fees in the Financial Advisory Business, the Group's performance fluctuates significantly during the fiscal year, making it difficult to calculate consolidated earnings forecasts for the second quarter (cumulative) and managing earnings for the fiscal year. Accordingly, the Group only announces full-year earnings forecasts.

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Changes in accounting policies and changes or restatement of accounting estimates

- ① Changes in accounting policies due to revisions to accounting standards, etc.: None
- ② ① Changes in accounting policies other than: None
- ③ Changes in accounting estimates: None
- ④ Restatement of revisions: None

(3) Number of shares of common stock outstanding

① Number of shares issued at the end of the period (including treasury stock)	FY12/2019	5,706,000 Shares	FY12/2018	5,706,000 Shares
② Number of treasury stock at the end of the period	FY12/2019	4,126 Shares	FY12/2018	4,000 Shares
③ Average number of shares during the period	FY12/2019	5,701,934 Shares	FY12/2018	5,174,953 Shares

(NOTE) We conducted a 1000-for-1 stock split on July 13, 2018 and a 2-for-1 stock split on October 1, 2019. The number of outstanding shares at the end of the period (including treasury shares), the number of treasury shares at the end of the period, and the average number of shares during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated results for the year ended December 31, 1,2019 (January 1, 2,019 to December 31, 2019)

(1) Non-Consolidated Results of Operations (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%
FY12/2019	4,762	1.6	656	△2.1	660	△0.7	417	△9.6
FY12/2018	4,690	22.0	670	178.7	665	169.9	461	33.9

	Per share Net income	Fully diluted Net income per share
	Yen	Yen
FY12/2019	73.17	71.30
FY12/2018	89.23	88.56

(NOTE) We conducted a 1000-for-1 stock split on July 13, 2018 and a 2-for-1 stock split on October 1, 2019. Net income per share and diluted net income per share are calculated as if the stock split had taken place at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share
	JPY mil.	JPY mil.	%	Yen
FY12/2019	3,243	2,158	66.5	378.55
FY12/2018	3,610	1,883	52.2	330.40

Reference: Shareholders' equity FY12/2019 2,158 JPY mil. FY12/2018 1,883 JPY mil.

(NOTE) We conducted a 1000-for-1 stock split on July 13, 2018 and a 2-for-1 stock split on October 1, 2019. Net assets per share are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

※ This financial results report is not subject to the audit by a certified public accountant or an auditing firm.

※ Explanations and other special notes concerning the appropriate use of business performance forecasts (Cautionary Statement with Respect to Forward-Looking Statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to us and certain assumptions that we believe to be reasonable, and are not intended to guarantee the achievement of the forecasts.

Actual results may differ materially from the forecast depending on a range of factors. Please refer to "1. Overview of Operating Results, etc., (4) Future Outlook" on page 3 of the attached materials for the assumptions for the forecasts and cautions regarding the use of the forecasts.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

The Japanese economy in the current fiscal year (from January 1, 2019 to December 31, 2019) remained on a gradual recovery trend against the backdrop of an improvement in the employment and incomes environment and an improvement in corporate profitability, but the outlook is uncertain due to the effects of uncertainties in the global economy, such as the U.S. and intermediate trade problems and the slowdown in the Chinese economy.

Under such a business environment, our group continued to focus on proposals aimed at resolving corporate issues in an integrated manner by providing comprehensive services that leverage management consulting, financial advisory, revitalization support, and other functions. In the third quarter of the fiscal year under review, the Company relocated its head office, which resulted in the consolidation of offices that had been divided into 3 floors into 1 floor, thereby improving office efficiency. The Company also worked to improve operational quality by encouraging active communication between employees and promoting exchanges of different expertise.

As a result of the above, in the Financial Advisory Business, where a large-scale project was concluded in the previous fiscal year, net sales decreased due to the absence of a similar large-scale project in the fiscal year under review. However, due to an increase in net sales in the Management Consulting Business and a significant increase in net sales in the Revitalization Support Business, net sales for the Group amounted to JPY4,771,144 k (up 1.7% from the previous fiscal year). In terms of profits, operating income was JPY663,240 k (down 1.4% year on year) and ordinary income was JPY678,872 k (up 0.3%). As an extraordinary loss of JPY43,169 k was recorded for the relocation of the head office, net income attributable to owners of the parent was JPY429,382 k (down 9.1%).

An overview of operating results by business segment is as follows.

<Management Consulting Business>

The business results of the management consulting business for the current consolidated fiscal year were JPY2,016,274 k in net sales (3.7% increase from the previous consolidated fiscal year). This is because in the previous fiscal year, a portion of the human resources of the in-house revitalization support division was allocated to a portion of the management consulting business. In the fiscal year under review, almost all of this human resources were focused on the revitalization support business, and therefore personnel resources in the management consulting business declined temporarily. However, this impact was offset by an increase in the number of employees due to hiring, and sales in the management consulting business increased in the fiscal year under review due to the lengthening and increasing size of orders.

<Financial Advisory Business>

In the Financial Advisory Business, net sales for the fiscal year under review amounted to JPY2,064,316 k (a decrease of 11.7% from the previous fiscal year). In the fiscal year under review, net sales decreased compared with the previous fiscal year due to the conclusion of large-scale M&A deals in the previous fiscal year, which is a comparison.

<Revitalization Support Program>

The business results of the Revitalization Support Business for the fiscal year under review were net sales of JPY567,383 k (up 111.4% year on year). In the fiscal year under review, the number of consultations from financial institutions concerned with the purpose of supporting the revitalization of borrowers by financial institutions increased. In addition, due to the effects of increased personnel, sales significantly increased compared with the previous fiscal year as a result of significantly capturing the increase in needs.

<Other Business>

The results of the Other Business for the fiscal year under review were net sales of JPY123,169 k (a decrease of 12.1% from the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Total assets at the end of the fiscal year under review were JPY3,269,111 k (compared with JPY3,623,692 k at the end of the previous fiscal year), a decrease of JPY354,580 k from the end of the previous fiscal year. Current assets were JPY2,585,177 k (JPY3,122,228 k at the end of the previous fiscal year) and non-current assets were JPY683,933 k (JPY501,463 k at the end of the previous fiscal year). Current assets decreased by JPY537,050 k and non-current assets increased by JPY182,469 k

compared to the end of the previous fiscal year. The main changes in current assets were a decrease of JPY383,218 k in cash and deposits and a decrease of JPY180,870 k in accounts receivable-trade. The main changes in non-current assets were an increase of JPY210,536 k in buildings and a decrease of JPY72,369 k in deferred tax assets.

(Liabilities)

Total liabilities at the end of the fiscal year under review were JPY1,083,769 k (compared with JPY1,726,161 k at the end of the previous fiscal year), a decrease of JPY642,391 k from the end of the previous fiscal year. Current liabilities were JPY1,001,516 k (compared with JPY1,722,672 k at the end of the previous fiscal year) and non-current liabilities were JPY82,253 k (compared with JPY3,488 k at the end of the previous fiscal year). Current liabilities decreased by JPY721,156 k and non-current liabilities increased by JPY78,764 k compared with the end of the previous fiscal year. The main changes in current liabilities were a decrease of JPY147,995 k in accounts payable-trade, a decrease of JPY175,003 k in short-term loans payable, a decrease of JPY130,338 k in provision for bonuses, a decrease of JPY96,408 k in provision for directors' bonuses, and a decrease of JPY120,321 k in income taxes payable. The change in non-current liabilities is an increase of JPY78,764 k in asset retirement obligations.

(Net Assets)

Net assets at the end of the fiscal year under review were JPY2,185,341 k (compared with JPY1,897,531 k at the end of the previous fiscal year), an increase of JPY287,810 k from the end of the previous fiscal year. This was mainly due to an increase in retained earnings resulting from the recording of profit attributable to owners of parent of JPY429,382 k and dividends of JPY142,550 k from retained earnings.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year under review decreased by JPY383,218 k from the end of the previous fiscal year to JPY1,733,235 k.

The status of cash flows and their factors for the current consolidated fiscal year are as follows.

Cash flows from operating activities

Net cash provided by operating activities was JPY137,641 k (net cash provided by operating activities was JPY629,176 k in the previous fiscal year). This was mainly due to the recording of profit before income taxes of JPY635,703 k, a decrease in notes and accounts receivable-trade of JPY180,824 k, and a decrease in provision for bonuses of JPY130,325 k, a decrease in provision for directors' bonuses of JPY96,408 k, a decrease in notes and accounts payable-trade of JPY147,993 k, and income taxes paid of JPY257,551 k.

Cash flows from investing activities

Net cash used in investing activities was JPY203,350 k (net cash used of JPY22,045 k in the previous fiscal year). This was mainly due to purchase of property, plant and equipment of JPY180,224 k.

Cash flows from financing activities

Net cash used in financing activities was JPY317,748 k (compared with JPY649,168 k provided in the previous fiscal year). This was mainly due to a decrease in short-term loans payable of JPY175,003 k and dividend payments of JPY142,550 k.

(4) Future Outlook

Our sales plan is calculated by adding together sales prepared by division. Net sales for each division are calculated by multiplying the number of personnel in the division after calculating net sales per person, taking into account past performance, characteristics of the division concerned, individual circumstances, etc.

Projects that can be estimated at the time the plan is formulated are accumulated and reflected in the plan individually.

In addition, in order to create optimal teams for customers when executing projects, we often team up across divisions. As a result, 1 division does not necessarily conduct only 1 business (management consulting, financial advisory, revitalization support, and other businesses), but also conducts multiple businesses in 1 division. At the time of formulating the plan, it is difficult for each division to forecast net sales by business, and no forecast by business is made for the entire company. Therefore, we do not disclose the forecast by business.

Although the profitability of Japanese companies as a whole is improving, improving growth potential by developing new demand, including overseas markets, is becoming a common management issue for Japanese companies in response to the decline in demand caused by the shrinking population due to the declining birthrate and aging population in Japan.

In the Management Consulting Business, we aim to expand our business by formulating M&A strategies, and responding to growing needs for SCMs (Supply Chain Management: management methods for integrating the flow of industries from suppliers to final consumers and realizing process-wide streamlining and optimization), support for sales reforms, resident support

consulting, and management dispatch services.

In addition, we will support the promotion of outsourcing (Business Process Outsourcing), which is increasingly needed by customers, and the promotion of business efficiencies using artificial intelligence (Artificial Intelligence) and robotic automation (Robotic Process Automation).

In addition, crisis management and forensics experts will start offering a new set of solutions, ranging from fraud investigations and crisis management publicity, to the formulation of measures to prevent recurrence and support for implementation, from responding appropriately in the event of a crisis to recovering and improving corporate value by building governance.

In the Financial Advisory Business, the number of M&A transactions in Japan has consistently increased since 2011, and the M&A market is expected to remain brisk due to industry reorganization to respond to market changes, the sale of non-core businesses and sluggish businesses to improve earnings, an increase in cross-border M&A to develop overseas markets, and an increase in business succession-type M&A associated with the aging of domestic managers of small and medium-sized companies. As a result, we will aim to steadily expand our business. In particular, for cross-border M&A to cultivate overseas markets, we have become a full member of CFI (Corporate Finance International: an M&A firm that operates in more than 20 countries around the world, mainly in Europe), and have become more accessible to information on trading candidates for overseas companies than in the past, thereby strengthening our cross-border M&A functions.

In the revitalization support business, against the backdrop of signs of an increase in bankruptcies from the second half of last year and the conversion of lending criteria by financial institutions to borrowers, the number of consultations from such financial institutions aimed at supporting the revitalization of borrowers by financial institutions is increasing, and we will aim to expand our business by reliably responding to revitalization needs.

In addition, we are strengthening our structure for PMI (Integrated Process after M&A) (Post Merger Integration), which requires knowledge of both the Management Consulting Business and the Financial Advisory Business.

In addition, we have realized consolidation from 3 floors to 1 floor through the relocation of our headquarters in FY2019, so we will aim to improve operational quality and improve productivity by improving office efficiency and promoting exchanges of different expertise between employees.

Based on the above, the forecasts for the next fiscal year are for net sales of JPY5.3 bn (up 11.1% from the current fiscal year), operating income of JPY0.8 bn (up 20.6%), ordinary income of JPY0.8 bn (up 17.8%), and profit attributable to owners of parent of JPY557 mn (up 29.7%).

2. Basic Concept Regarding Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP, considering the comparability of consolidated financial statements between periods and between companies. In addition, with regard to the application of International Accounting Standards, we will take appropriate measures in consideration of various conditions in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of December 31, 2018)	Current Consolidated Fiscal Year (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	2,116,453	1,733,235
Notes and accounts receivable	876,103	695,233
Operational investment securities	56,144	56,394
Others	88,224	113,966
Allowance for doubtful accounts	△14,697	△13,651
Total current assets	3,122,228	2,585,177
Fixed assets		
Property, plant and equipment		
Buildings, net	8,140	218,677
Tools, furniture, and fixtures, net	11,512	28,326
Total property, plant and equipment	19,653	247,003
Intangible assets		
Software	8,578	14,640
Others	102	102
Total intangible assets	8,680	14,742
Investments and other assets		
Stocks of subsidiaries and affiliates	16,491	29,871
Lease deposits	198,580	211,086
Deferred tax assets	247,279	174,910
Others	10,778	6,318
Total investments and other assets	473,129	422,187
Total noncurrent assets	501,463	683,933
Total assets	3,623,692	3,269,111

(Thousands of yen)

	End of previous fiscal year (As of December 31, 2018)	Current Consolidated Fiscal Year (As of December 31, 2019)
Liabilities		
Current liabilities		
Accounts payable	166,626	18,631
Short-term borrowings	175,003	-
Accounts payable-other	119,350	92,783
Income taxes payable	278,657	158,336
Provision for bonuses	641,886	511,547
Provision for directors' bonuses	121,506	25,098
Others	219,642	195,120
Total current liabilities	1,722,672	1,001,516
Long-term liabilities		
Asset retirement obligations	3,488	82,253
Total noncurrent liabilities	3,488	82,253
Total liabilities	1,726,161	1,083,769
Net assets		
Shareholders' equity		
Paid-in Capital	158,137	158,137
Capital surplus	808,967	808,967
Retained earnings	919,822	1,206,655
Treasury stock	△418	△613
Total shareholders' equity	1,886,509	2,173,146
Other accumulated comprehensive income		
Foreign currency translation adjustment	11,021	12,194
Total other accumulated comprehensive income	11,021	12,194
Total net assets	1,897,531	2,185,341
Total liabilities and net assets	3,623,692	3,269,111

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Profit and Loss Statement)

(Thousands of yen)

	End of previous fiscal year (January 1, 2018 To December 31, 2018)	Current Consolidated Fiscal Year (January 1, 2019 From December 31, 2019)
Net sales	4,690,065	4,771,144
Cost of sales	1,800,026	1,795,483
Gross profit	2,890,038	2,975,660
Selling, general and administrative expenses		
Salaries and allowances	760,286	888,717
Provision for bonuses	320,842	253,878
Provision for directors' bonuses	121,506	25,098
Retirement benefit expenses	15,384	17,496
Provision for allowance for doubtful accounts	2,844	-
Others	996,706	1,127,230
Total selling, general and administrative expenses	2,217,571	2,312,420
Operating income	672,467	663,240
Non-operating income		
Interest income	40	55
Equity in earnings of affiliates	13,491	13,380
Insurance dividend income	1,259	1,158
Income from insurance claim	-	9,927
Administrative fees received	2,424	2,354
Others	39	1,352
Total non-operating income	17,255	28,227
Non-operating expenses		
Interest expenses	1,502	727
IPO related expense	8,094	-
Expenses for information security	-	9,110
Foreign exchange losses	3,510	2,757
Total non-operating expenses	13,107	12,595
Ordinary income	676,615	678,872
Extraordinary gains		
Gain on reversal of asset retirement obligations	40,469	-
Total extraordinary income	40,469	-
Extraordinary losses		
Expenses for relocation of head office	-	43,169
Total extraordinary loss	-	43,169
Income before income taxes	717,085	635,703
Income taxes	295,053	133,951
Income taxes-deferred	△50,402	72,369
Total income taxes	244,650	206,320
Net income	472,434	429,382
Profit attributable to owners of parent	472,434	429,382

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	End of previous fiscal year (January 1, 2018 To December 31, 2018)	Current Consolidated Fiscal Year (January 1, 2019 From December 31, 2019)
Net income	472,434	429,382
Other comprehensive income		
Foreign currency translation adjustment	2,857	1,173
Total other comprehensive income	2,857	1,173
Comprehensive income	475,292	430,556
(Comprehensive income attributable to)		
Comprehensive profit attributable to owners of the parent	475,292	430,556
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (January 1, 2018, to December 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Paid-in Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	158,137	158,137	490,690	△73,150	733,815
Change during the year					
Dividend of surplus			△43,301		△43,301
Profit attributable to owners of parent			472,434		472,434
Disposal of treasury stock		650,829		72,732	723,561
Net changes of items other than shareholders' equity (Net)					
Total changes in current term	-	650,829	429,132	72,732	1,152,694
Closing balance	158,137	808,967	919,822	△418	1,886,509

	Other accumulated comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated comprehensive income other	
Opening balance	8,163	8,163	741,979
Change during the year			
Dividend of surplus			△43,301
Profit attributable to owners of parent			472,434
Disposal of treasury stock			723,561
Net changes of items other than shareholders' equity (Net)	2,857	2,857	2,857
Total changes in current term	2,857	2,857	1,155,551
Closing balance	11,021	11,021	1,897,531

Current fiscal year (from January 1, 2019 to December 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Paid-in Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	158,137	808,967	919,822	△418	1,886,509
Change during the year					
Dividend of surplus			△142,550		△142,550
Profit attributable to owners of parent			429,382		429,382
Purchase of treasury stock				△195	△195
Net changes of items other than shareholders' equity (Net)					
Total changes in current term	-	-	286,832	△195	286,637
Closing balance	158,137	808,967	1,206,655	△613	2,173,146

	Other accumulated comprehensive income		Total net assets
	Foreign currency translation adjustment	Total other accumulated comprehensive income	
Opening balance	11,021	11,021	1,897,531
Change during the year			
Dividend of surplus			△142,550
Profit attributable to owners of parent			429,382
Purchase of treasury stock			△195
Net changes of items other than shareholders' equity (Net)	1,173	1,173	1,173
Total changes in current term	1,173	1,173	287,810
Closing balance	12,194	12,194	2,185,341

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	End of previous fiscal year (January 1, 2018 To December 31, 2018)	Current Consolidated Fiscal Year (January 1, 2019 From December 31, 2019)
Net cash provided by (used in) operating activities		
Income before income taxes	717,085	635,703
Depreciation and amortization	22,005	33,628
Share of profit (loss) of entities accounted for using equity method (Δ: profit)	Δ13,491	Δ13,380
Increase (decrease) in accrued bonuses	186,854	Δ130,325
Increase (decrease) in provision for directors' bonuses (Δ)	63,506	Δ96,408
Increase (decrease) in allowance for doubtful accounts (Δ)	Δ17,854	Δ1,045
Interest income	Δ40	Δ55
Interest expenses	1,502	727
Gain on reversal of asset retirement obligations	Δ40,469	-
Decrease (Δ) in notes and accounts receivable-trade	Δ243,236	180,824
Decrease (Δ) in operational investment securities	Δ55,953	Δ250
Increase (Δ) in notes and accounts payable-trade	50,421	Δ147,993
Increase (decrease) in accounts payable-other (Δ)	30,856	Δ23,379
Others	31,105	Δ42,201
Subtotal	732,290	395,844
Interest received	40	55
Interest expenses paid	Δ1,446	Δ707
Income taxes paid	Δ101,707	Δ257,551
Net cash provided by (used in) operating activities	629,176	137,641
Cash flow from investing activities		
Purchase of property, plant and equipment	Δ3,057	Δ180,224
Purchase of intangible assets	Δ4,895	Δ10,602
Payments for lease and guarantee deposits	Δ14,092	Δ13,772
Proceeds from collection of lease and guarantee deposits	-	1,248
Cash flow from investing activities	Δ22,045	Δ203,350
Cash flow from financing activities		
Net increase (Δ) in short-term borrowings	Δ24,997	Δ175,003
Proceeds from sales of treasury stock	723,561	-
Purchase of treasury stock	-	Δ195
Cash dividends paid	Δ43,301	Δ142,550
Others	Δ6,094	-
Cash flow from financing activities	649,168	Δ317,748
Effect of exchange rate change on cash and cash equivalents	Δ716	239
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,255,583	Δ383,218
Cash and cash equivalents at beginning of period	860,870	2,116,453
Cash and cash equivalents at end of term	2,116,453	1,733,235

(5) Notes to consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Segment Information)

Disclosure is omitted because the business segments of the Group are a single segment.

(Per Share Information)

	End of previous fiscal year (January 1, 2018 To December 31, 2018)	Current Consolidated Fiscal Year (January 1, 2019 From December 31, 2019)
Net assets per share	JPY332.78	JPY383.26
Net income per share	JPY91.29	JPY75.30
Diluted net income per share	JPY90.61	JPY73.37

(NOTE) 1. Since we were listed on the Mothers market of the Tokyo Stock Exchange on September 28, 2018, diluted net income per share for the previous fiscal year is calculated by considering the average stock price from the date of the new listing to the end of the previous fiscal year as the average stock price during the period.

2. We conducted a 1000-for-1 stock split on July 13, 2018, and a 2-for-1 stock split on October 1, 2019. Net assets per share, net income per share and diluted net income per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

3. The basis for calculating net income per share and diluted net income per share is as follows:

	End of previous fiscal year (January 1, 2018 To December 31, 2018)	Current Consolidated Fiscal Year (January 1, 2019 From December 31, 2019)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	472,434	429,382
Amount not attributable to common stock (JPY1 k)	-	-
Profit attributable to owners of parent attributable to common stock (JPY1 k)	472,434	429,382
Average number of shares of common stock outstanding during the period (shares)	5,174,953	5,701,934
Diluted net income per share		
Adjustment of profit attributable to owners of parent (Thousands of yen)	-	-
Increase in common stock (shares)	38,938	149,581
(Stock acquisition rights (shares))	(38,938)	(149,581)
Explanation of residual stock not included in calculation of diluted net income per share due to lack of dilutive potential	-	-

(Significant Subsequent Events)

(Purchase of treasury stock)

At the meeting of the Board of Directors held on February 13, 2020, we resolved to repurchase treasury stock in accordance with the provisions of Article 156 of the Companies Act as applied by replacing certain terms pursuant to the provisions of Paragraph 3 of Article 165 of the same Act and to acquire such treasury stock in a specific manner.

1. Reason for Conducting the Share Repurchase

The Company will repurchase its own shares in order to improve capital efficiency and implement flexible capital policies in response to changes in the business environment, as well as to increase value per share as a shareholder return policy.

2. Details of Acquisition

(1) Class of Shares to be Acquired Our Common Stock

(2) Total number of shares to be acquired: 57 k shares (maximum)

(3) Total purchase price of shares JPY111,720 k (maximum)

(4) Acquisition period February 14, 2020

(5) Method of repurchase: Off-auction purchase of treasury shares on the Tokyo Stock Exchange (ToSTNet-3)