



Consolidated Financial Results for the Fiscal Year Ending December 31, 2020 [Japanese GAAP]

February 9, 2021

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Scheduled date of the ordinary general meeting of shareholders	March 25, 2021	Scheduled date of commencement of dividend payment March 26, 2021
Scheduled date to file Securities Report	March 25, 2021	
Preparation of supplementary material on financial results: Yes		
Results briefing: Yes	(for institutional investors and analysts)	

(Millions of yen are rounded down)

Consolidated financial results for the fiscal year ending December 31, 2020 (January 1, 2020 - December 31, 2020)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%
End of FY2020	5,192	8.8	580	△12.4	575	△15.2	420	△2.1
End of FY2019	4,771	1.7	663	△1.4	678	0.3	429	△9.1
(NOTE) Comprehensive income	FY12/2020	420	JPY mil.	(△2.4%)	FY12/2019	430	JPY mil.	(△9.4%)

	Net income per share	Fully diluted Net income per share	Shareholders' equity Net income ratio	Total assets Ordinary income ratio	Net sales Operating income margin	
	Yen	Yen	%	%	%	
End of FY2020	36.89	36.05	18.1	16.3	11.2	
End of FY2019	37.65	36.68	21.0	19.7	13.9	
(Reference) Equity in earnings of affiliates	FY12/2020	7	JPY mil.	FY12/2019	13	JPY mil.

(NOTE) We conducted a 2-for-1 stock split on October 1, 2019, and a 2-for-1 stock split on January 1, 2021. 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
End of FY2020	3,792	2,448	64.6	213.05
End of FY2019	3,269	2,185	66.8	191.63

Reference: FY12/2020 2,448 JPY mil. FY12/2019 2,185 JPY mil.
Shareholders' equity

(NOTE) We conducted a 2-for-1 stock split on October 1, 2019, and a 2-for-1 stock split on January 1, 2021. 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

	Operating	Investing	Financing	Cash and cash equivalents end of fiscal year
	JPY mil.	JPY mil.	JPY mil.	JPY mil.
End of FY2020	456	△59	△230	1,899
End of FY2019	137	△203	△317	1,733

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.	%	%
End of FY2019	-	0.00	-	23.00	23.00	131	30.5	6.4
End of FY2020	-	0.00	-	24.00	24.00	137	32.5	5.9
End of FY2021 (Forecast)	-	0.00	-	-	-		-	

(NOTE)1. We plan to pay dividends for the fiscal year ending December 31, 2021 but have not yet decided on the amount to be paid.

2. We conducted a 2-for-1 stock split on January 1, 2021. The actual amount of dividends for the fiscal years ending December 31, 2019 and 2020 in the above table is before the stock split is presented.

Forecasts for the fiscal year ending December 31, 3.2021 (January 1, 2,021 to December 31, 2021)

(Percentages indicate year-on-year changes.)

	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.	%	Yen
Full year	6,500	25.2	1,000	72.2	1,007	74.9	693	64.8	60.30

(NOTE)1. 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. It makes it difficult to calculate consolidated earnings forecasts for the 2nd quarter (cumulative) and managing earnings for the fiscal year. Accordingly, the Group only announces full-year earnings forecasts.

2. We conducted a 2-for-1 stock split on January 1, 2021. The impact of the stock split is taken into account for the "Net income per share" in the fiscal year ending December 2021 forecast.

※ Notes

(1) Changes in significant subsidiaries during this 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 Changes in accounting policies other than ①: 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)
- ② Number of treasury stock at the end of the period
- ③ Average number of shares during the period

	FY12/2020		FY12/2019	
①	11,555,800	Shares	11,412,000	Shares
②	63,080	Shares	8,252	Shares
③	11,397,504	Shares	11,403,868	Shares

(NOTE) We conducted a 2-for-1 stock split on October 1, 2019, and a 2-for-1 stock split on January 1, 2021. The number of outstanding shares at the end of the period (including treasury shares) and the number of treasury shares at the end of the period and the average number of shares during the period (cumulative quarterly period) are 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 ending December 31, 2020 (January 1, 2020 to December 31, 2020)

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

	Net sales		Operating income		Ordinary income		Net income	
	JPY mil.	%	JPY mil.	%	JPY mil.	%	JPY mil.	%
End of FY2020	5,188	8.9	569	△13.2	556	△15.7	413	△1.0
End of FY2019	4,762	1.6	656	△2.1	660	△0.7	417	△9.6

	Net income per share	Fully diluted net income per share
	Yen	Yen
End of FY2020	36.24	35.42
End of FY2019	36.58	35.65

(NOTE) We conducted a 2-for-1 stock split on October 1, 2019, and a 2-for-1 stock split on January 1, 2021. 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
End of FY2020	3,759	2,414	64.2	210.09
End of FY2019	3,243	2,158	66.5	189.27

Reference: Shareholders' equity FY12/2020 2,414 JPY mil. FY12/2019 2,158 JPY mil.

(NOTE) We conducted a 2-for-1 stock split on October 1, 2019, and a 2-for-1 stock split on January 1, 2021. 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 4 of the attached materials for the assumptions for the forecasts and cautions regarding the use of the forecasts.

○Accompanying Materials – Contents

1.Overview of Financial Results, etc.	2
(1)Overview of Operating Results for the Fiscal Year.....	2
(2)Overview of Financial Position for the Fiscal Year.....	2
(3)Overview of Cash Flows for the Fiscal Year.....	3
(4)Future Outlook	3
2.Basic Concept to Selection of Accounting Standards	4
3.Consolidated Financial Statements	5
(1)Consolidated Balance Sheets	5
(2)Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.	7
Consolidated Statements of Income.....	7
Consolidated Statements of Comprehensive Income	8
(3)Consolidated Statements of Shareholders' Equity	9
(4)Consolidated Statements of Cash Flows	11
(5)Notes to Consolidated Financial Statements	12
(Notes on Going Concern).	12
(Additional Information).	12
(Segment Information).	12
(Per Share Information)	12
(Significant Subsequent Events)	13

1. Overview of Financial Results, etc.

(1) Overview of Operating Results for the Fiscal Year

The outlook for the Japanese economy during the fiscal year (January 1, 2020 to December 31, 2020) is extremely uncertain, as economic activity stagnated due to the impact of restricted travel and activity self-restraint caused by the expansion of the COVID-19 and the outlook for the future remains unclear amid sluggish consumer spending and a decline in corporate capital spending following the consumption tax hike.

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.

As a consequence of the above factors, in the Financial Advisory Business, although sales decreased compared with the previous fiscal year due to the impact of the COVID-19, sales increased significantly in the Management Consulting Business and the Revitalization Support Business, resulting in net sales of JPY5,192,527 k (up 8.8% compared with the previous fiscal year).

In terms of expenses, recruitment and personnel expenses increased as a result of aggressive recruitment of personnel in preparation for management consulting needs and revitalization support needs, which are expected to increase further in the future, far exceeding initial plans. In addition, a loss of JPY57,566 k was recorded on operating investment securities. As a result, operating income was JPY580,805 k (down 12.4% year on year) and ordinary income was JPY575,633 k (down 15.2% year on year). On the other hand, net income attributable to owners of parent was JPY420,515 k (down 2.1% year on year) due to the elimination of the impact of the head office relocation expenses of JPY43,169 k, which had been recorded as an extraordinary loss in the previous fiscal year.

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

<Management Consulting Business>

The operating results of the management consulting business for the current consolidated fiscal year were JPY2,416,443 k in net sales (up 19.8% year on year). During the fiscal year, multiple orders from the same customer increased, and sales in the Management Consulting Business increased as a result of the increasing size of projects.

<Financial Advisory Business>

In the Financial Advisory Business, net sales for the fiscal year amounted to JPY1,777,946 k (down 13.9% year on year). In the fiscal year, the impact of the COVID-19 restricted physical movement to foreign countries. As a result, cross-border M&A transactions between domestic companies and overseas companies were suspended or delayed. As a result, net sales decreased compared with the previous fiscal year.

<Revitalization Support Business>

The business results of the Revitalization Support Business for the fiscal year were net sales of JPY944,359 k (up 66.4% year on year). In the fiscal year, net sales increased significantly due to the continued strong number of referrals from financial institutions from the previous fiscal year and the execution of multiple large-scale projects.

<Other Business>

The results of the Other Business for the fiscal year were net sales of JPY53,777 k (down 56.3% year on year).

(2) Overview of Financial Position for the Fiscal Year

(Assets)

Total assets at the end of the fiscal year were JPY3,792,731 k (end of the previous fiscal year was JPY3,269,111 k), increased JPY523,620 k. Current assets were JPY2,994,271 k (end of the previous fiscal year was JPY2,585,177 k) and non-current assets were JPY798,459 k (end of the previous fiscal year was JPY683,933 k). Current assets increased by JPY409,094 k and non-current assets increased by JPY114,525 k. The main changes in current assets were an increase of JPY165,865 k in cash and deposits and an increase of JPY267,411 k in notes and accounts receivable. The main changes in non-current assets were an increase of JPY56,800 k in investment securities and an increase of JPY49,326 k in deferred tax assets.

(Liabilities)

Total liabilities at the end of the fiscal year were JPY1,344,132 k (end of the previous fiscal year was JPY1,083,769 k), an increase of JPY260,362 k. Current liabilities were JPY1,261,874 k (end of the previous fiscal year was JPY1,001,516 k) and non-current liabilities were JPY82,257 k (end of the previous fiscal year was JPY82,253 k). Current liabilities increased by

JPY260,357 k and non-current liabilities increased by JPY4 k. The main changes in current liabilities were an increase of JPY40,775 k in accounts payable-trade, an increase of JPY55,129 k in accounts payable-other, an increase of JPY70,250 k in income taxes payable, and an increase of JPY124,110 k in other current liabilities, mainly due to an increase in accrued tax.

(Net Assets)

Net assets at the end of the fiscal year under review were JPY2,448,598 k (end of the previous fiscal year was JPY2,185,341 k), an increase of JPY263,257 k. This was mainly due to the recording of net income attributable to owners of parent of JPY420,515 k and the disposal of treasury stock as restricted stock awards of JPY75,438 k (a decrease of JPY54,577 k in treasury stock and an increase of JPY20,860 k in capital surplus), which increased. On the other hand, there was a decrease in retained earnings due to dividends of JPY131,143 k and the acquisition of treasury stock of JPY112,127 k.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (hereinafter referred to as "funds") for the fiscal year increased by JPY165,865 k from the end of the previous fiscal year to JPY1,899,100 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 JPY456,102 k (end of the previous fiscal year was JPY137,641 k). This was mainly due to an increase in income before taxes of JPY575,633 k, an increase in accrued tax of JPY132,016 k. and an increase in trade receivables of JPY267,373 k.

Cash flows from investing activities

Net cash used in investing activities was JPY59,305 k (end of the previous fiscal year was JPY203,350 k). This was mainly due to purchase of investment securities of JPY56,800 k.

Cash flows from financing activities

Net cash used in financing activities was JPY230,684 k (end of the previous fiscal year was JPY317,748 k). This was mainly due to dividend payments of JPY129,342 k and purchase of treasury stock of JPY112,127 k.

(4) Future Outlook

In the wake of the COVID-19 crisis, which is now undergoing a major transformation globally, the needs of borderless companies for drastic business reforms and corporate revitalization are also on the rise. We are also seeing an increase in referrals from financial institutions based on requests from companies at various stages regardless of company size.

On January 1, 2021, we reorganized our group into a cross-industrial organizational structure in order to build a system for providing services that meet a variety of needs in response to this market environment.

Specifically, in addition to the existing Financial Advisory Department, which provides financial advisory services, we established the Corporate Strategy Department, which mainly provides strategic planning services for business entities, the Management Consulting Department, which mainly provides consulting services for financial institutions, and the Management Execution Support Department, which provides management execution support services.

We often team up across divisions to create the best team for our customers when executing deals. As a result, one division does not necessarily conduct only one business (management consulting, financial advisory, revitalization support, and other businesses), but also conducts multiple businesses in one 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.

In the Management Consulting Business, we aim to expand our business by formulating M&A strategies, and responding to growing needs such as 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), sales reforms supports, resident support consulting, and management dispatch services.

Furthermore, DX (digital transformation) service, whose needs are rapidly increasing due to the spread of the COVID-19, was launched, and combined the know-how accumulated through business revitalization and management innovation and recent IT technology. A unique business transformation service is provided. The service area is expanded to support business transformation and new business development through DX, as well as expanded to support for the construction of DX platforms, coordinating not only with our own resources but also business partners.

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.

During the COVID-19 crisis, the pace of change in society and corporations, which had been continuing, is accelerating, and new changes are occurring. To address the increasingly complex and multi-layered issues facing corporations, our goal is to be deeply involved in strategy as a company collusion to assist the top management of client companies.

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 abroad markets, we are becoming a full member of the CFI (Corporate Finance International: an M&A firm that operates globally in more than 20 countries, mainly in Europe, and our representative, Matsuoka, is appointed as a director of CFI). We are using this network to access information on trading candidates for overseas companies, thereby strengthening our cross-border M&A functions.

In the revitalization support business, an increasing number of companies are experiencing financial difficulties due to the impact of the COVID-19 crisis, and the number of consultations from such financial institutions aiming to support the revitalization of financial institutions' borrowers is increasing. Therefore, we will aim to expand our business by reliably responding to revitalization needs.

Based on the above, the forecasts for the next fiscal year are for net sales of JPY6,500,000 k (up 25.2% from the current fiscal year), operating income of JPY1,000,000 k (up 72.2%), ordinary income of JPY1,007,000 k (up 74.9%), and net income attributable to owners of parent of JPY693,000 k (up 64.8%).

2. Basic Concept to 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. With regard to the adoption of International Financial Reporting Standards, the Company's policy is to respond appropriately, taking into account various domestic and overseas circumstances.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	End of previous fiscal year (As of December 31, 2019)	End of current fiscal year (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	1,733,235	1,899,100
Notes and accounts receivable	695,233	962,644
Operational investment securities	56,394	1,364
Others	113,966	146,795
Allowance for doubtful accounts	△13,651	△15,633
Total current assets	2,585,177	2,994,271
Fixed assets		
Property, plant and equipment		
Buildings, net	218,677	198,844
Tools, furniture, and fixtures, net	28,326	19,951
Total property, plant and equipment	247,003	218,795
Intangible assets		
Software	14,640	11,043
Others	102	102
Total intangible assets	14,742	11,145
Investments and other assets		
Investment securities	-	56,800
Stocks of subsidiaries and affiliates	29,871	37,127
Lease deposits	211,086	211,126
Deferred tax assets	174,910	224,236
Others	6,318	39,228
Total investments and other assets	422,187	568,518
Total noncurrent assets	683,933	798,459
Total assets	3,269,111	3,792,731

(Thousands of yen)

	End of previous fiscal year (As of December 31, 2019)	End of current fiscal year (As of December 31, 2020)
Liabilities		
Current liabilities		
Accounts payable	18,631	59,407
Accounts payable-other	92,783	147,912
Income taxes payable	158,336	228,587
Provision for bonuses	511,547	505,736
Provision for directors' bonuses	25,098	1,000
Others	195,120	319,230
Total current liabilities	1,001,516	1,261,874
Long-term liabilities		
Asset retirement obligations	82,253	82,257
Total noncurrent liabilities	82,253	82,257
Total liabilities	1,083,769	1,344,132
Net assets		
Shareholders' equity		
Paid-in Capital	158,137	163,530
Capital surplus	808,967	835,220
Retained earnings	1,206,655	1,496,027
Treasury stock	△613	△58,163
Total shareholders' equity	2,173,146	2,436,614
Other accumulated comprehensive income		
Foreign currency translation adjustment	12,194	11,984
Total other accumulated comprehensive income	12,194	11,984
Total net assets	2,185,341	2,448,598
Total liabilities and net assets	3,269,111	3,792,731

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	End of previous fiscal year (January 1, 2019 to December 31, 2019)	End of current fiscal year (January 1, 2020 to December 31, 2020)
Net sales	4,771,144	5,192,527
Cost of sales	1,795,483	2,083,943
Gross profit	2,975,660	3,108,583
Selling, general and administrative expenses		
Salaries and allowances	888,717	1,013,018
Provision for bonuses	253,878	237,237
Provision for directors' bonuses	25,098	1,000
Retirement benefit expenses	17,496	19,452
Transfer of allowance for doubtful accounts	-	1,981
Others	1,127,230	1,255,088
Cost of sales and totals general administrative expenses	2,312,420	2,527,778
Operating income	663,240	580,805
Non-operating income		
Interest income	55	78
Equity in earnings of affiliates	13,380	7,255
Insurance dividend income	1,158	968
Income from insurance claim	9,927	72
Administrative fees received	2,354	2,268
Subsidy from Government etc.	-	2,759
Others	1,352	52
Total non-operating income	28,227	13,456
Non-operating expenses		
Interest expenses	727	667
Market change costs	-	17,376
Expenses for information security	9,110	-
Foreign exchange losses	2,757	328
Others	-	256
Total non-operating expenses	12,595	18,628
Ordinary income	678,872	575,633
Extraordinary losses		
Expenses for relocation of head office	43,169	-
Total extraordinary loss	43,169	-
Income before income taxes	635,703	575,633
Income taxes	133,951	204,444
Income taxes-deferred	72,369	△49,326
Total income taxes	206,320	155,118
Net income	429,382	420,515
Net income attributable to owners of parent	429,382	420,515

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	End of previous fiscal year (January 1, 2019 to December 31, 2019)	End of current fiscal year (January 1, 2020 to December 31, 2020)
Net income	429,382	420,515
Other comprehensive income		
Foreign currency translation adjustment	1,173	△210
Total other comprehensive income	1,173	△210
Comprehensive income	430,556	420,304
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	430,556	420,304
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Shareholders' Equity

Previous fiscal year (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					
Dividends			△142,550		△142,550
Net income 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 during the period	-	-	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			
Dividends			△142,550
Net income 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 during the period	1,173	1,173	287,810
Closing balance	12,194	12,194	2,185,341

Current fiscal year (from January 1, 2020 to December 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Paid-in Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	158,137	808,967	1,206,655	△613	2,173,146
Change during the year					
Issuance of new shares (exercise of subscription rights to shares)	5,392	5,392			10,785
Dividends			△131,143		△131,143
Net income attributable to owners of parent			420,515		420,515
Purchase of treasury stock				△112,127	△112,127
Disposal of treasury stock		20,860		54,577	75,438
Net changes of items other than shareholders' equity (Net)					
Total changes during the period	5,392	26,253	289,372	△57,550	263,468
Closing balance	163,530	835,220	1,496,027	△58,163	2,436,614

	Other accumulated comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated comprehensive income other	
Opening balance	12,194	12,194	2,185,341
Change during the year			
Issuance of new shares (exercise of subscription rights to shares)			10,785
Dividends			△131,143
Net income attributable to owners of parent			420,515
Purchase of treasury stock			△112,127
Disposal of treasury stock			75,438
Net changes of items other than shareholders' equity (Net)	△210	△210	△210
Total changes during the period	△210	△210	263,257
Closing balance	11,984	11,984	2,448,598

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	End of previous fiscal year (January 1, 2019 to December 31, 2019)	End of current fiscal year (January 1, 2020 to December 31, 2020)
Net cash provided by (used in) operating activities		
Income before income taxes	635,703	575,633
Depreciation and amortization	33,628	38,694
Share of investment (loss) of entities accounted for using equity method (Δ : profit)	Δ 13,380	Δ 7,255
Increase (decrease) in accrued bonuses	Δ 130,325	Δ 5,810
Increase (decrease) in provision for directors' bonuses (Δ)	Δ 96,408	Δ 24,098
Increase (decrease) in allowance for doubtful accounts (Δ)	Δ 1,045	1,981
Interest income	Δ 55	Δ 78
Interest expenses	727	667
Decrease (Δ) in notes and accounts receivable-trade	180,824	Δ 267,373
Decrease (Δ) in operational investment securities	Δ 250	55,030
Increase (Δ) in notes and accounts payable-trade	Δ 147,993	40,756
Increase (decrease) in accounts payable-other (Δ)	Δ 23,379	50,446
Others	Δ 42,201	132,016
Subtotal	395,844	590,609
Interest received	55	78
Interest expenses paid	Δ 707	Δ 667
Income taxes paid	Δ 257,551	Δ 133,918
Net cash provided by (used in) operating activities	137,641	456,102
Cash flow from investing activities		
Purchase of property, plant and equipment	Δ 180,224	Δ 1,767
Purchase of intangible assets	Δ 10,602	Δ 707
Purchase of investment securities	-	Δ 56,800
Payment by 差入 of lease deposits	Δ 13,772	Δ 31
Proceeding by collection of lease deposits	1,248	-
Cash flow from investing activities	Δ 203,350	Δ 59,305
Cash flow from financing activities		
Net increase (Δ) in short-term borrowings	Δ 175,003	-
Purchase of treasury stock	Δ 195	Δ 112,127
Cash dividends paid	Δ 142,550	Δ 129,342
Proceeds from exercise of stock options	-	10,785
Cash flow from financing activities	Δ 317,748	Δ 230,684
Effect of exchange rate change on cash and cash equivalents	239	Δ 246
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	Δ 383,218	165,865
Cash and cash equivalents at beginning of period	2,116,453	1,733,235
Cash and cash equivalents at end of period	1,733,235	1,899,100

(5)Notes to Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Additional Information)

(Accounting Estimate of the Impact of Infectious Disease of the COVID-19)

With respect to the status of the COVID-19, we make accounting estimates, such as the recoverability of deferred tax assets, based on currently available information, assuming that current conditions will continue for at least FY2021.

As a consequence, we are not aware of any material impact on the valuation of our accounting estimates; however, due to the highly uncertain impact of the spread of the COVID-19, our financial condition and results of operations may be impacted depending on the future.

(Segment Information, etc.)

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

(Per Share Information)

	End of previous fiscal year (January 1, 2019 to December 31, 2019)	End of current fiscal year (January 1, 2020 to December 31, 2020)
Net assets per share	JPY191.63	JPY213.05
Net income per share	JPY37.65	JPY36.89
Net income-diluted	JPY36.68	JPY36.05

(NOTE)1. We conducted a 2-for-1 stock split on October 1, 2019, and a 2-for-1 stock split on January 1, 2021. 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.

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

	End of previous fiscal year (January 1, 2019 to December 31, 2019)	End of current fiscal year (January 1, 2020 to December 31, 2020)
Net income per share		
Net income attributable to owners of parent (Thousands of yen)	429,382	420,515
Amount not attributable to common stock (Thousands of yen)	-	-
Net income attributable to owners of parent attributable to common stock (Thousands of yen)	429,382	420,515
Average number of shares of common stock outstanding during the period (shares)	11,403,868	11,397,504
Net income-diluted		
Adjustment of net income attributable to owners of parent (Thousands of yen)	-	-
Increase in common stock (shares)	299,162	264,812
(Stock acquisition rights (shares))	(299,162)	(264,812)
Explanation of residual stock not included in calculation of diluted net income per share due to lack of dilutive potential	-	-

(Significant Subsequent Events)

(Stock Splits and Partial Amendment to the Articles of Incorporation)

In accordance with the resolution of the Board of Directors meeting held on November 12, 2020, we made the stock split and partial amendments to the articles of incorporation.

1.Purpose of the stock split

Company aims to reduce the investment unit price for the Company's stock, increase the liquidity of the stocks, and expand our investor base by implementing the stock split.

2.Outline of stock split

(1)Method

On the record date of December 31, 2020 (effectively December 30, 2020 due to a holiday for the shareholder registry administrator), the Company conducted a 2-for-1 stock split of the shares held by the shareholders as recorded in the final shareholder register on that date.

(2)Increase in number of shares due to stock split

Number of shares issued before the stock split:	5,777,900 shares
Increased number of shares upon the split:	5,777,900 shares
Total number of shares issued after the stock split:	11,555,800 shares
Total number of shares issuable after the stock split:	45,648,000 shares

(3)Schedule of the split

Announcement of record date	December 14, 2020
Record date	December 31, 2020
The Effective Date	January 1, 2021

(4)Impact on per share information

The impact on per share information is described in the relevant section.

3.Partial Amendment to Articles of Incorporation upon Share Split

(1)Reason for amendment of the articles of incorporation

In accordance with the Article 184.2 of the Companies Act, the total number of shares issuable under Article 5 of the Articles of Incorporation of the Company was amended as of January 1, 2021.

(2)Amendments to the Articles of Incorporation

Details of the changes are as follows.

(Underlined area indicates change.)

Current articles of incorporation	Amended articles of incorporation
(Total Number of Shares Issuable) Article 5 The total number of shares issuable of the Company shall be 22,824,000 shares.	(Total Number of Shares Issuable) Article 5 The total number of shares issuable of the Company shall be 45,648,000 shares.

(3)Schedule of Amendment to Articles of Incorporation

Effective date	January 1, 2021
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4.Others

(1)Change in the Amount of Stated Capital

There is no change in the amount of capital stock at the time of this stock split.

(2)Adjustment of exercise price of stock acquisition rights

As a result of the stock split, the exercise price per share of the stock acquisition rights to be exercised on or after January 1, 2021 shall be adjusted:

	Date of resolution of the Board of Directors	Exercise price before the adjustment	Exercise price after the adjustment
Stock acquisition right	May 15, 2018	JPY150	JPY75