

Translation

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

November 7, 2019

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: November 13, 2019

Scheduled date to commence dividend payments: December 5, 2019

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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 | % |
| Six months ended September 30, 2019 | 6,301 | 8.3 | 916 | 102.5 | 895 | 75.4 | 582 | 98.9 |
| Six months ended September 30, 2018 | 5,820 | (2.5) | 452 | (63.9) | 510 | (59.6) | 292 | (63.1) |

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2019 | 30.66 | 30.62 |
| Six months ended September 30, 2018 | 15.41 | 15.39 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2019 | 13,240 | 11,733 | 87.8 |
| As of March 31, 2019 | 13,200 | 11,601 | 87.0 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|--------------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| Year ended March 31, 2019 | Yen — | Yen 23.00 | Yen — | Yen 23.00 | Yen 46.00 |
| Year ending March 31, 2020 | — | 23.00 | — | — | — |
| Year ending March 31, 2020 (Forecast) | — | — | — | 23.00 | 46.00 |

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-----------------|-----|------------------|-----|-----------------|-----|---|-----|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 14,300 | 6.7 | 2,500 | 8.3 | 2,500 | 6.2 | 1,670 | 4.4 | 87.90 |

4. Notes

| | | | |
|--|-------------------|-------------------------------------|-------------------|
| (1) Changes in significant subsidiaries during the six months ended September 30, 2019 (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 September 30, 2019 | 19,896,000 shares | As of March 31, 2019 | 19,896,000 shares |
| Number of treasury shares at the end of the period | | | |
| As of September 30, 2019 | 897,733 shares | As of March 31, 2019 | 899,333 shares |
| Average number of shares during the period (cumulative from the beginning of the fiscal year) | | | |
| Six months ended September 30, 2019 | 18,996,851 shares | Six months ended September 30, 2018 | 18,993,648 shares |

Quarterly consolidated financial statements

Consolidated balance sheets

| | (Thousands of yen) | |
|---|----------------------|--------------------------|
| | As of March 31, 2019 | As of September 30, 2019 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,182,058 | 7,339,288 |
| Notes and accounts receivable - trade | 1,323,016 | 1,011,342 |
| Operational investment securities | 376,152 | 1,616,982 |
| Merchandise and finished goods | 42,570 | 51,439 |
| Raw materials and supplies | 116 | 116 |
| Other | 356,415 | 307,101 |
| Total current assets | 10,280,330 | 10,326,270 |
| Non-current assets | | |
| Property, plant and equipment | 480,246 | 464,044 |
| Intangible assets | | |
| Goodwill | 288,596 | 240,868 |
| Other | 129,442 | 156,491 |
| Total intangible assets | 418,039 | 397,360 |
| Investments and other assets | | |
| Investment securities | 760,634 | 752,586 |
| Leasehold and guarantee deposits | 554,360 | 549,915 |
| Deferred tax assets | 76,814 | 105,415 |
| Other | 629,840 | 644,728 |
| Total investments and other assets | 2,021,650 | 2,052,646 |
| Total non-current assets | 2,919,936 | 2,914,051 |
| Total assets | 13,200,266 | 13,240,321 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 273,470 | 242,690 |
| Income taxes payable | 262,933 | 377,746 |
| Provision for bonuses | 139,015 | 143,516 |
| Other | 872,938 | 696,953 |
| Total current liabilities | 1,548,359 | 1,460,906 |
| Non-current liabilities | | |
| Deferred tax liabilities | 476 | – |
| Other | 49,636 | 45,512 |
| Total non-current liabilities | 50,112 | 45,512 |
| Total liabilities | 1,598,471 | 1,506,419 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,599,538 | 1,599,538 |
| Capital surplus | 1,523,982 | 1,523,982 |
| Retained earnings | 8,911,536 | 9,058,555 |
| Treasury shares | (526,094) | (525,158) |
| Total shareholders' equity | 11,508,962 | 11,656,917 |

| | (Thousands of yen) | |
|---|----------------------|--------------------------|
| | As of March 31, 2019 | As of September 30, 2019 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (7,148) | 1,457 |
| Foreign currency translation adjustment | (14,333) | (32,004) |
| Total accumulated other comprehensive income | <u>(21,482)</u> | <u>(30,546)</u> |
| Share acquisition rights | 17,519 | 22,280 |
| Non-controlling interests | 96,795 | 85,251 |
| Total net assets | <u>11,601,794</u> | <u>11,733,902</u> |
| Total liabilities and net assets | <u>13,200,266</u> | <u>13,240,321</u> |

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

Consolidated statements of income (cumulative)

| | (Thousands of yen) | |
|---|--|--|
| | Six months ended September 30, 2018 | Six months ended September 30, 2019 |
| Net sales | 5,820,374 | 6,301,372 |
| Cost of sales | 982,424 | 836,859 |
| Gross profit | 4,837,949 | 5,464,512 |
| Selling, general and administrative expenses | 4,385,479 | 4,548,162 |
| Operating profit | 452,470 | 916,349 |
| Non-operating income | | |
| Interest income | 6,625 | 10,063 |
| Foreign exchange gains | 50,947 | – |
| Other | 7,675 | 3,716 |
| Total non-operating income | 65,249 | 13,780 |
| Non-operating expenses | | |
| Loss on investments in investment partnerships | 5,244 | 5,513 |
| Foreign exchange losses | – | 26,955 |
| Other | 1,923 | 2,174 |
| Total non-operating expenses | 7,168 | 34,643 |
| Ordinary profit | 510,550 | 895,486 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | – | 32,869 |
| Total extraordinary losses | – | 32,869 |
| Profit before income taxes | 510,550 | 862,617 |
| Income taxes - current | 80,326 | 329,163 |
| Income taxes - deferred | 128,025 | (35,499) |
| Total income taxes | 208,351 | 293,664 |
| Profit | 302,199 | 568,953 |
| Profit (loss) attributable to non-controlling interests | 9,336 | (13,525) |
| Profit attributable to owners of parent | 292,862 | 582,478 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 |
|---|--|--|
| Profit | 302,199 | 568,953 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (9,800) | 8,606 |
| Foreign currency translation adjustment | 9,024 | (18,714) |
| Total other comprehensive income | (775) | (10,108) |
| Comprehensive income | 301,423 | 558,845 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 291,487 | 573,414 |
| Comprehensive income attributable to non-controlling interests | 9,935 | (14,569) |

Consolidated statements of cash flows

(Thousands of yen)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 510,550 | 862,617 |
| Depreciation | 38,465 | 51,100 |
| Amortization of goodwill | 35,952 | 34,913 |
| Increase (decrease) in provision for bonuses | 35,296 | 4,500 |
| Interest and dividend income | (6,625) | (10,063) |
| Foreign exchange losses (gains) | (50,947) | 26,955 |
| Loss (gain) on investments in investment partnerships | 5,244 | 5,513 |
| Decrease (increase) in investment securities for sale | 207,115 | (1,240,830) |
| Loss on retirement of non-current assets | – | 32,869 |
| Decrease (increase) in trade receivables | 299,293 | 311,673 |
| Decrease (increase) in inventories | (3,143) | (8,868) |
| Increase (decrease) in trade payables | (259,850) | (30,780) |
| Decrease (increase) in other assets | (29,340) | (8,798) |
| Increase (decrease) in other liabilities | (539,568) | (194,666) |
| Subtotal | 242,442 | (163,863) |
| Interest and dividends received | 5,943 | 10,034 |
| Income taxes paid | (276,826) | (121,717) |
| Net cash provided by (used in) operating activities | (28,441) | (275,546) |
| Cash flows from investing activities | | |
| Payments into time deposits | (97,338) | – |
| Proceeds from withdrawal of time deposits | 86,953 | 54,680 |
| Purchase of property, plant and equipment | (12,988) | (48,585) |
| Purchase of intangible assets | (816) | (67,360) |
| Purchase of investment securities | (4,024) | (4,976) |
| Proceeds from the dividend of investment securities | 1,206 | 504 |
| Long-term loan advances | (221,800) | – |
| Payments of leasehold and guarantee deposits | (7,571) | (7,247) |
| Proceeds from refund of leasehold and guarantee deposits | 1,954 | 3,486 |
| Other, net | 2,219 | 1,944 |
| Net cash provided by (used in) investing activities | (252,205) | (67,554) |
| Cash flows from financing activities | | |
| Proceeds from received an investment to non-controlling shareholders | – | 12,491 |
| Proceeds from disposal of treasury shares | 1,234 | 2,024 |
| Dividends paid | (436,841) | (436,923) |
| the amount of payment of the dividend to non-controlling shareholders | (18,037) | (9,466) |
| Net cash provided by (used in) financing activities | (453,644) | (431,874) |
| Effect of exchange rate change on cash and cash equivalents | (1,095) | (11,012) |
| Net increase (decrease) in cash and cash equivalents | (735,387) | (785,988) |
| Cash and cash equivalents at beginning of period | 7,539,662 | 7,929,587 |
| Cash and cash equivalents at end of period | 6,804,275 | 7,143,599 |