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Consolidated Financial Results for the Second Quarter of Fiscal 2019 (Six months ended June 30, 2019) [Japanese GAAP]

August 9, 2019

Listed Company Name: OYO Corporation
 Stock Exchange Listings: Tokyo Stock Exchange (First Section)

Stock Code Number: 9755 URL: <https://www.oyo.co.jp/>
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Scheduled date for submission of quarterly report: August 13, 2019
 Scheduled date for dividend payment: September 24, 2019
 Supplementary materials on quarterly results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Highlights

(1) Consolidated Results of Operation (% indicates changes from the previous corresponding period)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Q2 FY2019	23,962	5.8	1,093	10.9	1,303	17.6	804	17.1
Q2 FY2018	22,647	1.8	985	71.9	1,107	50.8	687	21.3

(NOTE) Comprehensive Income (loss): Q2 FY2019 353 million yen [- %] Q2 FY2018 (18) million yen [- %]

	Net income per share	Diluted net income per share
	yen	yen
Q2 FY2019	30.83	—
Q2 FY2018	26.19	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2019	81,357	66,242	81.0
As of December 31, 2018	80,418	66,013	81.9

(Reference) Shareholders' equity: As of June 30, 2019 65,899 million yen As of December 31, 2018 65,881 million yen

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY2018	—	14.00	—	14.00	28.00
FY2019	—	14.00	—	—	—
FY2019 (forecast)	—	—	—	14.00	28.00

(NOTE) Revision to cash dividends forecast most recently announced: None

3. Consolidated financial results forecasts for the fiscal year ending December 31, 2019 (FY2019)

(% indicates changes from the previous corresponding period)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full fiscal year	49,500	9.4	1,900	28.3	2,300	20.2	1,300	61.6	49.65

(NOTE) Revisions to the financial results forecast announced most recently: None

※ Notes

(1) Changes in important subsidiaries during the period

(Changes in specified subsidiaries accompanying changes in scope of consolidation): None

(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatements

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

(4) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)

As of June 30, 2019	27,582,573 shares
As of December 31, 2018	27,582,573 shares

② Number of treasury stock at the end of the period

As of June 30, 2019	1,469,644 shares
As of December 31, 2018	1,469,573 shares

③ Average number of shares during the period (quarterly cumulative total)

Q2 FY2019	26,112,941 shares
Q2 FY2018	26,252,914 shares

※This quarterly financial results report is exempt from quarterly review by certified public accountant or auditing firm.

※Explanations regarding the appropriate use of forecast of operating results and other special items

Forward-looking statements such as earnings forecasts and other projections contained in this document are based on information available at the time of disclosure and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from expectations due to various factors.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Unit: million yen)

	As of December 31, 2018	As of June 30, 2019
Assets		
Current asset		
Cash and deposit	25,536	34,351
Notes and accounts receivable - trade	1,791	2,114
Accounts receivable from completed businesses	19,518	11,200
Lease receivables and lease investments assets	2,440	2,953
Marketable securities	899	1,100
Payments for uncompleted businesses	2,395	2,304
Merchandise and finished goods	755	907
Work in progress	651	739
Raw materials and supplies	1,859	1,821
Other	1,757	964
Allowance for doubtful accounts	(19)	(17)
Total current assets	57,585	58,440
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,838	4,774
Land	6,251	6,247
Other, net	1,478	1,795
Total property, plant and equipment	12,568	12,817
Intangible assets		
Goodwill	142	231
Other	1,222	1,235
Total intangible assets	1,364	1,466
Investments and other assets		
Investment securities	6,017	5,764
Net defined benefit asset	1,306	1,284
Other	2,098	2,069
Allowance for doubtful accounts	(523)	(484)
Total investments and other assets	8,898	8,633
Total non-current assets	22,832	22,917
Total assets	80,418	81,357

(Unit: million yen)

	As of December 31, 2018	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	720	710
Accounts payable for businesses	1,433	1,406
Income taxes payable	421	559
Warranty reserve	136	134
Provision for bonuses	137	256
Provision for loss on order received	161	161
Other	6,739	6,916
Total current liabilities	9,750	10,145
Non-current liabilities		
Provision for retirement benefits	1,940	1,904
Reserve for stock benefits	57	55
Other	2,656	3,008
Total non-current liabilities	4,654	4,969
Total liabilities	14,404	15,115
Net assets		
Shareholders' equity		
Capital stock	16,174	16,174
Capital surplus	15,077	15,077
Retained earnings	37,458	38,029
Treasury stock	(1,828)	(1,828)
Total shareholders' equity	66,881	67,453
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,248	1,249
Revaluation surplus of land	(2,594)	(2,732)
Foreign currency translation adjustments	305	(118)
Defined retirement benefit plans	41	46
Total accumulated other comprehensive income	(1,000)	(1,554)
Non-controlling interests	131	343
Total net assets	66,013	66,242
Total liabilities and net assets	80,418	81,357

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

(Unit: million yen)

	Q2 FY2018 (From January 1, 2018 to June 30, 2018)	Q2 FY2019 (From January 1, 2019 to June 30, 2019)
Net Sales	22,647	23,962
Cost of sales	15,390	16,421
Gross profit	7,256	7,541
Selling and general administrative expenses	6,271	6,447
Operating income	985	1,093
Non-operating income		
Interest income	76	88
Dividend income	39	41
Equity in earnings of affiliates	9	—
Rent on real estate	26	24
Reversal of allowance for doubtful accounts	58	45
Gain on sales of non-current assets	7	6
Other	29	42
Total non-operating income	247	248
Non-operating expenses		
Interest expenses	2	1
Foreign exchange losses	—	5
Equity in losses of affiliates	—	4
Property rental costs	6	7
Loss on retirement of non-current assets	116	1
Other	0	18
Total non-operating expenses	125	39
Ordinary income	1,107	1,303
Extraordinary income		
Gain on sales of investment securities	—	8
Total extraordinary income	—	8
Extraordinary losses		
Loss on sales of investment securities	—	53
Total extraordinary losses	—	53
Income before income taxes	1,107	1,258
Income taxes	427	485
Net income	679	773
Net income (loss) attributable to non-controlling interests	(7)	(31)
Net income (loss) attributable to owners of parent	687	804

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Q2 FY2018 (From January 1, 2018 to June 30, 2018)	Q2 FY2019 (From January 1, 2019 to June 30, 2019)
Net income	679	773
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(247)	1
Foreign currency translation adjustments	(389)	(426)
Remeasurements of defined benefit plans	(61)	4
Total other comprehensive income (loss)	(697)	(419)
Comprehensive income (loss)	(18)	353
Comprehensive income (loss) attributable to:		
Owners of parent	(9)	387
Non-controlling interests	(8)	(34)

Segmented information

Information on net sales and income or loss by segment

1. Q2 FY2018 (From January 1, 2018 to June 30, 2018)

(Unit: million yen)

	Segment					Adjustment amount	Consolidated
	Infrastructure Maintenance, Management, and Renovation	Natural Disaster Prevention and Mitigation	Environment	Natural Resources and Energy	Total		
Sales							
Sales to external customers	10,277	3,778	4,020	4,571	22,647	—	22,647
Intersegment sales or transfers	31	18	3	—	53	(53)	—
Total	10,309	3,796	4,023	4,571	22,700	(53)	22,647
Segment income (loss)	740	197	271	(226)	983	2	985

2. Q2 FY2019 (From January 1, 2019 to June 30, 2019)

(Unit: million yen)

	Segment					Adjustment amount	Consolidated
	Infrastructure Maintenance, Management, and Renovation	Natural Disaster Prevention and Mitigation	Environment	Natural Resources and Energy	Total		
Sales							
Sales to external customers	9,925	5,254	4,477	4,306	23,962	—	23,962
Inter segment sales or transfer	289	48	13	15	366	(366)	—
Total	10,214	5,302	4,490	4,322	24,329	(366)	23,962
Segment income (loss)	731	287	453	(392)	1,079	13	1,093