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Consolidated Financial Results for the Third Quarter of Fiscal 2019 (Nine months ended September 30, 2019) [Japanese GAAP]

November 11, 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: November 13, 2019
 Scheduled date for dividend payment: —
 Supplementary materials on quarterly results: No
 Holding of quarterly financial results briefing: No

(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	%
Q3 FY2019	36,998	12.8	1,739	113.9	2,134	90.7	1,374	89.6
Q3 FY2018	32,813	(0.6)	813	456.9	1,119	109.7	725	77.3

(NOTE) Comprehensive Income: Q3 FY2019 1,193 million yen [128.9%] Q3 FY2018 521 million yen [44.4 %]

	Net income per share	Diluted net income per share
	yen	yen
Q3 FY2019	52.64	—
Q3 FY2018	27.67	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2019	82,581	66,712	80.4
As of December 31, 2018	80,418	66,013	81.9

(Reference) Shareholders' equity: As of September 30, 2019 66,364 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	53,000	17.2	2,200	48.5	2,700	41.1	1,600	98.9	61.27

(NOTE) Revisions to the financial results forecast announced most recently: Yes

※ 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 September 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 September 30, 2019	1,468,665 shares
As of December 31, 2018	1,469,573 shares

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

Q3 FY2019	26,113,038 shares
Q3 FY2018	26,206,199 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 September 30, 2019
Assets		
Current asset		
Cash and deposit	25,536	29,846
Notes and accounts receivable - trade	1,791	1,990
Accounts receivable from completed businesses	19,518	16,479
Lease receivables and lease investments assets	2,440	2,978
Marketable securities	899	1,199
Payments for uncompleted businesses	2,395	2,399
Merchandise and finished goods	755	763
Work in progress	651	878
Raw materials and supplies	1,859	1,821
Other	1,757	971
Allowance for doubtful accounts	(19)	(16)
Total current assets	57,585	59,311
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,838	4,726
Land	6,251	6,247
Other, net	1,478	1,791
Total property, plant and equipment	12,568	12,766
Intangible assets		
Goodwill	142	222
Other	1,222	1,225
Total intangible assets	1,364	1,447
Investments and other assets		
Investment securities	6,017	6,165
Net defined benefit asset	1,306	1,279
Other	2,098	2,080
Allowance for doubtful accounts	(523)	(469)
Total investments and other assets	8,898	9,056
Total non-current assets	22,832	23,270
Total assets	80,418	82,581

(Unit: million yen)

	As of December 31, 2018	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	720	748
Accounts payable for businesses	1,433	1,844
Income taxes payable	421	692
Warranty reserve	136	121
Provision for bonuses	137	898
Provision for loss on order received	161	168
Other	6,739	6,464
Total current liabilities	9,750	10,937
Non-current liabilities		
Provision for retirement benefits	1,940	1,879
Reserve for stock benefits	57	53
Other	2,656	2,997
Total non-current liabilities	4,654	4,931
Total liabilities	14,404	15,869
Net assets		
Shareholders' equity		
Capital stock	16,174	16,174
Capital surplus	15,077	15,077
Retained earnings	37,458	38,229
Treasury stock	(1,828)	(1,826)
Total shareholders' equity	66,881	67,654
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,248	1,528
Revaluation surplus of land	(2,594)	(2,732)
Foreign currency translation adjustments	305	(134)
Defined retirement benefit plans	41	49
Total accumulated other comprehensive income	(1,000)	(1,289)
Non-controlling interests	131	347
Total net assets	66,013	66,712
Total liabilities and net assets	80,418	82,581

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

Consolidated Statement of Income

(Unit: million yen)

	Q3 FY2018 (From January 1, 2018 to September 30, 2018)	Q3 FY2019 (From January 1, 2019 to September 30, 2019)
Net Sales	32,813	36,998
Cost of sales	22,559	25,601
Gross profit	10,254	11,396
Selling and general administrative expenses	9,440	9,656
Operating income	813	1,739
Non-operating income		
Interest income	118	143
Dividend income	56	65
Equity in earnings of affiliates	31	6
Rent on real estate	40	40
Reversal of allowance for doubtful accounts	59	59
Insurance income and insurance dividend	101	82
Gain on sales of non-current assets	9	7
Other	25	48
Total non-operating income	442	453
Non-operating expenses		
Interest expenses	2	4
Foreign exchanges loss	—	19
Property rental costs	12	10
Loss on retirement of non-current assets	120	1
Other	1	23
Total non-operating expenses	136	59
Ordinary income	1,119	2,134
Extraordinary income		
Gain on sales of investment securities	9	14
Total extraordinary income	9	14
Extraordinary losses		
Impairment loss	—	53
Total extraordinary losses	—	53
Income before income taxes	1,128	2,095
Income taxes	415	744
Net income	712	1,350
Net income (loss) attributable to non-controlling interests	(12)	(24)
Net income (loss) attributable to owners of parent	725	1,374

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Q3 FY2018 (From January 1, 2018 to September 30, 2018)	Q3 FY2019 (From January 1, 2019 to September 30, 2019)
Net income	712	1,350
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(162)	280
Foreign currency translation adjustments	62	(445)
Remeasurements of defined benefit plans	(92)	7
Total other comprehensive income (loss)	(191)	(157)
Comprehensive income	521	1,193
Comprehensive income (loss) attributable to:		
Owners of parent	533	1,222
Non-controlling interests	(12)	(29)

Segmented information

Information on net sales and income or loss by segment

1. Q3 FY2018 (From January 1, 2018 to September 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	14,396	6,098	6,094	6,224	32,813	—	32,813
Intersegment sales or transfers	44	25	3	—	73	(73)	—
Total	14,441	6,124	6,097	6,224	32,886	(73)	32,813
Segment income (loss)	715	216	320	(439)	812	0	813

2. Q3 FY2019 (From January 1, 2019 to September 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	14,816	7,933	6,710	7,538	36,998	—	36,998
Inter segment sales or transfer	396	70	26	16	508	(508)	—
Total	15,212	8,003	6,736	7,554	37,507	(508)	36,998
Segment income (loss)	944	402	614	(240)	1,721	18	1,739