

Summary of Non-consolidated Financial Results for the Fiscal Year Ended January 31, 2019 (Under Japanese GAAP)

Company name: Artner Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 2163
 URL: <https://www.artner.co.jp/>
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 Scheduled date of annual general meeting of shareholders: April 25, 2019
 Scheduled date to commence dividend payments: April 26, 2019
 Scheduled date to file annual securities report: April 25, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the fiscal year ended January 31, 2019 (from February 1, 2018 to January 31, 2019)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2019	6,331	9.8	785	15.3	794	15.0	540	12.5
January 31, 2018	5,765	11.9	681	23.2	690	22.4	480	32.3

Fiscal year ended	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
January 31, 2019	50.91	—	25.2	26.3	12.4
January 31, 2018	45.26	—	26.9	27.3	11.8

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended January 31, 2019: ¥ — million

For the fiscal year ended January 31, 2018: ¥ — million

Note: The Company conducted a 2-for-1 stock split of common share on April 1, 2018. “Earnings per share” is calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
January 31, 2019	3,264	2,333	71.5	219.59
January 31, 2018	2,763	1,963	71.1	184.81

Reference: Equity As of January 31, 2019: ¥ 2,333 million

As of January 31, 2018: ¥ 1,963 million

Note: The Company conducted a 2-for-1 stock split of common share on April 1, 2018. “Net assets per share” is calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

(3) Non-consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2019	612	△75	△169	2,050
January 31, 2018	471	△25	△134	1,683

2. Cash dividends

	Annual dividends per share					Total cash dividends	Payout ratio	Dividend on equity
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended January 31, 2018	—	13.00	—	17.00	30.00	159	33.1	8.9
Fiscal year ended January 31, 2019	—	7.50	—	10.50	18.00	191	35.4	8.9
Fiscal year ending January 31, 2020 (Forecast)	—	9.00	—	9.00	18.00		31.6	

Notes: Breakdown of year-end dividends for the fiscal year ended January 31, 2018
 Ordinary dividends: ¥ 15.00
 Commemorative dividends: ¥ 2.00

Notes: Breakdown of year-end dividends for the fiscal year ended January 31, 2019
 Ordinary dividends: ¥ 8.00
 Commemorative dividends: ¥ 2.50

Notes: The Company conducted a 2-for-1 stock split of common share on April 1, 2018.
 The actual amounts of dividends before the said stock split are described for the fiscal year ended January 31, 2018.

3. Forecast of non-consolidated financial results for the year ending January 31, 2020 (from February 1, 2019 to January 31, 2020)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,844	8.1	870	10.9	874	10.1	604	11.7	56.89

Note: Only the full-year forecast is shown because ARTNER manages performance on a fiscal year basis.

*** Notes**

- (1) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

- (2) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of January 31, 2019	10,627,920 shares
As of January 31, 2018	10,627,920 shares

- (ii) Number of treasury shares at the end of the period

As of January 31, 2019	2,329 shares
As of January 31, 2018	2,156 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended January 31, 2019	10,625,615 shares
Fiscal year ended January 31, 2018	10,625,881 shares

Note: The Company conducted a 2-for-1 stock split of common share on April 1, 2018. Number of issued shares (common shares) is calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements, etc.)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors.

Non-consolidated financial statements

Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2018	As of January 31, 2019
Assets		
Current assets		
Cash and deposits	1,683,375	2,050,932
Accounts receivable - trade	700,551	764,636
Work in process	474	1,786
Raw materials and supplies	1,121	3,036
Prepaid expenses	19,399	23,043
Deferred tax assets	48,998	57,964
Accounts receivable - other	6,883	562
Other	14,520	18,026
Allowance for doubtful accounts	△4,200	△4,500
Total current assets	2,471,125	2,915,488
Non-current assets		
Property, plant and equipment		
Buildings	81,318	86,466
Accumulated depreciation	△68,793	△65,993
Buildings, net	12,525	20,472
Structures	1,677	1,677
Accumulated depreciation	△1,666	△1,669
Structures, net	10	7
Tools, furniture and fixtures	30,467	37,187
Accumulated depreciation	△19,115	△22,101
Tools, furniture and fixtures, net	11,351	15,085
Land	59,159	59,159
Total property, plant and equipment	83,046	94,726
Intangible assets		
Software	30,085	63,448
Telephone subscription right	1,654	1,654
Software in progress	24,378	—
Total intangible assets	56,118	65,102
Investments and other assets		
Investment securities	9,325	7,615
Investments in capital	1,250	1,250
Long-term prepaid expenses	568	418
Deferred tax assets	84,336	108,609
Leasehold and guarantee deposits	56,795	69,897
Other	1,053	1,080
Total investments and other assets	153,329	188,871
Total non-current assets	292,494	348,700
Total assets	2,763,619	3,264,188

(Thousands of yen)

	As of January 31, 2018	As of January 31, 2019
Liabilities		
Current liabilities		
Accounts payable - other	118,249	131,285
Accrued expenses	56,846	60,561
Income taxes payable	150,544	174,875
Accrued consumption taxes	104,790	104,909
Deposits received	11,353	12,744
Unearned revenue	96	96
Provision for bonuses	102,129	112,921
Other	2,623	2,862
Total current liabilities	546,632	600,255
Non-current liabilities		
Provision for retirement benefits	253,261	330,626
Total non-current liabilities	253,261	330,626
Total liabilities	799,893	930,881
Net assets		
Shareholders' equity		
Share capital	238,284	238,284
Capital surplus		
Legal capital surplus	168,323	168,323
Total capital surplus	168,323	168,323
Retained earnings		
Legal retained earnings	10,460	10,460
Other retained earnings		
General reserve	40,000	40,000
Retained earnings brought forward	1,501,835	1,872,798
Total retained earnings	1,552,295	1,923,258
Treasury shares	△503	△698
Total shareholders' equity	1,958,400	2,329,167
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,326	4,139
Total valuation and translation adjustments	5,326	4,139
Total net assets	1,963,726	2,333,306
Total liabilities and net assets	2,763,619	3,264,188

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended January 31, 2018	Fiscal year ended January 31, 2019
Net sales	5,765,117	6,331,692
Cost of sales	3,725,511	4,033,065
Gross profit	2,039,605	2,298,627
Selling, general and administrative expenses	1,358,233	1,513,026
Operating profit	681,372	785,600
Non-operating income		
Interest income	6	6
Dividend income	179	206
Commission income	475	505
Sales income of training materials	784	851
Rental income from land and buildings	1,028	1,069
Dividend income of insurance	4,195	4,573
Subsidy income	1,350	891
Other	1,166	589
Total non-operating income	9,185	8,693
Non-operating expenses		
Interest expenses	76	36
Cancellation penalty	55	58
Other	—	100
Total non-operating expenses	131	194
Ordinary profit	690,426	794,098
Extraordinary losses		
Loss on retirement of non-current assets	—	1,742
Total extraordinary losses	—	1,742
Profit before income taxes	690,426	792,356
Income taxes - current	242,875	284,098
Income taxes - deferred	△33,426	△32,716
Total income taxes	209,449	251,382
Profit	480,977	540,973

Non-consolidated statements of changes in equity
Fiscal year ended January 31, 2018

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward		
Balance at beginning of period	238,284	168,323	168,323	10,460	40,000	1,156,339	1,206,799
Changes during period							
Dividends of surplus						△135,480	△135,480
Profit						480,977	480,977
Acquisition of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	345,496	345,496
Balance at end of period	238,284	168,323	168,323	10,460	40,000	1,501,835	1,552,295

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	△363	1,613,042	3,150	3,150	1,616,193
Changes during period					
Dividends of surplus		△135,480			△135,480
Profit		480,977			480,977
Acquisition of treasury shares	△139	△139			△139
Net changes in items other than shareholders' equity			2,175	2,175	2,175
Total changes during period	△139	345,357	2,175	2,175	347,533
Balance at end of period	△503	1,958,400	5,326	5,326	1,963,726

Fiscal year ended January 31, 2019

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	238,284	168,323	168,323	10,460	40,000	1,501,835	1,552,295
Changes during period							
Dividends of surplus						△170,010	△170,010
Profit						540,973	540,973
Acquisition of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	370,962	370,962
Balance at end of period	238,284	168,323	168,323	10,460	40,000	1,872,798	1,923,258

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	△503	1,958,400	5,326	5,326	1,963,726
Changes during period					
Dividends of surplus		△170,010			△170,010
Profit		540,973			540,973
Acquisition of treasury shares	△195	△195			△195
Net changes in items other than shareholders' equity			△1,187	△1,187	△1,187
Total changes during period	△195	370,767	△1,187	△1,187	369,580
Balance at end of period	△698	2,329,167	4,139	4,139	2,333,306

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2018	Fiscal year ended January 31, 2019
Cash flows from operating activities		
Profit before income taxes	690,426	792,356
Depreciation	14,119	16,971
Increase (decrease) in allowance for doubtful accounts	600	300
Increase (decrease) in provision for bonuses	15,023	10,792
Increase (decrease) in provision for retirement benefits	57,065	77,364
Interest and dividend income	△185	△212
Interest expenses	76	36
Decrease (increase) in accounts receivable – other	△6,362	6,321
Decrease (increase) in trade receivables	△84,557	△64,084
Decrease (increase) in inventories	140	△3,226
Increase (decrease) in accrued consumption taxes	18,321	119
Increase (decrease) in accounts payable – other	△9,861	29,352
Other, net	8,037	3,889
Subtotal	702,843	869,980
Interest and dividends received	185	212
Interest paid	△76	△36
Income taxes paid	△231,742	△257,618
Net cash provided by (used in) operating activities	471,209	612,537
Cash flows from investing activities		
Purchase of property, plant and equipment	△7,027	△12,397
Purchase of intangible assets	△18,828	△43,297
Payments of leasehold and guarantee deposits	△569	△20,321
Proceeds from refund of leasehold and guarantee deposits	1,139	500
Payments for the acquisition of investment securities	△521	–
Other, net	△26	△26
Net cash provided by (used in) investing activities	△25,833	△75,542
Cash flows from financing activities		
Payments for the acquisition of treasury shares	△139	△195
Dividends paid	△134,589	△169,242
Net cash provided by (used in) financing activities	△134,729	△169,438
Net increase (decrease) in cash and cash equivalents	310,646	367,557
Cash and cash equivalents at beginning of period	1,372,728	1,683,375
Cash and cash equivalents at end of period	1,683,375	2,050,932