Consolidated Financial Results for FY 3/2021 [Japanese GAAP]

May 12, 2021

Company Name	NISSO CORPORATION			Stock Exchange Listing: Tokyo	
Securities Code	6569	URL https://www.nisso.co.jp/			
Representative	(Title)	Representative Director, President & CEO	(Name) Ryuichi Shimizu		
Contact Person	(Title)	Sr. Executive Officer	(Name) Norihiro Sekido	TEL +81-45-514-4323	
Scheduled date of Annual General Meeting of Shareholders		June 24, 2021	Scheduled date of payment of dividend	June 25, 2021	
Scheduled date of filing Annual Securities Report		June 25, 2021			
Preparation of supplementary materials for financial results: Yes		(Scheduled to be posted on the Company's website on May 12, 2021 (Wednesday))			
Holding of financial results meeting: Yes		(Scheduled to be held for institutional investors and analysts on May 14, 2021 (Friday))			

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 - March 31, 2021)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Mar. 31, 2021	68,213	(9.0)	2,599	(15.1)	2,949	(6.4)	1,592	(21.7)
Mar. 31, 2020	74,966	8.4	3,061	6.7	3,149	8.8	2,033	(1.0)

(Note) Comprehensive income Fiscal year ended Mar. 31, 2021: 1,690 Million yen (-13.1%)
Fiscal year ended Mar. 31, 2020: 1,944 Million yen (3.6%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit on total assets	Ratio of operating profit on net sales
Fiscal year ended	Yen	Yen	%	%	%
Mar. 31, 2021	47.08	46.89	12.9	13.4	3.8
Mar. 31, 2020	60.51	59.90	18.1	14.5	4.1

(Reference) Equity in earnings of affiliates Fiscal year ended Mar. 31, 2021: 7 Million yen
Fiscal year ended Mar. 31, 2020: 34 Million yen

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. Net income per share" and "diluted net income per share" are calculated assuming that the shares were split at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
Mar. 31, 2021	21,631	12,763	59.0	375.90
Mar. 31, 2020	22,494	11,895	52.9	351.84

(Reference) Equity capital As of Mar. 31, 2021: 12,763 Million yen
As of Mar. 31, 2020: 11,895 Million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
Mar. 31, 2021	1,672	(496)	(1,668)	5,873
Mar. 31, 2020	1,922	(289)	(901)	6,365

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Mar. 31, 2020	—	0.00	—	25.00	25.00	845	41.3	7.5
Mar. 31, 2021	—	0.00	—	20.10	20.10	682	42.7	5.5
Fiscal year ending Mar. 31, 2022 (forecast)	—	0.00	—	18.00	18.00		30.6	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	76,000	11.4	3,000	15.4	3,000	1.7	2,000	25.6	58.90

※ **Notes**

（1）Changes in the significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation: None
Newly added: (Co. name) －、Excluded (Co. name) －

（2）Changes in accounting policies and accounting estimates, and restatements

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

（3）Number of outstanding shares (Common stock)

① Number of shares outstanding at the end of the period (including treasury shares)	As of Mar. 31, 2021	34,320,400 Shares	As of Mar. 31, 2020	34,201,200 Shares
② Number of treasury shares at the end of the period	As of Mar. 31, 2021	366,381 Shares	As of Mar. 31, 2020	390,853 Shares
③ Average number of shares outstanding during the period	Fiscal year ended Mar. 31, 2021	33,836,595 Shares	Fiscal year ended Mar. 31, 2020	33,598,989 Shares

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. "Number of shares outstanding at the end of the period", "number of treasury shares at the end of the period" and "average number of shares outstanding during the period" are calculated assuming that the shares were split at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 - March 31, 2021)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Mar. 31, 2021	62,549	(9.6)	2,622	(15.9)	2,863	(8.3)	1,530	(24.6)
Mar. 31, 2020	69,209	9.0	3,119	5.3	3,124	6.2	2,030	(9.4)

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
Mar. 31, 2021	45.22	45.04
Mar. 31, 2020	60.43	59.81

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. "Net income per share" and "diluted net income per share" are calculated assuming that the shares were split at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
Mar. 31, 2021	19,811	11,955	60.3	352.10
Mar. 31, 2020	20,024	11,247	56.2	332.68

(Reference) Equity capital As of Mar. 31, 2021: 11,955 Million yen
As of Mar. 31, 2020: 11,247 Million yen

※ The current financial statement is not subject to audit procedures by certified public accountants or auditing corporations.

※ Cautionary statement on the appropriate use of earnings forecasts, and other special items

(Notes on forward-looking statements, etc.)

Earnings forecasts regarding future performance and other forward-looking statements in this material are based on certain assumptions judged to be valid and on information that is currently available to the Company, and do not represent promises by the Company that these figures will be achieved. In addition, actual results may differ significantly due to a variety of factors. For prerequisite conditions and precautions regarding the usage of earnings forecasts, please refer to "1. Overview of Operating Results, (4) Future Prospects" on P. 5 of the attachments.

(Supplementary materials for financial results and method of obtaining content for financial results briefing)

Financial results briefing materials are scheduled to be posted on the Company's website on May 12, 2021 (Wednesday).

In addition, the Company is scheduled to hold a Financial Results Briefing (for institutional investors and analysts) on May 14, 2021 (Friday).

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1. Overview of Operating Results

(1) Overview of Operating Results for the Current Fiscal Year

Although Japan's economy during the current consolidated fiscal year (hereinafter, the "period under review") has been in a severe situation due to the effects of the spread of the new coronavirus (hereinafter, "COVID-19"),economic activity was affected by the effects of various policies and improvements in overseas economies, while taking measures to prevent the spread of infections. Although there are signs of recovery, it is necessary to pay close attention to the effects of fluctuations in the financial and capital markets.

As for the business environment surrounding the Nisso Group (hereinafter, the "Group") has been improving as domestic manufacturers, who are NISSO CORPORATION's (hereinafter, the "Company") important clients, have shown signs of recovery as mentioned above. As for the automobiles-related industry, production remained firm, although there were effects such as temporary suspensions of operations due to the impact of the Fukushima earthquake that occurred in February 2021. With regard to the electronic devices industry, production of electronic components and devices has been on a recovery trend against the backdrop of increased demand for IT as a result of 5G and changes in work-styles. In addition, in the employment situation, movements such as the number of employees and other factors, have shown signs of resilience, and the needs of the Company's clients to utilize external human resources have also been increasing.

In this environment, based on its founding philosophy of "Nurturing and Bringing Out the Best in People", the Group will continue the following initiatives to realize the enhancement of its corporate value with the aim of creating workplaces where employees can work with a sense of satisfaction and flourish, and provide services that can contribute to its growth as a company.

In the period under review, in the manufacturing-related human resources services, which is the core business of the Group, under the strategy of focusing on the assignment of "skilled staff", who are indefinite-term employees, to Account Companies, that are positioned as important clients, the Company has been actively developing human resources by utilizing its own educational facilities to improve the skills and retention rates of its manufacturing staff.

In Other Businesses, the Group has been making efforts to improve its management structure by enhancing the quality of services provided at "Sweetpea", its nursing care facilities located in 6 locations in Yokohama, increasing the number of its residents, and promoting operational efficiency.

In addition, 399 million yen in subsidy income was generated from non-operating income. This was mainly due to subsidies for employment adjustment associated with the spread of COVID-19.

In addition, extraordinary losses of 449 million yen were recorded. This was due to a loss on valuation of investment securities and a loss on retirement of non-current assets.

As a result, the results of operations for the period under review are as follows: net sales of 68,213 million yen (down 9.0% year-on-year), operating profit of 2,599 million yen (down 15.1% year-on-year), ordinary profit of 2,949 million yen (down 6.4% year-on-year), and profit attributable to owners of parent amounted to 1,592 million yen (down 21.7% year-on-year).

Based on its policy of putting the safety of its clients and employees as a top priority, the Group has established the "COVID-19 Countermeasures Headquarters" and is conducting business activities that strengthen measures to prevent the spread of COVID-19 infections. In addition, in nursing care facilities in Other Businesses, although patients suffering from COVID-19 occurred to residents and employees in January 2021, the Group has returned to normal business in February of the same year by thoroughly implementing infection prevention measures.

The results of operations by segment are as follows:

(General Human Resources Services Business)

Within the General Human Resources Services Business, the Company carries out manufacturing dispatching and contracting for its manufacturing-related human resources services, general office work dispatching and BPO (Business Process Outsourcing: the outsourcing of operations and processes of specific business-related tasks to a [third-party] specialized company) for its administrative human resources services.

In manufacturing-related human resources services, the core business which accounted for 91.8% of consolidated net sales during the period under review, the Company has been making efforts to increase the motivation of manufacturing staff to work, and improve the retention rate by implementing education that enhances added value, including the use of on-line education, etc., as well as its own educational

facilities. Net sales related to the automobiles industry have been on an increasing trend due to the recovery in overseas economies, and as a result of efforts to recover incoming order volumes, net sales have improved. However, the Company failed to absorb the decline in demand in the first quarter consolidated accounting period (April 1, 2020 to June 30, 2020), resulting in a 14.4% year-on-year decrease in net sales. On the other hand, semiconductor-related production has remained firm due to investments in IT infrastructure, etc., and net sales related to the electronic devices industry increased, resulting in a 3.2% year-on-year increase.

In addition, in the manufacturing-related human resources services for the period under review, although net sales to Account Company Groups, which are positioned as important clients, decreased (down 372 million yen year-on-year), its ratio to the Company's net sales was at 47.6% (which was at 45.9% year-on-year). Furthermore, the demand for skilled staff with high skills and retention rates remained strong, increasing by 186 staff compared to the end of the previous consolidated fiscal year.

However, in the period under review, despite efforts to reduce expenses such as recruitment costs, the Company was not able to absorb the decreases in enrollment and net sales due to the effects of COVID-19, resulting in decreased revenue and profits.

As a result, net sales amounted to 65,250 million yen (down 9.6% year-on-year), and operating profit was 2,578 million yen (down 17.3% year-on-year).

(Other Businesses)

The Company operates nursing care and welfare businesses for its Other Businesses.

In the facilities nursing care business, which is the core business of this business segment, the occupancy rate of the nursing care facility, "Sweetpea Higashi Totsuka" exceeded 90% during the period under review as a result of promoting on-line facility preview events on the premise of preventing the spread of COVID-19 infections. Revenues and profits increased as a result of efforts to reduce the cost of sales and improve profitability through efforts such as streamlining labor and operating expenses.

As a result, net sales amounted to 2,972 million yen (up 6.3% year-on-year), and operating profit was 23 million yen (which was at a loss of 54 million yen in the corresponding period of the previous year).

(2) Overview of Financial Position for the Current Fiscal Year

(Assets)

Current assets at the end of the period under review amounted to 14,813 million yen, which was a decrease of 808 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 491 million yen in cash and deposits, and 339 million yen in notes and accounts receivable (trade).

Non-current assets at the end of the period under review amounted to 6,817 million yen, which was a decrease of 54 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 76 million yen in net defined benefit asset, while leased assets and buildings and structures decreased by 66 million yen and 52 million yen, respectively.

As a result, total assets amounted to 21,631 million yen, which was a decrease of 862 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 8,178 million yen, which was a decrease of 1,100 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases in accrued consumption taxes and income taxes payable of 741 million yen and 317 million yen, respectively.

Non-current liabilities at the end of the period under review amounted to 689 million yen, which was a decrease of 629 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 623 million yen decrease in long-term loans payable.

As a result, total liabilities amounted to 8,868 million yen, which was a decrease of 730 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of the period under review amounted to 12,763 million yen, which was an

increase of 867 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of 747 million yen as a result of the appropriation of 1,592 million yen in profit attributable to owners of parent, and the payment of 845 million yen in dividends of surplus.

As a result, the equity ratio was 59.0% (which was at 52.9% at the end of the previous consolidated fiscal year).

(3) Overview of Cash Flows for the Current Fiscal Year

Cash flows for the period under review are as follows: Net cash provided by operating activities was 1,672 million yen, net cash used in investing activities was 496 million yen, and net cash used in financing activities was 1,668 million yen.

As a result, cash and cash equivalents for the period under review decreased by 491 million yen to 5,873 million yen compared to the balance at the beginning of the current period.

The status and contributing factors of cash flows from operating, investing and financing activities in the period under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,672 million yen (which was an inflow of 1,922 million yen in the previous consolidated fiscal year), as a result of an inflow of 2,500 million yen in profit before income taxes, which absorbed outflows such as 1,247 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 496 million yen (which was an outflow of 289 million yen in the previous consolidated fiscal year), as a result of outflows such as 310 million yen in purchase of securities, 93 million yen in purchase of property, plant and equipment, and 97 million yen in purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,668 million yen (which was an outflow of 901 million yen in the previous consolidated fiscal year), as a result of outflows such as 845 million yen in cash dividends paid and 750 million yen in repayments of long-term loans payable.

(4) Future Prospects

With regard to future prospects, there are concerns about temporary delay in the automobiles-related industry production due to the spread of COVID-19 and the shortage of semiconductors. In addition, due to technological innovations such as DX, a decrease in the labor force due to the declining birthrate and aging population, changes in worker demand and the diversification of work-styles have led to rapid and complex changes in the business environment, and management decisions will be required to be expedited.

Under these circumstances, based on its mission of "Creating opportunities and hopes for people to work" in its newly created Medium-term Management Plan, the Group aims to create workplaces where employees can feel a sense of satisfaction and flourish with human resources solution services that support the growth of companies and people, as well as to provide services that can respond to social changes and changes in industrial structures. In order "to transform into a corporate group with high growth potential", the Group will promote the following initiatives.

In the Group's core business of Manufacturing-related Human Resources Services, the Group will increase profitability by increasing investment in promotions in existing areas such as manufacturing dispatching and contracting, hiring a large number of human resources, improving added value by training workers, and strengthening the service system to its clients such as Account Companies. In addition, in the Engineering Business, the Group will expand its business by providing high-quality curriculums to a large number of human resources while introducing new digital technologies in addition to existing educational expertise. Furthermore, in New Businesses, although the Company has provided services that provide job seekers with employment destinations and skills improvement through education, it will also provide services to other life stages such as job-hunting, career changes, and re-employment after retirement. To that end, the Group will actively invest in the introduction of new digital technologies such as AI and the building of new partnerships to create businesses that have synergies with the Group.

In Other businesses, the Group will maintain a high occupancy rate by improving the quality of services provided by its nursing care facilities, "Sweetpea", which are located in 6 locations throughout Yokohama. In addition, the Group will continue to make efforts to improve its management structure, such as promoting the efficiency of its operations, in order to build a stable revenue base.

The Group will strengthen its measures to prevent the spread of COVID-19 and promote its business activities with the safety of its clients and employees as its top priority. Despite delays in vaccinations in Japan, the Group's business performance is expected to remain firm, as the status of orders received by clients is also showing a recovery trend. On the other hand, it can have an impact in the event of cases such as the occurrence of affected persons at the Group's clients, workplaces, or its nursing care facilities.

Based on the above, the Company expects full-year consolidated results for the fiscal year ending March 31, 2022, as follows: net sales of 76,000 million yen (up 11.4% year-on-year), operating profit of 3,000 million yen (up 15.4% year-on-year), ordinary profit of 3,000 million yen (up 1.7% year-on-year), and profit attributable to owners of parent of 2,000 million yen (up 25.6% year-on-year).

※The above forecasts are based on information available as of the date of release of this document, and actual results may differ from forecasts due to various factors in the future.

(5) Basic Policy on Profit Distribution and Dividends for Current and Next Terms

The Company considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues, taking into consideration the balance between securing funds for growth investments and strengthening the corporate structure that can respond to changes in the business environment. In addition, by setting the consolidated dividend payout ratio of 30% as a general standard, the Company's basic policy is to continue to steadily redistribute profits to all of its shareholders.

Furthermore, although the Company considers the year-end dividends as a general principle, the Articles of Incorporation stipulate that it is possible to distribute dividends of surplus twice a year as interim dividends and year-end dividends in order to enhance the redistribution of profits to shareholders. As the decision-making body, the Board of Directors is determined to make it possible to flexibly carry out the payment of interim dividends while taking into consideration performance trends and other factors.

In accordance with the above policy, the dividend for the fiscal year ended March 31, 2021 is scheduled to be a payment of 20.10 yen per share (consolidated dividend payout ratio of 42.7%), which includes an addition of a commemorative dividend of 5.00 yen to the ordinary dividend of 15.10 yen.。

In addition, for the fiscal year ending March 31, 2022, the Company is scheduled to pay a dividend of 18.00 yen per share (consolidated dividend payout ratio of 30.6%).

2. Basic Approach to the Selection of Accounting Standards

Since many of the stakeholders are domestic shareholders, creditors, business partners, etc., and due to the lack of funding from overseas, the Group has applied generally accepted accounting principles in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Unit: Million yen)

	FY 3/20 (As of Mar. 31, 2020)	FY 3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	6,365	5,873
Notes and accounts receivable - trade	8,434	8,094
Prepaid expenses	562	566
Other	264	284
Allowance for doubtful accounts	(4)	(5)
Total current assets	15,622	14,813
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,387	5,248
Accumulated depreciation	(3,535)	(3,448)
Buildings and structures, net	1,852	1,799
Land	2,738	2,704
Other	521	522
Accumulated depreciation	(357)	(372)
Other, net	164	150
Total property, plant and equipment	4,754	4,654
Intangible assets		
Leased assets	121	55
Other	255	249
Total intangible assets	377	305
Investments and other assets		
Investment securities	241	263
Lease and guarantee deposits	658	676
Deferred tax assets	474	466
Net defined benefit asset	-	76
Other	365	393
Allowance for doubtful accounts	(0)	(19)
Total investments and other assets	1,739	1,857
Total non-current assets	6,871	6,817
Total assets	22,494	21,631

(Unit: Million yen)

	FY 3/20 (As of Mar. 31, 2020)	FY 3/21 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	126	-
Lease obligations	78	55
Accrued expenses	4,648	4,541
Income taxes payable	812	494
Accrued consumption taxes	1,904	1,163
Provision for bonuses	879	950
Other	829	972
Total current liabilities	9,279	8,178
Non-current liabilities		
Long-term loans payable	623	-
Lease obligations	68	12
Net defined benefit liability	303	345
Other	324	332
Total non-current liabilities	1,319	689
Total liabilities	10,598	8,868
Net assets		
Shareholders' equity		
Capital stock	2,012	2,015
Capital surplus	2,369	2,368
Retained earnings	7,926	8,674
Treasury shares	(334)	(313)
Total shareholders' equity	11,974	12,744
Accumulated other comprehensive income		
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	(79)	17
Total accumulated other comprehensive income	(78)	18
Total net assets	11,895	12,763
Total liabilities and net assets	22,494	21,631

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statement of Income)

(Unit: Million yen)

	FY 3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY 3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	74,966	68,213
Cost of sales	61,850	56,426
Gross profit	13,115	11,787
Selling, general and administrative expenses	10,054	9,188
Operating profit	3,061	2,599
Non-operating income		
Interest income	3	3
Dividend income	3	0
Share of profit of entities accounted for using equity method	34	7
Subsidy income	53	399
House rent income	35	40
Other	30	35
Total non-operating income	160	487
Non-operating expenses		
Interest expenses	14	11
Rent expenses	22	26
Loss on cancellation of rental contracts	-	27
Other	34	71
Total non-operating expenses	71	136
Ordinary profit	3,149	2,949
Extraordinary income		
Gain on sales of investment securities	121	-
Total extraordinary income	121	-
Extraordinary losses		
Loss on sales of investment securities	3	-
Loss on valuation of investment securities	-	296
Directors' retirement benefits	-	50
Loss on sales of non-current assets	-	18
Loss on retirement of non-current assets	-	32
Impairment loss	152	51
Total extraordinary losses	155	449
Profit before income taxes	3,115	2,500
Income taxes - current	1,144	943
Income taxes - deferred	(61)	(35)
Total income taxes	1,082	907
Profit	2,033	1,592
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,033	1,592

(Consolidated Statement of Comprehensive Income)

(Unit: Million yen)

	FY 3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY 3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Profit	2,033	1,592
Other comprehensive income		
Valuation difference on available-for-sale securities	(41)	-
Remeasurements of defined benefit plans, net of tax	(47)	97
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(88)	97
Comprehensive income	1,944	1,690
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,944	1,690
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY 3/20 (Apr. 1, 2019 - Mar. 31, 2020)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,006	2,357	6,514	(342)	10,535
Changes of items during period					
Issuance of new shares - (exercise of share acquisition rights)	6	6			12
Dividends of surplus			(620)		(620)
Profit attributable to owners of parent			2,033		2,033
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		6		8	14
Net changes of items other than shareholders' equity					-
Total changes of items during period	6	12	1,412	7	1,439
Balance at end of current period	2,012	2,369	7,926	(334)	11,974

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	41	1	(32)	9	10,544
Changes of items during period					
Issuance of new shares - (exercise of share acquisition rights)					12
Dividends of surplus					(620)
Profit attributable to owners of parent					2,033
Purchase of treasury shares					(0)
Disposal of treasury shares					14
Net changes of items other than shareholders' equity)	(41)	(0)	(47)	(88)	(88)
Total changes of items during period	(41)	(0)	(47)	(88)	1,350
Balance at end of current period	-	1	(79)	(78)	11,895

FY 3/21 (Apr. 1, 2020 - Mar. 31, 2021)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,012	2,369	7,926	(334)	11,974
Changes of items during period					
Issuance of new shares - (exercise of share acquisition rights)	3	3			6
Dividends of surplus			(845)		(845)
Profit attributable to owners of parent			1,592		1,592
Purchase of treasury shares					-
Disposal of treasury shares		(4)		20	16
Net changes of items other than shareholders' equity					-
Total changes of items during period	3	(1)	747	20	770
Balance at end of current period	2,015	2,368	8,674	(313)	12,744

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	-	1	(79)	(78)	11,895
Changes of items during period					
Issuance of new shares - (exercise of share acquisition rights)					6
Dividends of surplus					(845)
Profit attributable to owners of parent					1,592
Purchase of treasury shares					-
Disposal of treasury shares					16
Net changes of items other than shareholders' equity		0	97	97	97
Total changes of items during period	-	0	97	97	867
Balance at end of current period	-	1	17	18	12,763

(4) Consolidated Statement of Cash Flows

(Unit: Million yen)

	FY 3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY 3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	3,115	2,500
Depreciation	303	288
Increase (decrease) in allowance for doubtful accounts	(6)	20
Increase (decrease) in provision for bonuses	140	71
Decrease (increase) in net defined benefit asset	(4)	(51)
Increase (decrease) in net defined benefit liability	120	156
Loss (gain) on sales of non-current assets	-	18
Loss on retirement of non-current assets	-	32
Loss (gain) on sales of securities	(117)	-
Loss (gain) on valuation of securities	-	296
Impairment loss	152	51
Interest and dividend income	(6)	(4)
Interest expenses	14	11
Share of (profit) loss of entities accounted for using equity method	(34)	(7)
Decrease (increase) in notes and accounts receivable - trade	(676)	339
Decrease (increase) in lease and guarantee deposits	2	(18)
Increase (decrease) in accrued expenses	(100)	(106)
Increase (decrease) in accrued consumption taxes	485	(741)
Other, net	(383)	65
Subtotal	3,004	2,924
Interest and dividend income received	6	4
Interest expenses paid	(17)	(11)
Income taxes refund	0	3
Income taxes paid	(1,072)	(1,247)
Cash flows from operating activities	1,922	1,672
Cash flows from investing activities		
Purchase of securities	(190)	(310)
Proceeds from sales of securities	210	-
Purchase of property, plant and equipment	(122)	(93)
Proceeds from sales of property, plant and equipment	-	3
Purchase of intangible assets	(187)	(97)
Other, net	0	1
Cash flows from investing activities	(289)	(496)
Cash flows from financing activities		
Repayments of long-term loans payable	(183)	(750)
Repayments of lease obligations	(110)	(78)
Proceeds from issuance of common shares	12	6
Purchase of treasury shares	(0)	-
Cash dividends paid	(620)	(845)
Cash flows from financing activities	(901)	(1,668)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	731	(491)
Cash and cash equivalents at beginning of period	5,633	6,365
Cash and cash equivalents at end of period	6,365	5,873

(5) Notes regarding Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable.

(Additional Information)

(Accounting Estimates Associated with the Spread of COVID-19 Infections)

Although it is difficult to accurately predict the timing of the convergence of COVID-19 infections, the Company assumes that the impact of the spread of COVID-19 infections on the Group's business in the period under review has been limited, and therefore, it is assumed that the impact will be limited in the future.

Accounting estimates in the period under review (determination of recoverability of deferred tax assets, determination of impairment loss on non-current assets) are based on forecasted figures that take this assumption into account.

In the event that the economic environment changes due to the spread of COVID-19 infections, the Group's financial condition and business results may be affected.

(Segment Information)

1. Overview of reportable segments

The reportable segments of the Group are constituent units for which separate financial information is available, and are evaluated regularly by the Board of Directors to determine the allocation of management resources and assess performance.

The Group is comprised of segments classified according to the content of the businesses, and its 2 reportable segments are the "General Human Resources Service Business" and "Other Businesses".

2. Calculation methods for net sales, profits or losses, assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable segments are the same as those adopted for the preparation of the consolidated financial statements.

Profits for reportable segments are based on operating profit figures.

Inter-segment sales or transfers are based on prevailing market prices.

3. Information related to net sales, profits or losses, assets, liabilities, and other items for each reportable segment

FY 3/20 (Apr. 1, 2019 - Mar. 31, 2020)

(Unit: Million yen)

	Reportable Segments			Adjustments (Note) 1	Amounts shown on Consolidated Statement of Income (Note) 2
	General Human Resources Service Business	Other Businesses	Subtotal		
Net sales					
Sales to external clients	72,170	2,796	74,966	-	74,966
Inter-segment sales or transfers	7	-	7	(7)	-
Total	72,178	2,796	74,974	(7)	74,966
Segment profit (loss)	3,117	(54)	3,063	(2)	3,061
Segment assets	20,715	1,819	22,535	(41)	22,494
Other items					
Depreciation	289	6	296	7	303
Investment in equity-method affiliates	226	-	226	-	226
Increase in property, plant and equipment and intangible assets	284	0	285	-	285

(Note) 1. The adjustments are as follows:

(1) The adjustments on segment profit (loss) of (2) million yen are eliminations of inter-segment transactions.

(2) The adjustments on segment assets of (41) million yen are eliminations of transactions.

(3) The adjustments on depreciation of 7 million yen is the depreciation not included in segment profit (loss).

2. Segment profit (loss) is adjusted with operating profit on the Consolidated Statement of Income.

FY 3/21 (Apr. 1, 2020 - Mar. 31, 2021)

(Unit: Million yen)

	Reportable Segments			Adjustments (Note) 1	Amounts shown on Consolidated Statement of Income (Note) 2
	General Human Resources Service Business	Other Businesses	Subtotal		
Net sales					
Sales to external clients	65,240	2,972	68,213	-	68,213
Inter-segment sales or transfers	10	-	10	(10)	-
Total	65,250	2,972	68,223	(10)	68,213
Segment profit (loss)	2,578	23	2,602	(3)	2,599
Segment assets	20,572	1,834	22,406	(774)	21,631
Other items					
Depreciation	274	5	280	7	288
Investment in equity-method affiliates	234	-	234	-	234
Increase in property, plant and equipment and intangible assets	192	-	192	-	192

(Note) 1. The adjustments are as follows:

(1) The adjustments on segment profit (loss) of (3) million yen are eliminations of inter-segment transactions.

(2) The adjustments on segment assets of (774) million yen are eliminations of transactions.

(3) The adjustments on depreciation of 7 million yen is the depreciation not included in segment profit (loss).

2. Segment profit (loss) is adjusted with operating profit on the Consolidated Statement of Income.

【Related Information】

FY 3/20 (Apr. 1, 2019 - Mar. 31, 2020)

1. Information by product and service

(Unit: Million yen)

	Manufacturing-related Human Resources Services	Administrative Human Resources Services	Other	Total
Sales to external clients	69,275	2,895	2,796	74,966

2. Information by region

(1) Net sales

Since net sales to external clients in Japan exceed 90% of net sales on the consolidated statement of income, the description has been omitted.

(2) Property, plant and equipment

This has not been listed since there are no property, plant and equipment located outside Japan.

3. Information by main clients

Since there is no other party that accounts for 10% or more of the net sales on the consolidated statement of income, this has not been listed.

FY 3/21 (Apr. 1, 2020 - Mar. 31, 2021)

1. Information by product and service

(Unit: Million yen)

	Manufacturing-related Human Resources Services	Administrative Human Resources Services	Other	Total
Sales to external clients	62,586	2,654	2,972	68,213

2. Information by region

(1) Net sales

Since net sales to external clients in Japan exceed 90% of net sales on the consolidated statement of income, the description has been omitted.

(2) Property, plant and equipment

This has not been listed since there are no property, plant and equipment located outside Japan.

3. Information by main clients

Since there is no other party that accounts for 10% or more of the net sales on the consolidated statement of income, this has not been listed.

【Information on impairment loss on non-current assets by reporting segment】

FY 3/20 (Apr. 1, 2019 - Mar. 31, 2020)

(Unit: Million yen)

	General Human Resources Service Business	Other Businesses	Total
Impairment loss	152	-	152

FY 3/21 (Apr. 1, 2020 - Mar. 31, 2021)

(Unit: Million yen)

	General Human Resources Service Business	Other Businesses	Total
Impairment loss	51	-	51

【Information on amortization of goodwill and unamortized balances by reporting segment】
The description has been omitted due to its lack of materiality.

【Information on negative goodwill gains by reporting segment】
Not applicable.

(Per Share Information)

	FY 3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY 3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	351.84 Yen	375.90 Yen
Net income per share	60.51 Yen	47.08 Yen
Diluted net income per share	59.90 Yen	46.89 Yen

(Note) 1. By the resolution of the Board of Directors on March 15, 2019, the Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. Net assets per share, net income per share, and diluted net income per share are calculated assuming that the stock split was made at the beginning of the previous consolidated fiscal year.

2. The basis for the calculation of net income per share and diluted net income per share is as follows:

	FY 3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY 3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net income per share		
Profit attributable to owners of parent (Million yen)	2,033	1,592
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent related to common shares (Million yen)	2,033	1,592
Average number of common shares outstanding during the period (Shares)	33,598,989	33,836,595
Diluted net income per share		
Profit attributable to owners of parent adjustment (Million yen)	-	-
Increase in number of common shares (Shares)	343,751	131,584
(Share acquisition rights (Shares))	(343,751)	(131,584)
Since there is no dilution effect, summary of potentially dilutive shares not included in the calculation of diluted net income per share	—	—

(Significant Subsequent Events)
Not applicable.