



Summary of Consolidated Financial Results for FY 3/2019 [Japanese GAAP]

May 10, 2019

Company Name NISSO CORPORATION Stock Exchange Listing: Tokyo
 Securities Code 6569 U R L https://www.nisso.co.jp/
 Representative (Title) President (CEO) & Representative Director (Name) Takuo Yabana
 Contact Person (Title) Managing Director (Name) Shinichi Matsuo T E L 045-514-4323
 Scheduled date of Annual General Meeting of Shareholders June 27, 2019 Scheduled date of payment of dividend June 28, 2019
 Scheduled date of filing Annual Securities Report June 28, 2019
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Mar. 31, 2019	69,161	16.8	2,869	59.4	2,895	62.5	2,053	102.4
Mar. 31, 2018	59,208	10.6	1,800	109.3	1,781	113.8	1,014	106.6

(Note) Comprehensive income Fiscal year ended Mar. 31, 2019: 1,876 Million yen (89.0%)
 Fiscal year ended Mar. 31, 2018: 992 Million yen (80.2%)

Fiscal year ended	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
	Yen	Yen	%	%	%
Mar. 31, 2019	61.58	60.14	20.7	14.2	4.1
Mar. 31, 2018	37.89	34.52	14.6	9.6	3.0

(Reference) Equity in earnings of affiliates Fiscal year ended Mar. 31, 2019: (2) Million yen
 Fiscal year ended Mar. 31, 2018: 4 Million yen

- (Note) 1. The Company's common stock was split at a ratio of 10 shares for 1 share on October 16, 2017, then at a ratio of 2 shares for 1 share on February 1, 2018, followed by a common stock split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. "Net income per share" and "diluted net income per share" is calculated assuming that the shares were split at the beginning of the previous consolidated fiscal year.
2. For the fiscal year ended March 31, 2018, since the Company's shares were listed on the First Section of the Tokyo Stock Exchange on March 16, 2018, "diluted net income per share" is calculated by regarding the average stock price from the initial listing date to the last day of the fiscal year as the average stock price during the period.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Mar. 31, 2019	21,019	10,544	50.2	314.20
Mar. 31, 2018	19,870	9,317	46.9	280.95

(Reference) Equity capital As of Mar. 31, 2019: 10,544 Million yen
 As of Mar. 31, 2018: 9,317 Million yen

- (Note) The Company's common stock was split at a ratio of 10 shares for 1 share on October 16, 2017, then at a ratio of 2 shares for 1 share on February 1, 2018, followed by a common stock split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. "Net assets per share" is calculated assuming that the shares were split at the beginning of the previous consolidated fiscal year.

(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, 2019	2,565	0	(2,215)	5,633
Mar. 31, 2018	2,751	(102)	(735)	5,283

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, 2018	—	0.00	—	42.00	42.00	348	27.7	4.6
Mar. 31, 2019	—	0.00	—	37.00	37.00	620	30.0	6.2
Fiscal year ending Mar. 31, 2020 (forecast)	—	0.00	—	25.00	25.00		30.4	

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. However, regarding dividends for the fiscal year ended March 31, 2018, the dividend amount before the stock splits is listed, and regarding dividends for the fiscal year ended March 31, 2019 the dividend amount before the May 1, 2019 stock split is listed.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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	80,000	15.7	3,900	35.9	4,000	38.1	2,760	34.4	82.24

※ 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, 2019	33,961,200 Shares	As of Mar. 31, 2018	33,164,800 Shares
② Number of treasury shares at the end of the period	As of Mar. 31, 2019	400,174 Shares	As of Mar. 31, 2018	— Shares
③ Average number of shares outstanding during the period	Fiscal year ended Mar. 31, 2019	33,352,061 Shares	Fiscal year ended Mar. 31, 2018	26,778,668 Shares

(Note) The Company's common stock was split at a ratio of 10 shares for 1 share on October 16, 2017, then at a ratio of 2 shares for 1 share on February 1, 2018, followed by a common stock split at a ratio of 2 shares for 1 share on August 22, 2018, and then 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, 2019 (April 1, 2018 – March 31, 2019)**

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Mar. 31, 2019	63,474	19.3	2,962	64.9	2,943	67.3	2,240	124.0
Mar. 31, 2018	53,184	13.3	1,796	116.4	1,759	131.5	1,000	128.8

Fiscal year ended	Net income per share		Diluted net income per share	
	Yen		Yen	
Mar. 31, 2019	67.18		65.61	
Mar. 31, 2018	37.36		34.04	

- (Note) 1. The Company's common stock was split at a ratio of 10 shares for 1 share on October 16, 2017, then at a ratio of 2 shares for 1 share on February 1, 2018, followed by a common stock split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. "Net income per share" and "diluted net income per share" is calculated assuming that the shares were split at the beginning of the previous fiscal year.
2. For the fiscal year ended March 31, 2018, since the Company's shares were listed on the First Section of the Tokyo Stock Exchange on March 16, 2018, "diluted net income per share" is calculated by regarding the average stock price from the initial listing date to the last day of the fiscal year as the average stock price during the period.

(2) Non-consolidated financial position

As of	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Mar. 31, 2019	18,482		9,852		53.3		293.58	
Mar. 31, 2018	17,257		8,380		48.6		252.69	

(Reference) Equity capital As of Mar. 31, 2019: 9,852 Million yen
As of Mar. 31, 2018: 8,380 Million yen

- (Note) The Company's common stock was split at a ratio of 10 shares for 1 share on October 16, 2017, then at a ratio of 2 shares for 1 share on February 1, 2018, followed by a common stock split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. "Net assets per share" is calculated assuming that the shares were split at the beginning of the previous fiscal year.

※ 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

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)

The Company is planning to hold a briefing session for institutional investors and analysts on Tuesday, May 14, 2019.

Quarterly financial results materials to be used on that day will be posted on the Company's website promptly after the briefing.

(Regarding the changing of the date display format)

From the first quarter of the current consolidated accounting period, the display format of dates (on Japanese-language financial results materials) have been changed from the Japanese calendar to the Western calendar, and have been simplified, on occasion, on English-language materials.

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1. Overview of Operating Results

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

Japan's economy during the current consolidated fiscal year (hereinafter, the "period under review") continued to recover moderately due to the effects of various policies of the government and the Bank of Japan (hereinafter, the "BOJ") as the employment and income environments continued to improve. On the other hand, in the world economy, the outlook of economic conditions is uncertain, and it has become necessary to pay close attention to the impact of trade frictions between the U.S. and China in the world economy, the uncertainty of overseas economies, as well as the fluctuations in financial and capital markets.

As for the business environment surrounding the Nisso Group (hereinafter, the "Group"), while the production of domestic manufacturers, who are NISSO CORPORATION's (hereinafter, the "Company") important clients, remained stable, the demand for the utilization of external human resources remained strong due to the continued shortage of workers.

In this environment, the Group has formulated a medium-term management plan for the fiscal year ended March 31, 2019 to the fiscal year ending March 31, 2021 under the founding philosophy of "Nurturing and Bringing Out the Best in People, and along with reinforcing sales, recruiting and educational activities, the Group has striven to improve client and employee evaluations.

As a result, the results of operations for the period under review are as follows.

① Net sales

Net sales for the period under review increased by 16.8% compared to the previous consolidated fiscal year (59,208 million yen), to 69,161 million yen. This was mainly due to the increase in revenue from the General Human Resources Business (Note) which contributed to the overall performance of the Group.

In the General Human Resources Services Business, with regards to the manufacturing-related human resources services which accounts for 95.3% of net sales, under the strategy of prioritizing the assignment of "skilled staff" to key Account Companies, who are the Company's important clients, the Company has been actively investing in the development of human resources, and has striven to improve the skills and increase the retention rate of manufacturing staff. By utilizing its training facilities such as the "Nisso Technical Center Naka-Nihon (Okaya City, Nagano)", which was opened on May 1, 2018, the Company has nurtured human resources who are capable of actively working in fields such as automobiles, electronic components and precision equipment, in order to provide higher value-added services to its clients. As a result, in the client environment, incoming orders were expanded mainly by transportation equipment and electronic components manufacturers. In addition, the Company has achieved low-cost hiring by utilizing its own recruitment sites, and has made strides to increase retention rates through the improvement of treatment and the enhancement of educational opportunities in order to heighten the motivation of manufacturing staff. As a result, the number of enrolled staff grew steadily (up by 1,598 staff compared to the end of the previous consolidated fiscal year). Furthermore, as a result of the favorable conditions of proposals to assign "skilled staff", who are indefinite-term employees with high retention rates, to our important clients, the average monthly net sales per capita increased by 24 thousand yen during the period under review.

As a result, net sales for the General Human Resources Services Business increased by 17.1% compared to the previous consolidated fiscal year (56,947 million yen), to 66,684 million yen.

Furthermore, with regards to Other Businesses (Note), there was an increase in the number of residents at the nursing care facility, "Sweetpea Higashi Totsuka (Totsuka-ku, Yokohama)", which was opened on March 1, 2018.

As a result, net sales for Other Businesses increased by 9.3% compared to the previous consolidated fiscal year (2,273 million yen), to 2,485 million yen.

(Note) Within the General Human Resources Services Business, the Company carries out manufacturing dispatching and contracting for its manufacturing-related human resources services, and 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. Also, the Company operates nursing care and welfare businesses for its Other Businesses.

② Operating profit

Operating profit for the period under review increased by 59.4% compared to the previous consolidated fiscal year (1,800 million yen), to 2,869 million yen.

With regards to the General Human Resources Services Business, as a result of the effect of the increase in revenue and the efforts to reduce the ratio of selling and administrative expenses, the rise in costs for the improvement of treatment of manufacturing staff and the investment in education were absorbed, and the operating profit increased by 62.8% compared to the previous consolidated fiscal year (1,905 million yen), to 3,102 million yen.

Meanwhile, with regards to Other Businesses, although the number of residents of "Sweetpea Higashi Totsuka" increased, the costs of sales such as personnel and operating expenses could not be absorbed, and operating loss increased by 146 million yen compared to the previous consolidated fiscal year (101 million yen operating loss), to 247 million yen.

③ Ordinary profit

Non-operating income for the period under review decreased by 6.2% compared to the previous consolidated fiscal year (157 million yen), to 147 million yen. In addition, non-operating expenses decreased by 31.0% compared to the previous consolidated fiscal year (176 million yen), to 121 million yen.

As a result, ordinary profit for the period under review increased by 62.5% compared to the previous consolidated fiscal year (1,781 million yen), to 2,895 million yen.

④ Profit attributable to owners of parent

As a result of recording gain on sales of investment securities of 74 million yen, impairment loss of 65 million yen, and total income taxes of 849 million yen, profit attributable to owners of parent in the period under review increased by 102.4% compared to the previous consolidated fiscal year (1,014 million yen), to 2,053 million yen.

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

(Assets)

Current assets at the end of the period under review amounted to 14,174 million yen, which was an increase of 1,421 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 965 million yen in notes and accounts receivable (trade), and 349 million yen in cash and deposits.

Non-current assets at the end of the period under review amounted to 6,844 million yen, which was a decrease of 272 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 212 million yen in investment securities.

As a result, total assets amounted to 21,019 million yen, which was an increase of 1,149 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 9,161 million yen, which was an increase of 954 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 420 million yen in accrued expenses, 333 million yen in accrued consumption taxes, and 210 million yen in provision for bonuses.

Non-current liabilities at the end of the period under review amounted to 1,312 million yen, which was a decrease of 1,033 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 1,132 million yen decrease in long-term loans payable.

As a result, total liabilities amounted to 10,474 million yen, which was a decrease of 78 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 10,544 million yen, which was an increase of 1,227 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of 1,705 million yen as a result of the appropriation of 2,053 million yen in profit attributable to owners of parent, and the payment of 348 million yen in dividends of surplus.

As a result, the equity ratio was 50.2% (which was at 46.9% 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 were as follows: 2,565 million yen in revenues for cash flows from operating activities, 0 million yen in revenues for cash flows from investing activities, and 2,215 million yen in expenditures for cash flows from financing activities.

As a result, cash and cash equivalents for the period under review increased by 349 million yen to 5,633 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)

Cash flows from operating activities consisted of income/revenue such as profit before income taxes of 2,903 million yen, increase in accrued expenses of 420 million yen, and increase in accrued consumption taxes of 333 million yen, etc., and amounted to 2,565 million yen (which was 2,751 million yen in the previous consolidated fiscal year) including the absorption of an increase in notes and accounts receivable (trade) expenditures of 965 million yen, etc.

(Cash flows from investing activities)

Cash flows from investing activities amounted to 614 thousand yen in revenue (which was 102 million yen in expenditures in the previous consolidated fiscal year) due to revenues of 173 million yen in proceeds from sales of securities, and the absorption of expenditures of 120 million yen in purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash flows from financing activities consisted of expenditures such as repayments of long-term loans payable of 1,651 million yen, purchase of treasury shares of 342 million yen, and cash dividends paid of 348 million yen, etc., which resulted in expenditures of 2,215 million yen (which was expenditures of 735 million yen in the previous consolidated fiscal year).

(4) Future Prospects

With regard to future prospects, amid continued improvement of employment and income conditions in the domestic economy, moderate recover is expected to continue due to the effects of various policies of the current administration and the BOJ. Meanwhile, in the world economy, due to the effects of trade frictions between the U.S. and China, U.K.'s withdrawal from the EU, etc., the future outlook is uncertain. Although weaknesses can be seen in exports and production in some of the domestic manufacturing industries, it is believed that stable levels of production will continue to be maintained by major domestic manufacturers, who are the Group's important clients.

Under these circumstances, the Group is aiming to realize its founding philosophy, "Nurturing and Bringing Out the Best in People", and its vision, "To Be the Finest Professional Organization Supporting Made-in-Japan", and in doing so, Takuo Yabana (formerly Executive Vice President & Representative Director) assumed the office of President, CEO & Representative Director from April 1, 2019. Under this new management structure, the Group will undertake the task of implementing the following measures.

Regarding the Group's core business of Manufacturing-related Human Resources Services, under the strategy of prioritizing the assignment of "skilled staff", who are indefinite-term employees, to Account Companies, who are positioned as important clients, the Group will strive to actively conduct human resources development by utilizing its own educational facilities in 9 locations nationwide, centering on the "Nisso Technical Centers", to enhance the skills of manufacturing staff and improve retention rates.

Regarding Other Businesses, the Group will improve the quality of services provided by its nursing care facilities, "Sweetpea", which are located in 6 places in Yokohama, and strive to increase the number of residents of those facilities. In addition, the Group will continue to make efforts to improve the management structure by promoting the efficiency of its operations, and to increase profitability.

As a result of the above, the Group anticipates the full year consolidated financial results for the fiscal year ending March 31, 2020 to be as follows: net sales of 80,000 million yen (up 15.7% year on year), operating profit of 3,900 million yen (up 35.9% year on year), ordinary profit of 4,000 million yen (up 38.1% year on year), and profit attributable to owners of parent of 2,760 million yen (up 34.4% year on year).

※The above-mentioned earnings forecasts are based on information available as of the publication date of this material, and actual results may differ from the 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 dividend 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 end-of-period 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, 2019 is scheduled to be a payment (the Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019, and at 18.50 yen after the stock split) of 37.00 yen per share (consolidated dividend payout ratio of 30.0%).

In addition, the dividend for the fiscal year ending March 31, 2020 is scheduled to be a payment of 25.00 yen per share (consolidated dividend payout ratio of 30.4%).

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: Thousand yen)

	FY 3/18 (As of Mar. 31, 2018)	FY 3/19 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	5,283,739	5,633,545
Notes and accounts receivable - trade	6,791,691	7,757,343
Prepaid expenses	454,303	561,203
Other	229,758	232,525
Allowance for doubtful accounts	(6,444)	(10,323)
Total current assets	12,753,048	14,174,293
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,434,544	5,462,547
Accumulated depreciation	(3,320,701)	(3,429,302)
Buildings and structures, net	2,113,842	2,033,245
Land	2,771,384	2,760,323
Other	411,722	487,447
Accumulated depreciation	(302,613)	(338,111)
Other, net	109,108	149,335
Total property, plant and equipment	4,994,335	4,942,904
Intangible assets		
Leased assets	287,317	216,389
Other	92,898	143,560
Total intangible assets	380,215	359,950
Investments and other assets		
Investment securities	380,056	167,166
Long-term loans receivable	1,882	1,587
Lease and guarantee deposits	680,928	660,933
Deferred tax assets	317,190	373,193
Net defined benefit asset	78,942	5,128
Other	285,343	335,414
Allowance for doubtful accounts	(1,742)	(1,285)
Total investments and other assets	1,742,601	1,542,138
Total non-current assets	7,117,152	6,844,993
Total assets	19,870,200	21,019,286

(Unit: Thousand yen)

	FY 3/18 (As of Mar. 31, 2018)	FY 3/19 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	501,889	183,202
Lease obligations	108,228	110,365
Accrued expenses	4,331,212	4,751,535
Income taxes payable	632,856	742,813
Accrued consumption taxes	1,085,514	1,418,779
Provision for bonuses	528,328	738,891
Other	1,018,930	1,216,291
Total current liabilities	8,206,960	9,161,879
Non-current liabilities		
Long-term loans payable	1,883,221	750,652
Lease obligations	220,542	146,903
Net defined benefit liability	36,418	124,065
Other	205,435	290,817
Total non-current liabilities	2,345,618	1,312,438
Total liabilities	10,552,579	10,474,318
Net assets		
Shareholders' equity		
Capital stock	1,985,364	2,006,269
Capital surplus	2,336,314	2,357,219
Retained earnings	4,808,584	6,514,260
Treasury shares	-	(342,603)
Total shareholders' equity	9,130,263	10,535,146
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	160,525	41,379
Foreign currency translation adjustment	1,529	1,256
Remeasurements of defined benefit plans	25,302	(32,813)
Total accumulated other comprehensive income	187,357	9,821
Total net assets	9,317,621	10,544,968
Total liabilities and net assets	19,870,200	21,019,286

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

(Unit: Thousand yen)

	FY 3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY 3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	59,208,463	69,161,550
Cost of sales	48,834,760	56,922,021
Gross profit	10,373,703	12,239,528
Selling, general and administrative expenses	8,573,170	9,370,104
Operating profit	1,800,532	2,869,424
Non-operating income		
Interest income	1,210	3,812
Dividend income	13,354	13,530
Share of profit of entities accounted for using equity method	4,895	-
Subsidy income	52,014	49,129
House rent income	56,654	40,728
Other	29,394	40,564
Total non-operating income	157,523	147,766
Non-operating expenses		
Interest expenses	82,860	30,591
Share of loss of entities accounted for using equity method	-	2,504
Commission fee	-	19,116
Rent expenses	34,652	23,888
Other	58,864	45,678
Total non-operating expenses	176,376	121,779
Ordinary profit	1,781,679	2,895,411
Extraordinary income		
Gain on sales of investment securities	-	74,105
Total extraordinary income	-	74,105
Extraordinary losses		
Impairment loss	-	65,957
Total extraordinary losses	-	65,957
Profit before income taxes	1,781,679	2,903,559
Income taxes - current	506,203	885,050
Income taxes - deferred	260,713	(35,396)
Total income taxes	766,917	849,653
Profit	1,014,762	2,053,906
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,014,762	2,053,906

(Consolidated Statement of Comprehensive Income)

(Unit: Thousand yen)

	FY 3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY 3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Profit	1,014,762	2,053,906
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,291)	(119,145)
Remeasurements of defined benefit plans	2,976	(58,116)
Share of other comprehensive income of entities accounted for using equity method	207	(273)
Total other comprehensive income	(22,107)	(177,536)
Comprehensive income	992,655	1,876,370
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	992,655	1,876,370
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY 3/18 (Apr. 1, 2017 - Mar. 31, 2018)

(Unit: Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	50,000	400,950	3,941,339		4,392,289
Changes of items during period					
Issuance of new shares	1,893,185	1,893,185			3,786,371
Issuance of new shares - exercise of share acquisition rights	42,178	42,178			84,357
Dividends of surplus			(147,517)		(147,517)
Profit attributable to owners of parent			1,014,762		1,014,762
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	1,935,364	1,935,364	867,245		4,737,974
Balance at end of current period	1,985,364	2,336,314	4,808,584	-	9,130,263

	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	185,816	1,322	22,326	209,465	4,601,754
Changes of items during period					
Issuance of new shares					3,786,371
Issuance of new shares - exercise of share acquisition rights					84,357
Dividends of surplus					(147,517)
Profit attributable to owners of parent					1,014,762
Purchase of treasury shares					
Net changes of items other than shareholders' equity	(25,291)	207	2,976	(22,107)	(22,107)
Total changes of items during period	(25,291)	207	2,976	(22,107)	4,715,866
Balance at end of current period	160,525	1,529	25,302	187,357	9,317,621

FY 3/19 (Apr. 1, 2018 - Mar. 31, 2019)

(Unit: Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,985,364	2,336,314	4,808,584	-	9,130,263
Changes of items during period					
Issuance of new shares					
Issuance of new shares - exercise of share acquisition rights	20,905	20,905			41,811
Dividends of surplus			(348,230)		(348,230)
Profit attributable to owners of parent			2,053,906		2,053,906
Purchase of treasury shares				(342,603)	(342,603)
Net changes of items other than shareholders' equity					
Total changes of items during period	20,905	20,905	1,705,675	(342,603)	1,404,883
Balance at end of current period	2,006,269	2,357,219	6,514,260	(342,603)	10,535,146

	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	160,525	1,529	25,302	187,357	9,317,621
Changes of items during period					
Issuance of new shares					
Issuance of new shares - exercise of share acquisition rights					41,811
Dividends of surplus					(348,230)
Profit attributable to owners of parent					2,053,906
Purchase of treasury shares					(342,603)
Net changes of items other than shareholders' equity	(119,145)	(273)	(58,116)	(177,536)	(177,536)
Total changes of items during period	(119,145)	(273)	(58,116)	(177,536)	1,227,347
Balance at end of current period	41,379	1,256	(32,813)	9,821	10,544,968

(4) Consolidated Statement of Cash Flows

(Unit: Thousand yen)

	FY 3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY 3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	1,781,679	2,903,559
Depreciation	253,975	285,389
Increase (decrease) in allowance for doubtful accounts	(1,756)	3,422
Increase (decrease) in provision for bonuses	131,784	210,563
Decrease (increase) in net defined benefit asset	(7,230)	37,365
Increase (decrease) in net defined benefit liability	22,651	72,899
Loss (gain) on sales of securities	–	(74,105)
Impairment loss	–	65,957
Interest and dividend income	(14,564)	(17,343)
Interest expenses	82,860	30,591
Share of (profit) loss of entities accounted for using equity method	(4,895)	2,504
Decrease (increase) in notes and accounts receivable – trade	(579,262)	(965,651)
Decrease (increase) in lease and guarantee deposits	(174,580)	19,994
Increase (decrease) in accrued expenses	820,032	420,355
Increase (decrease) in accrued consumption taxes	67,024	333,265
Other, net	480,112	(7,044)
Subtotal	2,857,830	3,321,724
Interest and dividend income received	14,564	17,343
Interest expenses paid	(79,924)	(30,157)
Income taxes refund	6,717	13,144
Income taxes paid	(47,476)	(756,977)
Cash flows from operating activities	2,751,711	2,565,077
Cash flows from investing activities		
Proceeds from sales of securities	–	173,244
Purchase of property, plant and equipment	(66,386)	(120,057)
Purchase of intangible assets	(36,295)	(58,186)
Payments of loans receivable	(1,926)	(2,390)
Collection of loans receivable	3,697	2,630
Other, net	(1,288)	5,375
Cash flows from investing activities	(102,198)	614
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,600,000)	–
Proceeds from long-term loans payable	330,000	200,000
Repayments of long-term loans payable	(2,063,793)	(1,651,256)
Repayments of lease obligations	(108,604)	(115,607)
Proceeds from issuance of common shares	3,854,620	41,811
Purchase of treasury shares	–	(342,603)
Cash dividends paid	(147,517)	(348,230)
Cash flows from financing activities	(735,294)	(2,215,886)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	1,914,218	349,806
Cash and cash equivalents at beginning of period	3,369,520	5,283,739
Cash and cash equivalents at end of period	5,283,739	5,633,545

(5) Notes regarding Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable.

(Changes in Display Method)

(Changes Associated with the Application of “Partial Revisions to ‘Accounting Standards for Tax Effect Accounting’ ”)

“Partial Revisions to ‘Accounting Standards for Tax Effect Accounting’ ” (ASBJ [Accounting Standards Board of Japan] Statement No. 28, February 16, 2018. Hereinafter, “Partial Revisions to Tax Effect Accounting Standards” have been applied from the beginning of the period under review. Deferred tax assets have been included in the investments and other assets category, and the method in which deferred tax liabilities are displayed have been changed, and are included in the non-current liabilities category.

As a result, under the previous consolidated fiscal year section (FY 3/18) of the consolidated balance sheet, “deferred tax assets” of 305,118 thousand yen under “current assets”, and “deferred tax liabilities” of 11,049 thousand yen under “non-current liabilities” are included and displayed in “deferred tax assets” of 317,190 thousand yen under “investments and other assets”.

In addition, deferred tax assets and deferred tax liabilities of the same taxable entity are offset and displayed, and total assets decreased by 11,049 thousand yen compared to before the change.

(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”.

However, since the “General Human Resources Service Business” accounts for a high proportion of all segments within the Group, the description of segment information was omitted because of its lack of significance as disclosure information.

From the period under review, with the establishment of the nursing care facilities in the nursing care and welfare businesses, or “Other Businesses”, segment information has been included because of its increasing significance as disclosure information. In addition, segment information for the previous consolidated fiscal year is disclosed based on the classification of reportable segments for the period under review.

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 3/18 (Apr. 1, 2017 - Mar. 31, 2018)

(Unit: Thousand 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	56,934,900	2,273,563	59,208,463	-	59,208,463
Inter-segment sales or transfers	12,514	-	12,514	(12,514)	-
Total	56,947,414	2,273,563	59,220,978	(12,514)	59,208,463
Segment profit (loss)	1,905,878	(101,143)	1,804,734	(4,202)	1,800,532
Segment assets	18,072,109	1,799,498	19,871,607	(1,406)	19,870,200
Other items					
Depreciation	228,788	9,633	238,421	15,553	253,975
Investment in equity-method affiliates	5,328	-	5,328	-	5,328
Increase in property, plant and equipment and intangible assets	241,544	11,826	253,371	-	253,371

(Note) 1. The adjustments are as follows.

- (1) The adjustments on segment profit (loss) of (4,202) thousand yen are eliminations of inter-segment transactions.
- (2) The adjustments on segment assets of (1,406) thousand yen are eliminations of transactions.
- (3) The adjustments on depreciation of 15,553 thousand 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 3/19 (Apr. 1, 2018 - Mar. 31, 2019)

(Unit: Thousand 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	66,676,103	2,485,447	69,161,550	-	69,161,550
Inter-segment sales or transfers	8,716	-	8,716	(8,716)	-
Total	66,684,819	2,485,447	69,170,267	(8,716)	69,161,550
Segment profit (loss)	3,120,755	(247,311)	2,873,443	(4,019)	2,869,424
Segment assets	19,098,750	1,922,180	21,020,931	(1,644)	21,019,633
Other items					
Depreciation	264,807	9,669	274,476	10,913	285,389
Investment in equity-method affiliates	2,550	-	2,550	-	2,550
Increase in property, plant and equipment and intangible assets	244,174	3,737	247,912	-	247,912

(Note) 1. The adjustments are as follows.

- (1) The adjustments on segment profit (loss) of (4,019) thousand yen are eliminations of inter-segment transactions.
- (2) The adjustments on segment assets of (1,644) thousand yen are eliminations of transactions.
- (3) The adjustments on depreciation of 10,913 thousand 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.

(Per Share Information)

	FY 3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY 3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net assets per share	280.95 Yen	314.20 Yen
Net income per share	37.89 Yen	61.58 Yen
Diluted net income per share	34.52 Yen	60.14 Yen

(注) 1. For the previous consolidated fiscal year, since the Company's shares were listed on the First Section of the Tokyo Stock Exchange on March 16, 2018, the average stock price from the initial listing date to the last day of the fiscal year is calculated as the average stock price during the period.

2. By the resolutions of the Board of Directors on September 15, 2017, on January 15, 2018, on August 6, 2018, and on March 15, 2019, the Company's common stock was split at a ratio of 10 shares for 1 share on October 16, 2017, then at a ratio of 2 shares for 1 share on February 1, 2018, followed by a common stock split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019, respectively. Net assets per share amount, net income per share amount and diluted net income per share amount are calculated assuming that the stock split was made at the beginning of the previous consolidated fiscal year.

3. The basis for the calculation of the net income per share is as follows.

	FY 3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY 3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net income per share		
Profit attributable to owners of parent amount (Thousand yen)	1,014,762	2,053,906
Amount not attributable to common shareholders (Thousand yen)	-	-
Profit attributable to owners of parent related to common shares (Thousand yen)	1,014,762	2,053,906
Average number of common shares outstanding during the period (Shares)	26,778,668	33,352,061
Diluted net income per share		
Profit attributable to owners of parent adjustment (Thousand yen)	-	-
Increase in number of common shares (Shares)	2,616,856	798,923
(Share acquisition rights (Shares))	(2,616,856)	(798,923)
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)

(Notice of Stock Split and Partial Amendment to the Articles of Incorporation)

By the resolution of the Board of Directors held on March 15, 2019, the Company implemented a stock split and a partial amendment to the Articles of Incorporation on May 1, 2019.

1. Purpose of Stock Split

Due to the decrease in the number of shareholders of the Company at the end of February 2019 to approximately 2,000, the amount per investment unit was lowered to create an environment in which investors can easily invest in. The Company implemented a stock split with the aim of improving the liquidity of its shares and expanding the investor base.

2. Overview of Stock Split

(1) Method of split

With the record date of April 30, 2019 (Tue) (actual date: April 26, 2019 (Fri)), the Company's common stock owned by shareholders listed or recorded on the same day's final register of shareholders was split at a ratio of 2 shares for 1 share.

(2) Number of shares increased by split

Total number of shares outstanding before stock split	16,982,200 Shares
Number of shares increased by this split	16,982,200 Shares
Total number of shares outstanding after stock split	33,964,400 Shares
Total number of authorized shares after stock split	102,400,000 Shares

(3) Schedule of split

Record Date	Notification Date	Apr 12, 2019
Record Date		Apr 30, 2019
Effective Date		May 1, 2019

(4) Impact on per share information

The impact of the stock split is described in the "Per Share Information".

3. Partial Amendment to the Articles of Incorporation associated with Stock Split

(1) Reason for amendment to the Articles of Incorporation

As a result of the stock split, the Company's Articles of Incorporation was partially amended in accordance with the provisions of Article 184, item 2 of the Companies Act.

(2) Contents of amendment to the Articles of Incorporation

The contents of the amendment to the Articles of Incorporation are as follows.

(Changes are underlined.)

Before Amendment	After Amendment
(Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>51,200,000 shares</u> .	(Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>102,400,000 shares</u> .

(3) Schedule of amendment to the Articles of Incorporation

Board of Directors Resolution Date	Mar 15, 2019
Effective Date	May 1, 2019

4. Other

(1) Change in amount of capital

There is no change in the amount of capital at the time of this stock split.

(2) Adjustment of exercise value of share acquisition rights

As a result of this stock split, from May 1, 2019 onwards, the exercise value per share of share acquisition rights issued by the Company was adjusted as follows.

Board of Directors Resolution Date	Name of Share Acquisition Rights	Exercise Value before Adjustment	Exercise Value after Adjustment
March 22, 2016	5 th Share Acquisition Rights	105 Yen	53 Yen