



Consolidated Financial Results for FY 3/2022 [Japanese GAAP]

May 12, 2022

Company Name NISSO CORPORATION Stock Exchange Listing: Tokyo

Securities Code 6569 URL <https://www.nisso.co.jp/>

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Scheduled date of Annual General Meeting of Shareholders June 29, 2022 Scheduled date of payment of dividend June 30, 2022

Scheduled date of filing Annual Securities Report June 30, 2022

Preparation of supplementary materials for financial results: (Scheduled to be posted on the Company's website on May 12, 2022 (Thursday))
Yes

Holding of financial results meeting: Yes (Scheduled to be held for institutional investors and analysts on May 13, 2022 (Friday))

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
Mar. 31, 2022	77,549	13.7	2,087	(19.7)	2,369	(19.7)	1,696	6.5
Mar. 31, 2021	68,213	(9.0)	2,599	(15.1)	2,949	(6.4)	1,592	(21.7)

(Note) Comprehensive income Fiscal year ended Mar. 31, 2022: 1,696 Million yen (0.4%)
Fiscal year ended Mar. 31, 2021: 1,690 Million yen (-13.1%)

	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	%	%	%
Fiscal year ended					
Mar. 31, 2022	49.94	49.90	13.0	9.7	2.7
Mar. 31, 2021	47.08	46.89	12.9	13.4	3.8

(Reference) Equity in earnings of affiliates Fiscal year ended Mar. 31, 2022: 22 Million yen
Fiscal year ended Mar. 31, 2021: 7 Million yen

(Note) "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc., have been applied from the beginning of the period under review, and figures for FY 3/2022 are figures after the relevant accounting standards, etc., have been applied.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
Mar. 31, 2022	27,462	13,559	49.4	399.01
Mar. 31, 2021	21,631	12,763	59.0	375.90

(Reference) Equity capital As of Mar. 31, 2022: 13,559 Million yen
As of Mar. 31, 2021: 12,763 Million yen

(Note) "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc., have been applied from the beginning of the period under review, and figures for FY 3/2022 are figures after the relevant accounting standards, etc., have been applied.

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
Mar. 31, 2022	2,273	(1,538)	2,164	8,773
Mar. 31, 2021	1,672	(496)	(1,668)	5,873

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, 2021	—	0.00	—	20.10	20.10	682	42.7	5.5
Mar. 31, 2022	—	0.00	—	18.00	18.00	611	36.0	4.7
Fiscal year ending Mar. 31, 2023 (forecast)	—	0.00	—	16.00	16.00		30.2	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	88,600	14.2	2,700	29.4	2,700	13.9	1,800	6.1	52.97

※ **Notes**

- (1) Changes in the significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation: None
(Note) Although not applicable to changes in specified subsidiaries, Vector Shinwa Co., Ltd. has been included in the scope of consolidation from the current consolidated fiscal year.
- (2) Changes in accounting policies and accounting estimates, and restatements
 ① Changes in accounting policies due to revisions in accounting standards, etc. : Yes
 ② Changes in accounting policies other than ① above : None
 ③ Changes in accounting estimates : None
 ④ Restatements : None
 (Note) For details, please refer to "3. Consolidated Financial Statements and Notes (5) Notes regarding Consolidated Financial Statements (Changes in Accounting Policies)" on P.16 of the attachments.

(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, 2022	34,330,800 Shares	As of Mar. 31, 2021	34,320,400 Shares
② Number of treasury shares at the end of the period	As of Mar. 31, 2022	348,444 Shares	As of Mar. 31, 2021	366,381 Shares
③ Average number of shares outstanding during the period	Fiscal year ended Mar. 31, 2022	33,971,644 Shares	Fiscal year ended Mar. 31, 2021	33,836,595 Shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	71,697	14.6	2,114	(19.4)	2,294	(19.9)	1,607	5.1
Mar. 31, 2021	62,549	(9.6)	2,622	(15.9)	2,863	(8.3)	1,530	(24.6)

Fiscal year ended	Net income per share		Diluted net income per share	
	Yen		Yen	
Mar. 31, 2022	47.33		47.30	
Mar. 31, 2021	45.22		45.04	

(Note) "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc., have been applied from the beginning of the current fiscal year, and figures for FY 3/2022 are figures after the relevant accounting standards, etc., have been applied.

(2) Non-consolidated financial position

As of	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Mar. 31, 2022	25,329		12,896		50.9		379.50	
Mar. 31, 2021	19,811		11,955		60.3		352.10	

(Reference) Equity capital As of Mar. 31, 2022: 12,896 Million yen

As of Mar. 31, 2021: 11,955 Million yen

(Note) "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc., have been applied from the beginning of the current fiscal year, and figures for FY 3/2022 are figures after the relevant accounting standards, etc., have been applied.

※ 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. 7 of the attachments.

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

The Company is scheduled to hold a Financial Results Briefing for institutional investors and analyst on May 13, 2022 (Friday).

The materials to be used for the financial results briefing for FY 3/2022 are scheduled to be posted on the Company's website on the date of announcement of the financial results (May 12, 2022 (Thursday)).

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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") remained in a severe situation due to the effects of the spread of the new coronavirus (hereinafter, "COVID-19") infections, there were signs of a recovery in economic activities, while an increase in the number of people vaccinated and measures were taken to prevent the spread of infections. However, it was also affected by supply constraints due to supply chain stagnation caused by lockdowns in Asia.

As for the business environment surrounding the Nisso Group (hereinafter, the "Group"), operation adjustments continued due to the effects of shortages of semiconductor and parts at auto-body manufacturers, who are the Group's important clients. On the other hand, production in the electronic devices-related industry remained high due to strong demand for semiconductors. In addition, in terms of employment conditions, the needs for the utilization of external human resources remained high at NISSO CORPORATION's (hereinafter, the "Company") client manufacturers, such as hiring human resources with an eye on the future in the manufacturing industry.

In this environment, based on its mission of "Creating opportunities and hopes for people to work", the Group aims to create workplaces where workers can feel motivated and grow, with Human Resources Solution Services that support the growth of companies and people, and "to transform into a corporate group with high-growth potential", which is the goal of the Medium-term Management Plan. To that end, the Group has been promoting initiatives with the aim of providing services that can respond to social changes and changes in industrial structures.

Net sales by area and accounting period for period under review are as follows:

(Unit: Million yen)

	First quarter consolidated accounting period	Second quarter consolidated accounting period	Third quarter consolidated accounting period	Fourth quarter consolidated accounting period	FY 3/2022
Existing Areas (YoY)	16,061	16,593 (up 3.3%)	18,066 (up 8.9%)	18,185 (up 0.7%)	68,907
Engineering Area (YoY)	1,242	1,303 (up 4.9%)	1,470 (up 12.8%)	1,654 (up 12.5%)	5,670
Nursing Care Business (YoY)	742	752 (up 1.3%)	745 (down 0.8%)	724 (down 2.8%)	2,963

Existing Business Areas

In the existing areas of manufacturing dispatching, manufacturing contracting, and administrative human resources services during the period under review, the Group has strived to strengthen its service provision system under the strategy of assigning skilled staff to Account Company Groups that are positioned as important clients. Net sales in existing areas were 68,907 million yen (up 11.8% year-on-year) due to an increase in billing unit-costs, and the number of enrolled staff was 14,594 (up 1,366 from the end of the previous consolidated fiscal year) as a result of high demand for human resources for recovery production at auto-body manufacturers and the strong demand for semiconductors in the electronic devices-related industry.

Engineering Area

In the engineering area during the period under review, the Company has been working to increase the number of engineers hired by utilizing its own unique recruitment site, "engineer works", which specializes in engineers. In addition, the Company has been promoting career changes from skilled staff to engineers, with 1,105 engineers (up 497 from the end of the previous consolidated fiscal year) at the end of the period under review, and net sales in the engineering area amounted to 5,670 million yen (up 57.0% year-on-year). Moreover, the average monthly net sales per capita for the period under review was 514 thousand yen (which was at 512 thousand yen for the consolidated cumulative third quarter).

New Business Areas

Net sales in the new business areas for the period under review were insignificant.

In the new business areas, the Company has been striving to strengthen cooperation with partnerships to create businesses that have synergies with the Group. During the period under review, the Company participated in the "TASUKI" project, which is operated by SB Innoventure Corp. (Head office: Minato-ku, Tokyo) which has built an annotation platform that builds mechanisms to create efficient and high-quality using AI technology, and started annotation operations. In addition, on January 18, 2022, the Company concluded an agreement to underwrite a third-party allotment of shares to TSUNAGU HC SUPPORT Inc. (hereinafter, the "Target Company"), a consolidated subsidiary of TSUNAGU GROUP HOLDINGS Inc. (hereinafter, the "TSUNAGU GROUP"), and established the Target Company as a joint venture company. On March 1, 2022, the name of the Target Company was changed to Leaf Nxt Co., Ltd. The Target Company will sequentially provide a variety of sustainable and cyclical services in the human resources area, by taking advantage of the Group's contracting, dispatching, and placement businesses, as well as the expertise and knowledge of human resources development and management that is responsible for those businesses, the TSUNAGU GROUP's human resources recruitment expertise, dispatching and short-term placement businesses, as well as the operational expertise and achievements of dispatching centers, and systems developed in-house to support them.

Nursing Care • Welfare Business

In the nursing care business during the period under review, as a result of measures to improve the quality of services provided at the "Sweetpea" nursing care facilities located in 6 locations in Yokohama, the occupancy rate of the nursing care facilities has remained high at 90.5%. In addition, the Group has been working to build a stable revenue base by continuing its efforts to improve its management structure, such as promoting operational efficiency.

Initiatives for Sustainability

The Group recognizes that it is also important to contribute to society and the environment through its business activities in order to realize its mission "To create opportunities and hopes for people to work".

The Group considers contributing to society through human resources to be its most important issue in the context of environment, social, and governance (ESG). The Group has been promoting the establishment of a business management system that respects human rights, the promotion of employment of employees with disabilities, the creation of a workplace environment where they can be active, and the expansion of workplaces where women can flourish so that employees can continue to work enthusiastically. In October 2021, the Group formulated the "Sustainability Policy" and the "Human Resources Development Policy", and have been disseminating the policies through the "Nisso Group CSR Report 2021".

Materiality (key issues) for achieving the Group's vision is defined as the "Creation of a comfortable workplace", "Responding to social changes and changes in industrial structures", and the "Strengthening of governance". In order to realize the "Creation of a comfortable workplace", the Group is clarifying what a rewarding workplace is, and making improvements according to the characteristics of its business. In order to realize "Responding to social changes and changes in industrial structures", the Group is accelerating investments in rapidly changing business environments such as diversity and DX, with the aim of changing to business structures that are resistant to economic fluctuations. In addition, in order to realize the "Strengthening of governance", the Group is promoting compliance management, establishing a risk management structure, and enhancing dialogue with shareholders and investors.

The Group will continue to strive to contribute to society by investing in "people", the driving force behind the Group.

As a result, the financial results for the period under review are as follows:

(Unit: Million yen)

	FY 3/21 (Apr. 1, 2020 - Mar. 31, 2021) Amount (YoY)	FY 3/22 (Apr. 1, 2021 - Mar. 31, 2022) Amount (YoY)
Net sales	68,213 (down 9.0%)	77,549 (up 13.7%)
Operating profit	2,599 (down 15.1%)	2,087 (down 19.7%)
Ordinary profit	2,949 (down 6.4%)	2,369 (down 19.7%)
Profit attributable to owners of parent	1,592 (down 21.7%)	1,696 (up 6.5%)

Non-operating income generated subsidy income of 244 million yen. This was mainly due to subsidies for employment adjustment, etc., associated with the spread of COVID-19 infections.

In addition, "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc., have been applied from the beginning of the period under review, and net sales decreased by 257 million yen, cost of sales decreased by 270 million yen, and operating profit, ordinary profit, and profit before income taxes each increased by 12 million yen in the period under review. For details, please refer to "3. Consolidated Financial Statements and Notes (5) Notes regarding Consolidated Financial Statements (Changes in Accounting Policies)".

Based on its policy of putting the safety of its clients, employees, and other stakeholders as a top priority, the Group has established the "COVID-19 Countermeasures Headquarters", and has been promoting business activities that strengthen measures to prevent the spread of COVID-19 infections. To date, production adjustments due to the impact of the supply chain has been observed, and the Group believes that its business performance will continue to be influenced by the economic activities of its clients. In addition, in the event of an occurrence where individuals are affected by the virus at its clients, workplaces or nursing care facilities, the Group may be affected.

The results of operations by segment are as follows:

(General Human Resources Services Business)

(Unit: Million yen)

	FY 3/22 Net sales (Apr. 1, 2021 - Mar. 31, 2022)		FY 3/22 Operating profit (Apr. 1, 2021 - Mar. 31, 2022)	
	Amount (YoY)	YoY Amount	Amount (YoY)	YoY Amount
Manufacturing-related Human Resources Services	72,147 (up 15.3%)	62,590	2,045 (down 19.2%)	2,529
Administrative Human Resources Services	2,482 (down 7.7%)	2,690	6 (down 87.5%)	49
Adjustment amount	(35) (-)	(29)	1 (-)	(0)
Total	74,594 (up 14.3%)	65,250	2,052 (down 20.4%)	2,578

Manufacturing-related Human Resources Services (NISSO CORPORATION, Vector Shinwa Co., Ltd., Nisso Pure Co., Ltd.)

In manufacturing-related human resources services, the core business which accounted for 93.0% of consolidated net sales during the period under review, suspension of operations continued since last year due to shortages of semiconductors and other parts and the spread of COVID-19 infections.

Despite this business environment, the need for human resources for recovery production, mainly at auto-body manufacturers, has not declined, and the Group has continued to secure human resources in order to respond to the needs for human resources in preparation for the increase in production activities after risks subside. In addition, while providing compensation for absence from work in response to a decrease in the operation of manufacturing staff, the Group has been investing in training aimed at providing high value-added services. As a result, the turnover rate of

manufacturing staff in the period under review remained low at 3.8% (which was at 4.2% in the previous consolidated fiscal year), and the number of enrolled manufacturing staff at the end of the period under review was 14,945 (up 1,799 from the previous consolidated fiscal year), which led to an increase in revenue year-on-year.

On the other hand, the effects of the increase in revenue as a result of the increase in enrollment could not fully absorb the effects of the decrease in the operation of manufacturing staff, which resulted in a decrease in profits year-on-year.

Based in Aichi Prefecture, Hiroshima Prefecture, and Fukuoka Prefecture, Vector Shinwa Co., Ltd. focuses on human resources development with a slogan of "Minority Elite". In the contracting business for the manufacturing of semiconductor manufacturing equipment and precision equipment, which is the main pillar of Vector Shinwa's business, despite the impact of the shortage of parts, client production is on an increasing trend due to strong semiconductor demand, and the Company is working to expand its business performance by starting the launch of new processes.

Nisso Pure Co., Ltd., a special-purpose subsidiary of the Company, promotes the employment of persons with disabilities. With the aim of creating a workplace environment where diverse human resources can flourish, the Group not only hires employees with disabilities, but also promotes activities that take advantage of each individual's characteristics, such as being entrusted with light work operations from external clients, and promotes coexistence with local communities, including those related to schools, support organizations, and the government, and as of the end of the period under review, the number of employees with disabilities was 194.

Administrative Human Resources Services (Nisso Brain Co., Ltd.)

The administrative human resources services carry out 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).

In the period under review, in order to stabilize existing businesses, although the Company is promoting recruitment activities centered on public relations and customer attraction activities, due to sluggish growth in the number of registrants, the number of employees dispatched for administrative work was 669 (down 21 from the end of the previous fiscal year). As a result, revenue and profits decreased year-on-year.

(Other Businesses)

(Unit: Million yen)

	FY 3/22 Net sales (Apr. 1, 2021 - Mar. 31, 2022)		FY 3/22 Operating profit (Apr. 1, 2021 - Mar. 31, 2022)	
	Amount (YoY)	YoY Amount	Amount (YoY)	YoY Amount
Nursing care • welfare business	2,963 (down 0.3%)	2,972	36 (up 56.6%)	23

Nursing care • welfare business (Nisso Nifty Co., Ltd.)

In the facilities nursing care business, which is the core business of this business segment, during the period under review, although the number of visitors and residents increased as a result of the promotion of on-line facility preview events and other activities, from the viewpoint of preventing the spread on COVID-19 infections, the number of residents at the end of the period under review was 364 (down 17 from the end of the previous consolidated fiscal year) due to many refraining from actually previewing the facilities. On the other hand, the Group has endeavored to reduce cost of sales and improve profitability through initiatives such as streamlining personnel and operating expenses. As a result, revenue decreased and profits increased year-on-year.

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

Current assets at the end of the period under review amounted to 19,068 million yen, which was an increase of 4,254 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 2,905 million yen in cash and deposits, and 1,296 million yen in notes receivable - trade (electronically recorded monetary claims - operating).

Non-current assets at the end of the period under review amounted to 8,394 million yen, which was an increase of 1,577 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 970 million yen in goodwill.

As a result, total assets amounted to 27,462 million yen, which was an increase of 5,831 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 10,411 million yen, which was an increase of 2,232 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 839 million yen in accrued expenses and an increase of 664 million yen in accrued consumption taxes.

Non-current liabilities at the end of the period under review amounted to 3,492 million yen, which was an increase of 2,802 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 2,509 million yen in long-term loans payable.

As a result, total liabilities amounted to 13,903 million yen, which was an increase of 5,035 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 13,559 million yen, which was an increase of 796 million yen from the end of the previous consolidated fiscal year. This was mainly due to the recording of 1,696 million yen in profit attributable to owners of parent and 682 million yen in dividends of surplus.

As a result, the equity ratio was 49.4% (which was at 59.0% 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: Cash flows from operating activities resulted in proceeds of 2,273 million yen, cash flows from investing activities resulted in expenditures of 1,538 million yen, and cash flows from financing activities resulted in proceeds of 2,164 million yen.

As a result, cash and cash equivalents for the period under review increased by 2,899 million yen to 8,773 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 amounted to proceeds of 2,273 million yen (compared to proceeds of 1,672 million yen in the previous consolidated fiscal year), as a result of proceeds of 2,331 million yen in profit before income taxes, which absorbed expenditures such as the 1,230 million yen increase in notes and accounts receivable (trade).

(Cash flows from investing activities)

Cash flows from investing activities amounted to expenditures of 1,538 million yen (compared to expenditures of 496 million yen in the previous consolidated fiscal year), as a result of expenditures such as 209 million yen in purchase of securities, 87 million in purchase of property, plant and equipment, 40 million yen in purchase of intangible assets, and 1,212 million yen in purchase of shares of subsidiaries resulting in change in scope of consolidation.

(Cash flows from financing activities)

Cash flows from financing activities amounted to proceeds of 2,164 million yen (compared to expenditures of 1,668 million yen in the previous consolidated fiscal year), as a result of proceeds from long-term loans payable of 3,000 million yen which absorbed expenditures such as 682 million yen in cash dividends paid.

(4) Future Prospects

With regard to future prospects, there are concerns that manufacturers, which are the main clients of the Group, will experience a decrease in the operation of manufacturing staff due to the re-expansion of COVID-19 infections and the decrease in production activities in the automobiles-related industry as a result of the shortage of semiconductors. In addition, uncertainty has increased in the domestic and foreign economies due to the heightened geopolitical risks arising from heightened tensions in Ukraine.

Under such a business environment, in the General Human Resources Services Business, which is the Group's core business, the Company will increase investment in promotions and hire a large number of human resources in order to respond to the needs of related clients in preparation for increased production activities after the convergence of risks, and increase added value and provide better services by utilizing and developing its 8 training facilities nationwide. In addition, in order to meet the engineering needs of its active clients, the Company will actively promote career changes and aim to expand its business performance by providing a high-quality training curriculum to a large number manufacturing staff.

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 by promoting operational efficiency.

In terms of profits, in order to respond to the rapidly changing business environment, the Group will strive to improve productivity by accelerating the introduction of IT, clarifying career paths, expanding career consulting functions, improving education and training structures, and strengthening on-site management.

Based on the above, the Company expects full-year consolidated results for the fiscal year ending March 31, 2023, as follows: net sales of 88,600 million yen (up 14.2% year-on-year), operating profit of 2,700 million yen (up 29.4% year-on-year), ordinary profit of 2,700 million yen (up 13.9% year-on-year), and profit attributable to owners of parent of 1,800 million yen (up 6.1% year-on-year).

Regarding the 3-year Medium-term Management Plan, which was announced on May 12, 2021, starting with FY 3/2022 as the first year, the Company was able to achieve the net sales target by responding to the high human resources needs of its clients. However, the temporary suspension of production activities at manufacturers resulted in a slowdown in the operation of manufacturing staff, which prevented the Company from achieving its expected profits.

The same trend is expected to continue to some extent in FY 3/2023. In addition, labor shortages in Japan continue, and it is expected that the needs for human resources and engineers in preparation for the increase in production activities after the risk of convergence of related clients in Japan and overseas will increase further. For the time being, the Group will aim to expand its business performance by concentrating management resources to meet the needs of human resources in the manufacturing production and engineering areas. On the other hand, in order "To transform into a corporate group with high-growth potential", towards realizing the Group's mission of "Creating opportunities and hopes for people to work" and increasing profitability, the development of new services is urgently needed. Also, regarding new businesses, the Group will continue to invest in the introduction of new digital technologies such as AI and the establishment of new partnerships, as in FY 3/2022.

※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, 2022 is scheduled to be a payment of 18.00 yen per share (consolidated dividend payout ratio of 36.0%).

In addition, for the fiscal year ending March 31, 2023, the Company is scheduled to pay a dividend of 16.00 yen per share (consolidated dividend payout ratio of 30.2%).

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 3/21 (As of Mar. 31, 2021)	FY 3/22 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	5,873	8,779
Notes and accounts receivable - trade	8,094	-
Electronically recorded monetary claims - operating	-	66
Accounts receivable - trade	-	9,324
Prepaid expenses	566	650
Other	284	251
Allowance for doubtful accounts	(5)	(4)
Total current assets	14,813	19,068
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,248	5,259
Accumulated depreciation	(3,448)	(3,488)
Buildings and structures, net	1,799	1,771
Land	2,704	2,670
Other	522	544
Accumulated depreciation	(372)	(408)
Other, net	150	136
Total property, plant and equipment	4,654	4,578
Intangible assets		
Leased assets	55	8
Goodwill	-	970
Other	249	687
Total intangible assets	305	1,667
Investments and other assets		
Investment securities	263	500
Lease and guarantee deposits	676	649
Deferred tax assets	466	575
Net defined benefit asset	76	102
Other	393	350
Allowance for doubtful accounts	(19)	(28)
Total investments and other assets	1,857	2,149
Total non-current assets	6,817	8,394
Total assets	21,631	27,462

(Unit: Million yen)

	FY 3/21 (As of Mar. 31, 2021)	FY 3/22 (As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	-	490
Lease obligations	55	11
Accrued expenses	4,541	5,381
Income taxes payable	494	395
Accrued consumption taxes	1,163	1,827
Contract liabilities	-	247
Provision for bonuses	950	1,058
Provision for shareholder benefit program	-	63
Other	972	934
Total current liabilities	8,178	10,411
Non-current liabilities		
Long-term loans payable	-	2,509
Lease obligations	12	1
Deferred tax liabilities	-	120
Net defined benefit liability	345	473
Other	332	386
Total non-current liabilities	689	3,492
Total liabilities	8,868	13,903
Net assets		
Shareholders' equity		
Capital stock	2,015	2,016
Capital surplus	2,368	2,368
Retained earnings	8,674	9,454
Treasury shares	(313)	(298)
Total shareholders' equity	12,744	13,540
Accumulated other comprehensive income		
Foreign currency translation adjustment	1	0
Remeasurements of defined benefit plans	17	17
Total accumulated other comprehensive income	18	18
Total net assets	12,763	13,559
Total liabilities and net assets	21,631	27,462

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

(Unit: Million yen)

	FY 3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY 3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Net sales	68,213	77,549
Cost of sales	56,426	64,599
Gross profit	11,787	12,950
Selling, general and administrative expenses	9,188	10,863
Operating profit	2,599	2,087
Non-operating income		
Interest income	3	3
Dividend income	0	0
Share of profit of entities accounted for using equity method	7	22
Subsidy income	399	244
House rent income	40	40
Other	35	33
Total non-operating income	487	343
Non-operating expenses		
Interest expenses	11	1
Rent expenses	26	17
Loss on cancellation of rental contracts	27	-
Other	71	42
Total non-operating expenses	136	60
Ordinary profit	2,949	2,369
Extraordinary losses		
Loss on valuation of investment securities	296	-
Directors' retirement benefits	50	-
Loss on sales of non-current assets	18	38
Loss on retirement of non-current assets	32	-
Impairment loss	51	-
Total extraordinary losses	449	38
Profit before income taxes	2,500	2,331
Income taxes - current	943	753
Income taxes - deferred	(35)	(118)
Total income taxes	907	635
Profit	1,592	1,696
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,592	1,696

(Consolidated Statement of Comprehensive Income)

(Unit: Million yen)

	FY 3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY 3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Profit	1,592	1,696
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	97	0
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	97	(0)
Comprehensive income	1,690	1,696
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,690	1,696
Comprehensive income attributable to non- controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

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
Cumulative effects of changes in accounting policies					-
Restated balance	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
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
	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
Cumulative effects of changes in accounting policies			-	-
Restated balance	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
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

FY 3/22 (Apr. 1, 2021 - Mar. 31, 2022)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,015	2,368	8,674	(313)	12,744
Cumulative effects of changes in accounting policies			(233)		(233)
Restated balance	2,015	2,368	8,440	(313)	12,511
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	0	0			0
Dividends of surplus			(682)		(682)
Profit attributable to owners of parent			1,696		1,696
Disposal of treasury shares		(0)		15	15
Net changes of items other than shareholders' equity					-
Total changes of items during period	0	(0)	1,013	15	1,029
Balance at end of current period	2,016	2,368	9,454	(298)	13,540

	Accumulated other comprehensive income			Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1	17	18	12,763
Cumulative effects of changes in accounting policies				(233)
Restated balance	1	17	18	12,529
Changes of items during period				
Issuance of new shares - exercise of share acquisition rights				0
Dividends of surplus				(682)
Profit attributable to owners of parent				1,696
Disposal of treasury shares				15
Net changes of items other than shareholders' equity	(0)	0	(0)	(0)
Total changes of items during period	(0)	0	(0)	1,029
Balance at end of current period	0	17	18	13,559

(4) Consolidated Statement of Cash Flows

(Unit: Million yen)

	FY 3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY 3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	2,500	2,331
Depreciation	288	287
Amortization of goodwill	-	51
Increase (decrease) in allowance for doubtful accounts	20	7
Increase (decrease) in provision for bonuses	71	103
Decrease (increase) in net defined benefit asset	(51)	(25)
Increase (decrease) in net defined benefit liability	156	128
Increase (decrease) in provision for shareholder benefit program	-	63
Loss (gain) on sales of property, plant and equipment	18	38
Loss on retirement of non-current assets	32	-
Loss on valuation of securities	296	-
Impairment loss	51	-
Interest and dividend income	(4)	(3)
Interest expenses	11	1
Share of (profit) loss of entities accounted for using equity method	(7)	(22)
Decrease (increase) in notes and accounts receivable - trade	339	(1,230)
Decrease (increase) in lease and guarantee deposits	(18)	29
Increase (decrease) in accrued expenses	(106)	812
Increase (decrease) in accrued consumption taxes	(741)	649
Other, net	65	(62)
Subtotal	2,924	3,159
Interest and dividend income received	4	3
Interest expenses paid	(11)	(0)
Income taxes refund	3	2
Income taxes paid	(1,247)	(891)
Cash flows from operating activities	1,672	2,273
Cash flows from investing activities		
Purchase of securities	(310)	(209)
Purchase of property, plant and equipment	(93)	(87)
Proceeds from sales of property, plant and equipment	3	11
Purchase of intangible assets	(97)	(40)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,212)
Other, net	1	0
Cash flows from investing activities	(496)	(1,538)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	3,000
Repayments of long-term loans payable	(750)	(97)
Repayments of lease obligations	(78)	(55)
Proceeds from issuance of common shares	6	0
Cash dividends paid	(845)	(682)
Cash flows from financing activities	(1,668)	2,164
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(491)	2,899
Cash and cash equivalents at beginning of period	6,365	5,873
Cash and cash equivalents at end of period	5,873	8,773

(5) Notes regarding Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standards for Revenue Recognition)

"Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. Hereinafter, the "Revenue Recognition Accounting Standards") etc., have been applied from the beginning of the period under review, and revenue was recognized at the amount expected to be received in exchange for the promised goods or services when the control of those goods or services is transferred to clients.

The main changes resulting from the application of Revenue Recognition Accounting Standards are as follows:

(General Human Resources Services Business)

Previously, although consideration paid to clients, such as rent, was treated as cost of sales, it has been changed to a method of reducing it from the transaction price.

(Other Businesses)

In the past, the lump-sum payment received from a client in a nursing care facility's occupancy contract was recognized as revenue after the expiration of the amortization period under the occupancy contract. However, the method has been changed to recognize revenue over the period of residence in which the service is expected to be provided.

The application of the Revenue Recognition Accounting Standards is in accordance with the transitional treatment set forth in the Revenue Recognition Accounting Standards No. 84. The cumulative effect of retroactively applying the new accounting policy prior to the beginning of the period under review was added to or subtracted from retained earnings at the beginning of the period under review, and the new accounting policy was applied from the beginning balance.

As a result, net sales for the period under review decreased by 257 million yen, cost of sales decreased by 270 million yen, and operating profit, ordinary profit, and profit before income taxes each increased by 12 million yen. In addition, the balance at the beginning of the current period of retained earnings decreased by 233 million yen. Furthermore, "other" under the current liabilities category increased by 220 million yen at the end of the period under review.

(Additional Information)

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

I In the period under review, clients of manufacturing-related human resources services, which is the core business of the Group, suffered sluggish growth in the operation of manufacturing staff due to the effects of shortages of semiconductors and other parts and a temporary suspension of operations as a result of the spread of COVID-19 infections. On the other hand, the need for human resources to prepare for the increase in production activities after the convergence of risks has not declined, and the Group has been working to secure human resources in order to meet respond to such demands. It is assumed that the same trend will continue to some extent in the following consolidated fiscal year.

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 results of operations 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.

As described in (Changes in Accounting Policies), "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc., have been applied from the beginning of the period under review, due the change in the accounting method for revenue recognition, the method of measuring profit or loss for business segments has also changed.

As a result of this change, net sales in the General Human Resources Services business for the period under review decreased by 270 million yen compared with the conventional method, and there was no impact on segment profit. Net sales in Other Businesses increased by 12 million yen, and segment profit increased by 12 million yen.

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

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

(Unit: Million yen)

	Reportable Segments			Adjustments (Note) 1	Amount recorded 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	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
Amortization of goodwill	-	-	-	-	-
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 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.

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

FY 3/22 (Apr. 1, 2021 - Mar. 31, 2022)

(Unit: Million yen)

	Reportable Segments			Adjustments (Note) 1	Amount recorded on Consolidated Statement of Income (Note) 2
	General Human Resources Service Business	Other Businesses	Subtotal		
Net sales					
Sales to external clients	74,586	2,963	77,549	-	77,549
Inter-segment sales or transfers	7	0	7	(7)	-
Total	74,594	2,963	77,557	(7)	77,549
Segment profit	2,052	36	2,089	(2)	2,087
Segment assets	26,376	1,781	28,158	(695)	27,462
Other items					
Depreciation	274	5	279	7	287
Amortization of goodwill	51	-	51	-	51
Investment in equity-method affiliates	465	-	465	-	465
Increase in property, plant and equipment and intangible assets	117	-	117	-	117

(Note) 1. The adjustments are as follows:

- (1) The adjustments on segment profit of (2) million yen are eliminations of inter-segment transactions.
- (2) The adjustments on segment assets of (695) million yen are eliminations of transactions.
- (3) The adjustments on depreciation of 7 million yen is the depreciation not included in segment profit.

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

【Related Information】

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 for each main client

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 3/22 (Apr. 1, 2021 - Mar. 31, 2022)

1. Information by product and service

(Unit: Million yen)

	Manufacturing-related Human Resources Services	Administrative Human Resources Services	Other	Total
Sales to external clients	72,144	2,442	2,963	77,549

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 for each main client

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

(Unit: Million yen)

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

FY 3/22 (Apr. 1, 2021 - Mar. 31, 2022)

Not applicable.

【Information on amortization of goodwill and unamortized balances by reporting segment】

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

Not applicable.

FY 3/22 (Apr. 1, 2021 - Mar. 31, 2022)

(Unit: Million yen)

	General Human Resources Service Business	Other Businesses	Total
Amortization for current period	51	-	51
Balance at end of current period	970	-	970

【Information on negative goodwill gains by reporting segment】

Not applicable.

(Per Share Information)

	FY 3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY 3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net assets per share	375.90円	399.01円
Net income per share	47.08円	49.94円
Diluted net income per share	46.89円	49.90円

(Note) The basis for the calculation of net income per share and diluted net income per share is as follows:

	FY 3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY 3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net income per share		
Profit attributable to owners of parent (Million yen)	1,592	1,696
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent related to common shares (Million yen)	1,592	1,696
Average number of shares of common stock during the period (Shares)	33,836,595	33,971,644
Diluted net income per share		
Profit attributable to owners of parent adjustment (Million yen)	-	-
Increase in number of common stock (Shares)	131,584	25,320
(Share acquisition rights (Shares))	(131,584)	(25,320)
Summary of dilutive shares not included in the calculation of diluted net income per share due to the absence of dilutive effect	-	-

(Significant Subsequent Events)

Not applicable.