



Consolidated Financial Results for the First Six Months of FY 3/2023 [Japanese GAAP]

November 7, 2022

Company Name NISSO CORPORATION

Stock Exchange Listing: Tokyo

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

Representative (Title) Representative Director, President & CEO (Name) Ryuichi Shimizu

Contact Person (Title) Sr. Executive Officer (Name) Kenichi Nomura TEL +81-45-514-4323

Scheduled date of filing November 11, 2022 Scheduled date of payment of dividend —

Preparation of supplementary materials for quarterly financial results: Yes (Scheduled to be posted on the Company's website on November 7, 2022 (Mon.))

Holding of quarterly financial results meeting: Yes (Scheduled to be held for institutional investors and analysts on November 10, 2022 (Thu.))

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

1. Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023 (April 1, 2022 – September 30, 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	%
First six months ended September 30, 2022	43,162	17.6	510	(38.1)	582	(35.9)	347	(40.9)
September 30, 2021	36,694	11.3	824	12.7	908	(8.2)	587	(1.6)

(Note) Comprehensive income For the first six months ended September 30, 2022: 329 Million yen (-43.3%)
For the first six months ended September 30, 2021: 581 Million yen (-2.7%)

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
September 30, 2022	10.22	10.22
September 30, 2021	17.30	17.28

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2022	27,904	13,546	47.7
March 31, 2022	27,462	13,559	49.4

(Reference) Equity capital As of September 30, 2022: 13,307 Million yen
As of March 31, 2022: 13,559 Million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2022	—	0.00	—	18.00	18.00
Fiscal year ending	—	0.00			
March 31, 2023					
Fiscal year ending			—	16.00	16.00
March 31, 2023 (Forecast)					

(Note) Revisions to the most recently announced dividend forecast: None

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	52.95

(Note) Revisions to the most recently announced consolidated earnings forecast: None

※ Notes

(1) Changes in 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, Nikon Nisso Prime Corporation has been included in the scope of consolidation from the consolidated cumulative second quarter.

(2) Application of special accounting methods for the presentation of quarterly consolidated financial statements: None

(3) 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 |

(4) Number of outstanding shares (Common stock)

① Number of shares outstanding at the end of the period (including treasury shares)	As of Sep. 30, 2022	34,330,800 Shares	As of Mar. 31, 2022	34,330,800 Shares
② Number of treasury shares at the end of the period	As of Sep. 30, 2022	328,480 Shares	As of Mar. 31, 2022	348,444 Shares
③ Average number of shares outstanding during the period (Quarterly total)	First six months ended Sep. 30, 2022	33,989,011 Shares	First six months ended Sep. 30, 2021	33,963,598 Shares

※ The quarterly financial statement is not subject to the quarterly review procedures of certified public accountants or auditing corporations

※ Cautionary statement on the appropriate use of earning 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, etc. regarding the earnings forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results, (4) Description of Future Forecast Information such as Consolidated Forecasts, etc." on P. 5 of the attachments.

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

The Company is planning to hold a briefing session for institutional investors and analysts on Thursday, November 10, 2022.

Quarterly financial results briefing materials to be used on that day will be posted on the Company's website on the day of the announcement of financial results (Monday, November 7, 2022).

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023
(April 1, 2022 - September 30, 2022)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Quarterly net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First six months ended								
September 30, 2022	38,875	14.4	554	(35.7)	627	(29.3)	385	(32.6)
September 30, 2021	33,981	12.7	863	13.5	888	(9.1)	571	(5.7)

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
September 30, 2022	11.33	11.32
September 30, 2021	16.82	16.80

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2022	24,880	12,681	51.0
March 31, 2022	25,329	12,896	50.9

(Reference) Equity capital

As of September 30, 2022:

12,681 Million yen

As of March 31, 2022:

12,896 Million yen

○Contents of Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Description of Results of Operations	2
(2) Description of Financial Position	5
(3) Description of Cash Flows	5
(4) Description of Future Forecast Information such as Consolidated Forecasts, etc.	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statement of Income	
For the First Six Months ended September 30, 2022.....	7
Quarterly Consolidated Statement of Comprehensive Income	
For the First Six Months ended September 30, 2022.....	8
(3) Quarterly Consolidated Statements of Cash Flows	9
(4) Notes regarding Quarterly Consolidated Financial Statements	10
(Notes regarding the Going Concern Assumption)	10
(Notes on Significant Changes in the Amount of Shareholders' Equity)	10
(Additional Information)	10
(Business Combinations, etc.)	10

1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

Although Japan's economy has shown signs of recovery during the current consolidated cumulative second quarter (hereinafter, the "period under review"), it is necessary to pay close attention to the risk that the prolonged situation in Ukraine and the downturn in overseas economies associated with global monetary tightening will exert downward pressure on Japan's economy, as well as price increases and supply-side constraints.

In such a business environment, based on its mission of "*Creating opportunities and hopes for people to work*", the Nisso Group (hereinafter, the "Group") aims to create workplaces where workers can gain a sense of self-fulfillment and flourish, with human resources solution services that support the growth of companies and people. In addition, the Group is promoting initiatives "*To transform into a corporate group with high-growth potential*" in order to provide services that can respond to social changes and changes in industrial structures.

The Group defines materiality (key issues) for the realization of its mission as "Creation of a comfortable workplace", "Responding to social changes and changes in industrial structures", and "Strengthening of governance". The Group aims to enhance corporate value through the creation of social value by promoting digitization (digitalization) and actively investing in human resources, maximizing employee satisfaction and customer/client satisfaction, providing high value-added services, and strengthening management structures and internal controls.

The results for the period under review are as follows:

(Unit: Million yen)

	FY 3/2022		FY 3/2023	
	Cons. cumulative 2 nd Qtr. (April 1, 2021 - September 30, 2021)		Cons. cumulative 2 nd Qtr. (April 1, 2022 - September 30, 2022)	
	Amount	(YoY)	Amount	(YoY)
Net sales	36,694	(up 11.3%)	43,162	(up 17.6%)
Operating profit	824	(up 12.7%)	510	(down 38.1%)
Ordinary profit	908	(down 8.2%)	582	(down 35.9%)
Profit attributable to owners of parent	587	(down 1.6%)	347	(down 40.9%)

At NISSO CORPORATION (hereinafter, "the Company", non-consolidated), which is the core of the Group, during the period under review, the number of enrolled manufacturing staff steadily increased to 15,730 (up 785 from the end of the previous consolidated fiscal year) as a result of responding to the vigorous human resources needs of its clients, manufacturers, and by increasing the number of interviewees by strengthening promotions such as TV commercials. In the automobile-related industry, the utilization rate of manufacturing staff has improved, albeit moderately, and net sales amounted to 16,981 million yen (up 15.9% year-on-year). In the electronic devices-related industry, although demand for components related to PCs and communications equipment declined, production has remained high due to demand for semiconductors, and net sales amounted to 12,285 million yen (up 17.2% year-on-year). Also, the Company is striving to expand orders by actively developing sales activities centered on Account Companies, who are important clients, and Account Companies accounted for 43.9% of the Company's net sales. In addition, with the aim of providing high value-added services, the Company has been developing human resources by utilizing 8 training facilities nationwide, and the total number of participants trained, including manufacturing staff and engineers, was 1,945 (up 435 year-on-year). As a result of promoting these initiatives, net sales per capita amounted to 418 thousand yen (which was 406 thousand yen in the corresponding period of the previous fiscal year), and the Company's net sales increased by 14.4% year-on-year. On the other hand, in terms of profits, although there was an increase in enrollment, the Company's operating profit decreased by 35.7% year-on-year due to the significant impact on operating hours as a result of continued parts shortages caused by supply chain delays.

Based on its policy of putting the safety of its clients and employees as a top priority, the Group has established the "COVID-19 Countermeasures Headquarters", and is promoting business activities that strengthen measures to prevent the spread of COVID-19 infections. Going forward, the Group's business performance is expected to remain firm as the economic activities of clients related to the Company are expected to recover. On the other hand, 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 3/2022	FY 3/2023	
	Cons. cumulative 2 nd Qtr. (April 1, 2021 - September 30, 2021) Amount	Cons. cumulative 2 nd Qtr. (April 1, 2022 - September 30, 2022) Amount	(YoY)
Net sales			
Manufacturing・Production	31,435	35,333	(up 12.4%)
Human Resources Services			
Engineering Human Resources Services	2,545	3,986	(up 56.6%)
Administrative Human Resources Services	1,197	1,146	(down 4.2%)
Other Human Resources Services	21	1,198	(up 5,359.6%)
Total	35,200	41,665	(up 18.4%)
Segment profit	805	492	(down 38.8%)

(Note) 1. Net sales figures are shown after the elimination of internal transactions.

2. Net sales of Other Human Resources Services include net sales of Nikon Nisso Prime Corporation from the current second quarter consolidated accounting period (hereinafter, the "second quarter").

Manufacturing・Production Human Resources Services (NISSO CORPORATION, Vector Shinwa Co., Ltd.)

In the Manufacturing・Production Human Resources Services, the Group is mainly engaged in manufacturing dispatching and manufacturing contracting, and will strengthen its service provision system to clients and improve the share ratio of account clients in order to improve efficiency and strengthen its earning power.

During the period under review, the number of enrolled staff amounted to 14,400 (up 1,076 year-on-year) by responding to the strong human resources needs of clients. In addition, as a result of efforts to improve communication in order to create a comfortable workplace, the turnover rate of employed workers remained at a low level of 4.0% (which was at 3.8% in the corresponding period of the previous fiscal year). As a result, net sales per capita amounted to 413 thousand yen (which was at 402 thousand yen in the corresponding period of the previous fiscal year), partly due to the effect of increased enrollment, and revenue increased by 12.4% year-on-year.

Engineering Human Resources Services (NISSO CORPORATION, Vector Shinwa Co., Ltd.)

In the Engineering Human Resources Services, the Group dispatches engineers mainly in the manufacturing industry and provides SES (System Engineering Service), and it will continue to expand the high value-added area and develop it into the next core business.

During the period under review, the number of enrolled engineers was 1,426 (up 525 year-on-year) by expanding educational opportunities for employed workers, and the turnover rate remained at a low level of 2.2% (which was at 1.7% in the corresponding period of the previous fiscal year). As a result, net sales per capita amounted to 524 thousand yen (which was at 509 thousand yen in the corresponding period of the previous fiscal year), and due to the effect of increased enrollment, revenue increased by 56.6% year-on-year.

In addition, the Company has announced plans to open a training center in Kumamoto Prefecture in order to respond to the shortage of human resources at semiconductor-related companies. By doing so, the Company aims to increase the number of educational activities conducted for engineers.

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

In the Administrative Human Resources Services, the Group provides general office work dispatching and BPO (Business Process Outsourcing), and is working to restructure services and develop new menus.

During the period under review, although the Group promoted recruitment activities centered on public relations and customer attraction activities, due to sluggish growth in the number of registrants, the number of enrolled administrative dispatched staff amounted to 598 (down 30 year-on-

year).

Other Human Resources Services (Nikon Nisso Prime Corporation, Nisso Pure Co., Ltd.)

In Other Human Resources Services, the Group is developing a model which will allow older employees and employees with disabilities to flourish.

The Company acquired additional equity interest in Nikon Nisso Prime Corporation, an equity-method affiliate, and made it a consolidated subsidiary on July 1, 2022. In addition to enhancing its human resources dispatching business, the company concerned is working to support the active participation of older employees, develop, secure and build a structure for employment opportunities where such employees can continue to work. The number of older employees employed during the period under review was 531.

Nisso Pure Co., Ltd., a special-purpose subsidiary of the Company, aims to create a workplace environment where diverse human resources can flourish. Rather than simply hiring employees with disabilities, the Group is promoting activities that take advantage of the characteristics of each individual, such as being entrusted with light work by external clients, and aiming to coexist with local communities, including school officials, support organizations, and the government. The number of employees with disabilities during the period under review was 208.

(Other Businesses)

(Unit: Million yen)

	FY 3/2022 Cons. cumulative 2 nd Qtr. (April 1, 2021 - September 30, 2021) Amount	FY 3/2023 Cons. cumulative 2 nd Qtr. (April 1, 2022 - September 30, 2022) Amount (YoY)
Net sales		
Nursing Care • Welfare Services	1,494	1,497 (up 0.2%)
Segment profit	20	18 (down 7.2%)

(Note) Net sales figures are shown after the elimination of internal transactions.

Nursing Care • Welfare Services (Nisso Nifty Co., Ltd.)

In the Nursing Care • Welfare Services, the Group provides facility nursing care and home-based nursing care, and is working to restructure its provided services while developing new menus.

During the period under review, in the facility nursing care business, which is the mainstay of this service, the Group promoted Web previews and other activities on the premise of preventing the spread of COVID-19 infections. The number of residents in the nursing care facilities has recovered to 375 (down 7 year-on-year), and the occupancy rates at the facilities was 93.3% (which was at 95.0% in the corresponding period of the previous fiscal year), a 0.2% increase in revenue year-on-year.

(2) Description of Financial Position

(Assets)

Current assets at the end of the current second quarter amounted to 19,648 million yen, which was an increase of 580 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,431 million yen in notes and accounts receivable (trade).

Non-current assets at the end of the current second quarter amounted to 8,256 million yen, which was a decrease of 138 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 51 million yen in goodwill.

As a result, total assets amounted to 27,904 million yen, which was an increase of 442 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the current second quarter amounted to 11,009 million yen, which was an increase of 598 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 467 million yen in accrued expenses and 308 million yen in provision for bonuses.

Non-current liabilities at the end of the current second quarter amounted to 3,348 million yen, which was a decrease of 143 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 245 million yen in long-term loans payable.

As a result, total liabilities amounted to 14,358 million yen, which was an increase of 455 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of the current second quarter amounted to 13,546 million yen, which was a decrease of 13 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 347 million yen in profit attributable to owners of parent, 611 million yen in dividends of surplus, and 238 million yen in non-controlling interests.

As a result, the equity ratio was at 47.7% (which was at 49.4% at the end of the previous consolidated fiscal year).

(3) Description of Cash Flows

Cash and cash equivalents at the end of the current second quarter decreased by 846 million yen from the end of the previous consolidated fiscal year to 7,927 million yen.

The status of each cash flow for the period under review and their factors thereof are as follows:

(Cash flows from operating activities)

Cash flows from operating activities amounted to expenditures of 96 million yen (compared to proceeds of 1,191 million yen in the corresponding period of the previous fiscal year), as proceeds of 582 million yen in profit before income taxes, etc., failed to absorb expenditures such as an increase in notes and accounts receivable (trade) of 767 million yen.

(Cash flows from investing activities)

Cash flows from investing activities amounted to proceeds of 113 million yen (compared to expenditures of 1,302 million yen in the corresponding period of the previous fiscal year) due to proceeds of 251 million yen for proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation, etc.

(Cash flows from financing activities)

Cash flows from financing activities amounted to expenditures of 863 million yen (compared to expenditures of 713 million yen in the corresponding period of the previous fiscal year) due to expenditures of 611 million yen for cash dividends paid, etc.

(4) Description of Future Forecast Information such as Consolidated Forecasts, etc.

With regards to the consolidated forecasts, there is no change to the Full-year Consolidated Forecast announced in the "Consolidated Financial Results for FY 3/2022" on May 12, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	FY 3/22 (As of Mar. 31, 2022)	2Q of FY 3/23 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	8,779	7,933
Notes and accounts receivable - trade	9,390	10,822
Other	902	897
Allowance for doubtful accounts	(4)	(4)
Total current assets	19,068	19,648
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,771	1,758
Land	2,670	2,670
Other, net	136	127
Total property, plant and equipment	4,578	4,556
Intangible assets		
Goodwill	970	919
Other	696	663
Total intangible assets	1,667	1,583
Investments and other assets		
Other	2,177	2,144
Allowance for doubtful accounts	(28)	(27)
Total investments and other assets	2,149	2,117
Total non-current assets	8,394	8,256
Total assets	27,462	27,904
Liabilities		
Current liabilities		
Current portion of long-term loans payable	490	490
Accrued expenses	5,381	5,848
Income taxes payable	395	434
Contract liabilities	247	259
Provision for bonuses	1,058	1,367
Provision for directors' bonuses	-	3
Provision for shareholder benefit program	63	6
Other	2,773	2,599
Total current liabilities	10,411	11,009
Non-current liabilities		
Long-term loans payable	2,509	2,264
Net defined benefit liability	473	561
Other	509	523
Total non-current liabilities	3,492	3,348
Total liabilities	13,903	14,358
Net assets		
Shareholders' equity		
Capital stock	2,016	2,016
Capital surplus	2,368	2,367
Retained earnings	9,454	9,185
Treasury shares	(298)	(281)
Total shareholders' equity	13,540	13,287
Accumulated other comprehensive income		
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	17	19
Total accumulated other comprehensive income	18	20
Non-controlling interests	-	238
Total net assets	13,559	13,546
Total liabilities and net assets	27,462	27,904

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the First Six Months ended September 30, 2022)

(Unit: Million yen)

	First six months of FY 3/22 (Apr. 1, 2021 - Sep. 30, 2021)	First six months of FY 3/23 (Apr. 1, 2022 - Sep. 30, 2022)
Net sales	36,694	43,162
Cost of sales	30,659	36,574
Gross profit	6,035	6,587
Selling, general and administrative expenses	5,211	6,067
Operating profit	824	510
Non-operating income		
Interest income	1	1
Dividend income	0	0
Share of profit of entities accounted for using equity method	6	-
Subsidy income	65	87
House rent income	20	20
Other	22	26
Total non-operating income	116	134
Non-operating expenses		
Interest expenses	-	5
Share of loss of entities accounted for using equity method	-	29
Rent expenses	8	9
Other	23	17
Total non-operating expenses	32	62
Ordinary profit	908	582
Extraordinary losses		
Loss on sales of non-current assets	7	-
Total extraordinary losses	7	-
Profit before income taxes	901	582
Income taxes - current	369	330
Income taxes - deferred	(55)	(76)
Total income taxes	313	253
Profit	587	328
Loss attributable to non-controlling interests	-	(18)
Profit attributable to owners of parent	587	347

(Quarterly Consolidated Statement of Comprehensive Income)
(For the First Six Months ended September 30, 2022)

(Unit: Million yen)

	First six months of FY 3/22 (Apr. 1, 2021 - Sep. 30, 2021)	First six months of FY 3/23 (Apr. 1, 2022 - Sep. 30, 2022)
Profit	587	328
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(5)	1
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(5)	1
Comprehensive income	581	329
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	581	348
Comprehensive income attributable to non-controlling interests	-	(18)

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Million yen)

	First six months of FY 3/22 (Apr. 1, 2021 - Sep. 30, 2021)	First six months of FY 3/23 (Apr. 1, 2022 - Sep. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	901	582
Depreciation	137	129
Amortization of goodwill	-	56
Increase (decrease) in allowance for doubtful accounts	7	(0)
Increase (decrease) in provision for directors' bonuses	-	3
Increase (decrease) in provision for bonuses	88	192
Decrease (increase) in net defined benefit asset	(3)	5
Increase (decrease) in net defined benefit liability	86	87
Increase (decrease) in provision for shareholder benefit program	-	(57)
Loss (gain) on sales of non-current assets	7	-
Interest and dividend income	(1)	(1)
Interest expenses	-	5
Share of (profit) loss of entities accounted for using equity method	(6)	29
Decrease (increase) in notes and accounts receivable - trade	182	(767)
Decrease (increase) in lease and guarantee deposits	6	22
Increase (decrease) in accrued expenses	142	142
Increase (decrease) in accrued consumption taxes	81	(442)
Other	(34)	218
Subtotal	1,595	207
Interest and dividend income received	1	1
Interest expenses paid	-	(5)
Income taxes refund	2	11
Income taxes paid	(407)	(312)
Cash flows from operating activities	1,191	(96)
Cash flows from investing activities		
Purchase of securities	-	(60)
Purchase of property, plant and equipment	(72)	(43)
Proceeds from sales of property, plant and equipment	1	-
Purchase of intangible assets	(19)	(10)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,212)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	251
Other	0	(24)
Cash flows from investing activities	(1,302)	113
Cash flows from financing activities		
Repayments of long-term loans payable	-	(245)
Repayments of lease obligations	(31)	(6)
Proceeds from issuance of common shares	0	-
Cash dividends paid	(682)	(611)
Cash flows from financing activities	(713)	(863)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(824)	(846)
Cash and cash equivalents at beginning of period	5,873	8,773
Cash and cash equivalents at end of period	5,048	7,927

(4) Notes regarding Quarterly Consolidated Financial Statements

(Notes regarding the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Additional Information)

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

There are no significant changes to the assumptions regarding the effects of the spread of COVID-19 infections described in the (Additional Information) section of the Annual Securities Report (in Japanese only) for the previous consolidated fiscal year.

(Business Combinations, etc.)

Business Combination by Acquisition

At the Board of Directors' Meeting held on May 19, 2022, the Company resolved to acquire additional equity interest in Nikon Nisso Prime Corporation, an equity-method affiliate of the Company, and make it a consolidated subsidiary, and on July 1, 2022, the Company acquired additional equity interest in the company concerned and made it a consolidated subsidiary.

(1) Overview of Business Combination

① Name of acquired company and its description of business

Name of Acquired Company	Nikon Nisso Prime Corporation
Description of Business	Human resources dispatching • recruitment Human resources sharing business Consignment/entrustment • contracting business Planning, R&D, operation and support of structure development and opportunity creation for seniors' continued employment

② Main reasons for business combination

Nikon Nisso Prime Corporation was established in January 2020 as a joint venture between the Company and Nikon Corporation in order to integrate the expertise of both companies and create synergies through collaboration. Since then, Nikon Nisso Prime has been working to enhance the dispatching business, support the active participation of older employees of the Nikon Group, and develop, secure, and build a structure for employment opportunities where such employees can continue to work.

In addition, through cooperation with local governments, Nikon Nisso Prime Corporation is promoting new initiatives, such as providing support for the realization of regional revitalization by passing on the diverse experiences and knowledge of Nikon Nisso Prime's human resources to local communities, and aims to further strengthen these initiatives.

③ Date of business combination

July 1, 2022

④ Legal form of business combination

Acquisition of shares with cash as consideration

⑤ Name after business combination

The name has not been changed.

⑥ Percentage of voting rights acquired

Percentage of voting rights held immediately prior to business combination	49.0%
Percentage of voting rights additionally acquired on date of business combination	2.0%
Percentage of voting rights after acquisition	51.0%

⑦ Main reasons for determining acquisition of company

The Company acquired the voting rights of Nikon Nisso Prime Corporation, an equity-method

affiliate, through the acquisition of shares with cash as consideration.

- (2) Period of Performance of the Acquired Company included in the Quarterly Consolidated Statement of Income for the Quarterly Consolidated Cumulative Period
From April 1, 2022 to September 30, 2022

Since the acquired company was an equity-method affiliate, the results up to the first quarter consolidated accounting period were recorded as "share of (profit) loss of entities accounted for using equity method".

(3) Breakdown by Acquisition Cost and Type of Consideration of Acquired Company

Consideration for acquisition	Market value of common stock of Nikon Nisso Prime Corporation held immediately prior to business combination on date of business combination	262 Million yen
	Market value of common stock of Nikon Nisso Prime Corporation additionally acquired on date of business combination	10 Million yen
<hr/>		
Acquisition cost		272 Million yen

- (4) Details and Amount of Major Acquisition-related Expenses

Remuneration, fees, etc. for advisory 1 Million yen

- (5) Difference Between Acquisition Cost of Acquired Company and Total Acquisition Cost for Each Transaction that Led to Acquisition

Gain on step acquisitions 4 Million yen

- (6) Amount of Goodwill Generated, Cause of Occurrence, Amortization Method and Amortization Period

- ① Amount of goodwill generated

5 Million yen

- ② Cause of occurrence

Since the amount of net assets at the time of the business combination fell below the acquisition cost, the difference is recognized as goodwill.

- ③ Amortization method and amortization period

Due to its immateriality, the entire amount is amortized in a lump sum.

- (7) Amount of Assets Accepted and Liabilities Assumed on Date of Business Combination and Main Breakdown Thereof

Current assets	1,086	Million yen
Non-current assets	<u>132</u>	
Total assets	<u>1,219</u>	
Current liabilities	<u>694</u>	
Total liabilities	<u>694</u>	