

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

[Japanese GAAP]

May 15, 2020

Company name: QUICK CO., LTD.

Listing: First Section, Tokyo Stock Exchange

Stock code: 4318

URL: <https://919.jp/>

Representative: Tsutomu Wano, Chairman

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2020

Scheduled date of filing of Annual Securities Report: June 26, 2020

Scheduled date of payment of dividend: June 29, 2020

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: None

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

#### (1) Consolidated results of operations

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2020	21,035	9.7	2,930	13.5	3,009	6.8	2,074	5.5
Fiscal year ended Mar. 31, 2019	19,173	14.3	2,581	17.4	2,818	22.5	1,966	20.8

Note: Comprehensive income (millions of yen) Fiscal year ended Mar. 31, 2020: 1,952 (down 3.6%)

Fiscal year ended Mar. 31, 2019: 2,025 (up 12.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2020	110.05	-	23.3	23.0	13.9
Fiscal year ended Mar. 31, 2019	104.40	-	25.7	24.5	13.5

Reference: Equity in earnings of affiliates (millions of yen): Fiscal year ended Mar. 31, 2020: - Fiscal year ended Mar. 31, 2019: -

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2020	13,558	9,464	69.8	502.19
As of Mar. 31, 2019	12,592	8,358	66.4	443.19

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2020: 9,459 As of Mar. 31, 2019: 8,357

#### (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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Mar. 31, 2020	2,463	(392)	(990)	7,415
Fiscal year ended Mar. 31, 2019	2,354	(332)	(746)	6,334

### 2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2019	-	19.00	-	23.00	42.00	792	40.2	10.3
Fiscal year ended Mar. 31, 2020	-	22.00	-	23.00	45.00	848	40.9	9.5
Fiscal year ending Mar. 31, 2021 (forecasts)	-	-	-	-	-	-	-	-

The dividend forecast for the fiscal year ending March 31, 2021 has not yet been determined as it is difficult to reasonably determine the earnings forecast at this time. The dividend forecast will be disclosed promptly once it becomes possible to disclose the earnings forecast.

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

The consolidated earnings forecast for the fiscal year ending March 31, 2021 has not yet been determined at this time as it is difficult to make a reasonable calculation of impacts from the COVID-19 pandemic. It will be disclosed promptly once it becomes possible to make a reasonable calculation of earnings forecast, while closely monitoring the trend of the COVID-19 going forward.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 2 (Kronos Co.,LTD., QHR Recruitment Co.,Ltd)

Excluded: -

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2020: 19,098,576 shares As of Mar. 31, 2019: 19,098,576 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2020: 261,173 shares As of Mar. 31, 2019: 241,173 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2020: 18,847,403 shares Fiscal year ended Mar. 31, 2019: 18,834,400 shares

**Reference: Summary of Non-consolidated Financial Results**

**Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)**

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2020	13,760	9.2	2,246	14.9	2,680	19.0	1,837	12.5
Fiscal year ended Mar. 31, 2019	12,599	14.7	1,955	8.5	2,253	8.4	1,634	5.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2020	97.46	-
Fiscal year ended Mar. 31, 2019	86.77	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2020	11,074	8,389	75.7	444.87
As of Mar. 31, 2019	10,424	7,524	72.2	399.00

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2020: 8,389 As of Mar. 31, 2019: 7,524

\* The current financial report is not subject to audits by certified public accountants or accounting firms.

\* Explanation of appropriate use of earnings forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Forecasts and forward-looking statements in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments "1. Overview of Results of Operations (4) Outlook."

## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year ended March 31, 2020 (“the fiscal year under review”), the Japanese economy continued recovering at a moderate pace, backed mainly by improvements in the employment and income environment, although corporate earnings showed a sign of weakness, primarily in the manufacturing sector. However, there have been growing concerns about an economic slowdown. A number of factors includes consumer spending turndown impacted by the consumption tax hike implemented in October 2019, the slowdown in overseas economies caused by the uncertain international situation such as the trade friction between the U.S. and China, and stagnation of economic activities due to the spread of COVID-19 infection from the fourth quarter and onwards.

In Japan’s labor market, a shortage of workers is becoming even more severe in several sectors because of structural factors such as declines in the labor force and the working-age population caused by the declining birthrate and aging population. The employment-related indicators in March 2020 reflected Japan’s labor shortage. Among others, the seasonally adjusted job openings-to-applicants ratio was 1.39 and the seasonally adjusted unemployment rate was 2.5%. However, corporate recruiting needs have been lately declining, against backdrop of the spread of COVID-19 infection that led to the drop of the manufacturing industry’s occupancy rate, and business hours shortenings or self-restraints of the business operations in restaurant, retail, and service industries.

Given this business environment, the QUICK Group expanded operations in new strategic market sectors, developed new services and strengthened coordination between the group companies as well as continued reinforcing the existing services. All of these activities are aimed at differentiating the QUICK Group from competitors and increasing customer satisfaction by helping solve recruiting and other labor-related problems at client companies. Furthermore, the QUICK Group has been building a stronger foundation for business operations by aggressively recruiting people with outstanding skills and making other investments in human resources.

From the fiscal year under review, Kronos Co.,LTD., has been included in the scope of consolidation due to the acquisition of its shares. As a result, the Internet-Related Business included in “Other” in the segment information has been renamed to the IT & Internet-Related Business, and the company has been included in this business category. We also newly established Shanghai Quick Human Resources CO., LTD. in China, QHR Holdings Co., Ltd. and QHR Recruitment Co.,Ltd., both in Kingdom of Thailand (hereinafter “Thailand”), which are now included in the scope of consolidation as part of the Overseas Business.

As a result, we achieved 10th consecutive year of sales and earnings growth, both reaching all-time highs. Net sales increased 9.7% year-on-year to 21,035 million yen, operating profit increased 13.5% year-on-year to 2,930 million yen, ordinary profit increased 6.8% year-on-year to 3,009 million yen, and profit attributable to owners of parent increased 5.5% year-on-year to 2,074 million yen.

Performance of the business segments (consisting of reportable segments and other businesses) is described as follows.

#### (Human Resources Services Business)

##### 1) Personnel Placement

The personnel placement category enjoyed strong recruiting needs in the construction and civil engineering sector as well as in the semiconductor industry that is related to the spread of the fifth-generation (5G) mobile communication systems. On the other hand, some companies showed cautious attitude toward recruiting in view of the U.S.-China trade friction and some companies suspended or postponed their hiring activities, getting closer to the end of the fiscal year due to the impact of COVID-19. In such circumstance, our efforts including focusing on selected categories and strengthening our sales activities resulted in steady expansion in the placements of professionals and technical staff to general companies. The personnel placement business for nurses at hospitals, nursing care facilities and other health care facilities also is still enjoying vigorous recruiting needs. However, our competitive environment has become ever more severe in response to the competition against other companies for obtaining job applicants with emergence of a new recruiting service, such as job search engine and contingent fee based media. Under this situation, the category enjoyed favorable results, thanks to our effective promotional activities, enhancement of the contents of our website, provision of better support for the registrants, and new customer cultivation focusing clinics and others.

## 2) Temporary Staffing, Temporary-to-Permanent Staffing and Business Contracting

In the temporary staffing, temporary-to-permanent staffing and business contracting categories, the temporary staffing of nurses and childcare workers continued to show a favorable performance given the vigorous recruiting needs in the medical and welfare sectors, thanks primarily to effective promotions to attract registrants although some temporary staff took a day off due mainly to temporary closure of the schools caused by COVID-19 in the fourth quarter. The part-time staff placement also expanded the business, mainly in highly specialized IT & Internet-Related jobs as well as clerical jobs, though number of working days of temporary staff tended to decrease due to the effect of the spread of COVID-19 infection, yet backed by increasing awareness among companies of benefits of using a part-time staffing service with fewer working days and working hours amid the situation where hiring regular employees and securing full-time temporary staff are difficult as a result of the improving employment situation.

Overall, the segment sales increased 14.9% year-on-year to 13,217 million yen and operating profit also increased 25.4% year-on-year to 2,487 million yen.

### (Recruiting Business)

In the Recruiting Business, under the continuing student-dominant seller's market in the new college graduate category, the volume of business had remained favorable in the field of advertisements posted on our internship website and recruiting events, targeting students who will graduate in March 2021. However, in the fourth quarter, the segment sales decreased mainly because all the events such as joint information meetings scheduled in March were cancelled, impacted by the spread of COVID-19 infection. Meanwhile, in the mid-career hiring domain, we enjoyed a significant growth of the job placement service under the "Indeed" brand, which started handling at full scale in the previous fiscal year against the backdrop of the increasing severity of the labor shortage in Japan. However, the volume of recruiting advertisements for hiring full-time employees and part-time workers started to decrease toward the end of the fiscal year, primarily due to the suspension or postponement of client companies' hiring activities due to the spread of COVID-19.

For some of our media for recruiting registration of temporary staff, the amount of sales decreased year-on-year. This is because, from December 2018, the form of contract was changed from the sales agency contract to the sales outsourcing contract, resulting in the recognition of sales reflecting handling commissions only. However, we saw a steady increase in gross profit, which is net sales less advertising expenses as cost of services purchase.

Overall, the segment sales decreased 5.7% year-on-year to 3,734 million yen and operating profit decreased 10.1% year-on-year to 901 million yen.

### (Information Publishing Business)

In the Information Publishing Business, the performance of lifestyle information magazines and "Iezukuri Navi," a housing information magazine, remained almost flat year-on-year. This was because some of our customers such as restaurant as well as service industries, faced worsening business climate, and needs for sales promotion decreased due mainly to events cancellation that was caused by lower personal consumption and housing acquisition demand due to the consumption tax hike last Autumn as well as effects of COVID-19 since the fourth quarter onwards. On the other hand, the volume of business of "Indeed," which started in the second half of the previous fiscal year, remained favorable given the vigorous recruiting needs caused by personnel shortages.

In the services other than media, sales from posting services including flyers inserted in newspapers remained solid, but the performance started to slow down from March due to COVID-19. Meanwhile, the concierge services we operate under the "cococolor" brand continued to grow in all of the service lines of job change, house designing and wedding.

Overall, the segment sales increased 5.7% year-on-year to 2,093 million yen and operating profit increased 10.4% year-on-year to 196 million yen.

(Other businesses)

#### 1) IT & Internet-Related Business

In the IT & Internet-Related Business category, advertising revenue from “Nihon no Jinjibu” (Japan’s Human Resources Department), an information portal site for human resources and labor relations remained favorable. This was as a result of continuing strong interest in HR solution businesses that support corporate clients’ personnel strategies including recruiting, human resources development and establishment of human resources systems, which compensated the decrease of advertisement volume mainly for group trainings caused by COVID-19 since February. In this situation, a HR related event, “HR Conference” held for seven days in May and November 2019 hit a record high in the annual total number of visitors and revenue, which contributed to the highest-ever earnings of iQ CO., LTD. (currently “HR Vision Co., Ltd.”) that operates business of “Nihon no Jinjibu.”

Kronos Co.,LTD., which became a consolidated subsidiary in October 2019, increased its sales as a result of receiving new contracts for outsourced system development services, AI-related training and other services. Simultaneously, the company already started preparation including textbooks for new employee trainings by the clients scheduled intensively in April to June 2020, and therefore, incurred some upfront costs such as expenses for hiring staff for the purpose. Under these circumstances, anticipating the effects of COVID-19, we are striving to maintain business performance by shifting the group trainings to online training at an early stage to prevent infection and ensure the health and safety of the participants.

#### 2) Overseas Businesses

In the Overseas Business category, the personnel placement business in North and Central America (notably in the U.S. and Mexico) remained solid for the following reasons. In the U.S., there continued the situation of tightened labor visa acquisition for foreigners as well as vigorous activity by local Japanese companies for hiring full-time Japanese-English bilingual staff. Furthermore, there has been a continuous strong demand for hiring full-time employees for interpreters and sales staff at the companies in the automobile industry in Mexico. On the other hand, temporary staffing business results in the U.S. did not reach that of the previous fiscal year because job seekers were more inclined for full-time regular employment, although it started to expand toward the end of 2019, thanks primarily to increasing orders for event staff.

As for Asia (notably in China and Vietnam), the recruiting consulting services in Vietnam for hiring Japanese and Vietnamese by local Japanese companies showed favorable performance, given the solid recruiting needs mainly in the construction, apparel and IT industries. As for China, we established Shanghai Quick Human Resources CO., LTD. for personnel placement business in Shanghai in November, 2019. With cooperation of Shanghai Quick CO., LTD. that has already developed businesses in Shanghai, we worked on establishing business foundation to meet with local Japanese companies’ needs for recruiting, labor consulting and education related business.

In the U.K., the business expanded favorably in domestic personnel placement services within the U.K. as well as international personnel placement services for the job changes from the U.K. to European companies. Net sales of temporary staffing was almost flat on Japanese yen basis, impacted by the foreign exchange rate, but remained robust on local currency basis. QUICK GLOBAL CO., LTD., provides support to overseas companies, incurred some upfront costs to expand the support system for services including provision of trainings for employees before being assigned abroad and sales support services.

Overall, sales of the Other Businesses segment increased 14.9% year-on-year to 1,990 million yen but operating profit decreased 18.5% year-on-year to 179 million yen.

**(2) Financial Position**

## Assets

Total assets at the end of the fiscal year under review increased 7.7%, or 966 million yen, year-on-year to 13,558 million yen. This was mainly the result of an increase in cash and deposits despite a decrease in investment securities.

## Liabilities

Total liabilities at the end of the fiscal year under review decreased 3.3%, or 138 million yen, year-on-year to 4,094 million yen. This was mainly the result of decreases in accounts payable-other and income taxes payable.

## Net assets

Total net assets at the end of the fiscal year under review increased 13.2%, or 1,105 million yen, year-on-year to 9,464 million yen. This was mainly the result of an increase in retained earnings due to the booking of profit attributable to owners of parent. The shareholders' equity ratio improved 3.4 percentage points from the end of the previous fiscal year to 69.8%.

**(3) Cash Flows**

Cash and cash equivalents (hereinafter "net cash") increased 1,080 million yen from the end of the previous fiscal year to 7,415 million yen at the end of the fiscal year under review. Outflows included income taxes paid and dividends paid, while inflows included profit before income taxes.

Cash flows by category are as follows.

## Cash flows from operating activities

Net cash provided by operating activities increased 4.6% year-on-year to 2,463 million yen. Negative factors include income taxes paid of 1,090 million yen. Positive factors include profit before income taxes of 3,014 million yen.

## Cash flows from investing activities

Net cash used in investing activities increased 18.2% year-on-year to 392 million yen. Negative factors include purchase of property, plant and equipment and intangible assets of 546 million yen. Positive factors include proceeds from sales of investment securities of 112 million yen.

## Cash flows from financing activities

Net cash used in financing activities increased 32.7% year-on-year to 990 million yen. Negative factors include dividends paid of 847 million yen.

**(4) Outlook**

Amid the uncertainty about when the global COVID-19 pandemic will end, there are concerns over a slowdown in the global economy as a whole, and the Japanese economy is likely to be heavily affected by the slowdown.

While the COVID-19 outbreak has also been causing stagnation in business activities in a wide range of sectors, declining recruiting sentiment is expected to continue at many companies in restaurant, selling, service and other sectors due to factors such as lackluster corporate earnings and reviews of recruiting plans and activities.

In the Human Resources Services Business, we will further strengthen operations in the existing domains of personnel placement, such as personnel placement targeting general companies including in the construction and civil engineering, pharmaceutical, manufacturing and other business sectors and the placement of nurses, as well as develop the new category of job placements for specialists, in which recruiting needs are less affected by changes in economic conditions. In addition, we aim to increase the number of registrants for personnel placements and enhance brand power and reliability of each website by enriching contents on the websites we operate, improving usability, increasing other promotional activities and cooperation with industry groups in each

professional domain.

In the temporary staffing, temporary-to-permanent staffing and business contracting category, we will strengthen activities involving the medical and welfare sectors that are generally less affected by changes in economic conditions and have strong recruiting needs. We aim to attract registrants for the temporary staffing of nurses by leveraging expertise and brand power we cultivated in placements of nurses. Furthermore, we plan to hoist our sales efforts for nurses and the healthcare field in the Hokushinetsu region by strengthening the content of the specialized website for the medical and welfare sectors in the region named “Medicare Career.” For childcare temporary staffing, we will enhance the content of the dedicated website named “Hoitomo Osaka” for temporary staffing of childcare professionals and increase promotional activities to attract more registrants, as well as aim to expand the sales network in the Kansai area by leveraging its brand power.

In the Recruiting Business, in addition to declining recruiting sentiment among client companies due to the COVID-19 pandemic, some of them have already begun to postpone, scale down or break off their recruiting activities. Under such circumstances, we will strive to elevate our productivity by reviewing our sales structure and developing customer management tools as well as increase sales by boosting the inside sales. Further, we try to maintain our operating performance as well as achieve a swift recovery after the end of the COVID-19 crisis through strengthened consulting sales activities with high added value by providing one-stop support services ranging from proposing media-agonistic recruitment method and process to addressing follow-up issues after hiring new employees in response to recruiting challenges our client companies are facing.

In the Information Publishing Business, there is an ongoing uncertainty reflecting diminishing sentiment toward advertisement placements for sales promotion, event advertising and recruitment purposes due to the COVID-19 pandemic. In such a situation, we will develop a new customer base for lifestyle information magazines and consequently increase the volume and variety of information of our media, which will make our publishing and websites more appealing for users. We will also increase the effectiveness of advertisements and build a new sales structure by linking them with web services. We aim to augment operating performance by linking media, events and concierge (face-to-face consultation) services to increase points of contact between readers or users and client companies in the housing domain, while expanding areas of existing services in the recruitment domain. In the posting business, we will build a stronger foundation for business operations by cultivating new customers and increasing posting staff. Furthermore, in concierge (face-to-face consultation) services, we will expand priority domains and service area in order to maintain operating performance as well as achieve a swift recovery after the end of the COVID-19 crisis.

In the IT & Internet-Related Business, the outlook for the handling of advertisements related to “Nihon no Jinjibu” is expected to be server, reflecting changes in the way to hold and scaling down of “Nihon no Jinjibu” events, such as “HR Conference” and cancellation of events held by client companies due to the COVID-19 pandemic. Amid such circumstances, we will enhance a penetration of “Nihon no Jinjibu” brand and increase customers including rural customers in areas other than the Greater Tokyo Area through boosted promotion to realize the most trusted platform in the Japanese HR domain and attract more active users in order to achieve a swift recovery in operating performance after the end of the COVID-19 crisis.

Meanwhile, in the system development business, we will boost the number of systems we develop by increasing operational efficiency and accumulate more expertise in outsourced system development services. We also aim to improve employees’ skill levels and efficiency in system development by focusing on hiring engineers and training current employees. In the learning business, amid a situation where it is becoming more difficult to hold on-site group trainings due to the COVID-19 outbreak, we aim to turn our IT training service into a subscription-based service by reusing educational materials we have accumulated over years, while maintaining operating performance by enriching online-based services, so as to achieve stable performance throughout the year.

In the Overseas Business, although we are facing difficult times where our business is subject to various restrictions on sales activities in many countries, such as curfew orders in the United States and the United Kingdom, due to the COVID-19 pandemic, we will strengthen personnel placement, temporary staffing and personnel and labor consulting in each country as soon as such restrictions are lifted. We aim to establish ourselves as a partner that helps resolve human resources issues at client companies and to reinforce our earnings base. We also focus on resuming the Cross Border Recruitment services, career change support services for those

who seek a job internationally.

The consolidated earnings forecast for the fiscal year ending March 31, 2021 has not yet been determined at this time as it is difficult to make a reasonable calculation of impacts from the COVID-19 pandemic. It will be disclosed promptly once it becomes possible to make a reasonable calculation of earnings forecast, while closely monitoring the trend of the COVID-19 going forward.

#### Risk information concerning the COVID-19 infection

Due to the spread of the COVID-19 infections, the Declaration of State of Emergency was issued in the early April in Japan, while various measures, including travel restrictions and curfew, are also taken in foreign countries. Under such circumstances, it is hard to predict when the pandemic will end at this time.

The QUICK Group is also experiencing a decreasing trend in recruiting needs and sales promotion needs of client companies, mainly affected by shortened operating hours, temporary closing and voluntary restraint on events due to the government's request or in terms of preventing infections. Such trend is expected to continue until the Japanese economy gets back on a recovery track after the pandemic abates. Therefore, if the COVID-19 crisis causes further severe and prolonged impacts on the economy in the future, it may affect the Group's business activities, operating results and financial position.

If infected with COVID-19, such individuals are subject to a risk of critical deterioration in symptoms and also a risk of not being able to engage in business as they are required to be isolated and receive medical care for a long time. Accordingly, the Group is switching to teleworking for most employees to ensure their health and safety as well as our business continuation. However, as it stands now, it is impossible to fully eliminate the infection risk. Therefore, if by any chance a COVID-19 infection is discovered within the Company, the Group's business activities, operating results and financial position may be affected due to measures such as closure of office or temporary shutdown.

Since it remains uncertain when the COVID-19 pandemic will end, it is hard to predict risks other than those mentioned above and ultimate impacts of COVID-19 on our business, such unpredictable factors may affect the Group's business activities, operating results and financial position.

#### **(5) Basic Policy for Profit Distribution and Dividends in the Current and Next Fiscal Years**

The Company positions the return of profits to shareholders as a priority management issue and endeavors to achieve sustainable growth and increase corporate value.

With regard to the dividends of surplus, we aim to enhance our return of profits and augment shareholders' value with a basic policy that adopts 40% of profit attributable to owners of parent as our target dividend payout ratio, taking into consideration such factors as strengthening our financial base and future business developments.

Based on this dividend policy, for the fiscal year under review we plan to pay a fiscal year-end dividend of 23 yen per share. Accordingly, we forecast an annual dividend of 45 yen per share, consisting of a dividend of 22 yen at the end of the second quarter and 23 yen at fiscal year-end.

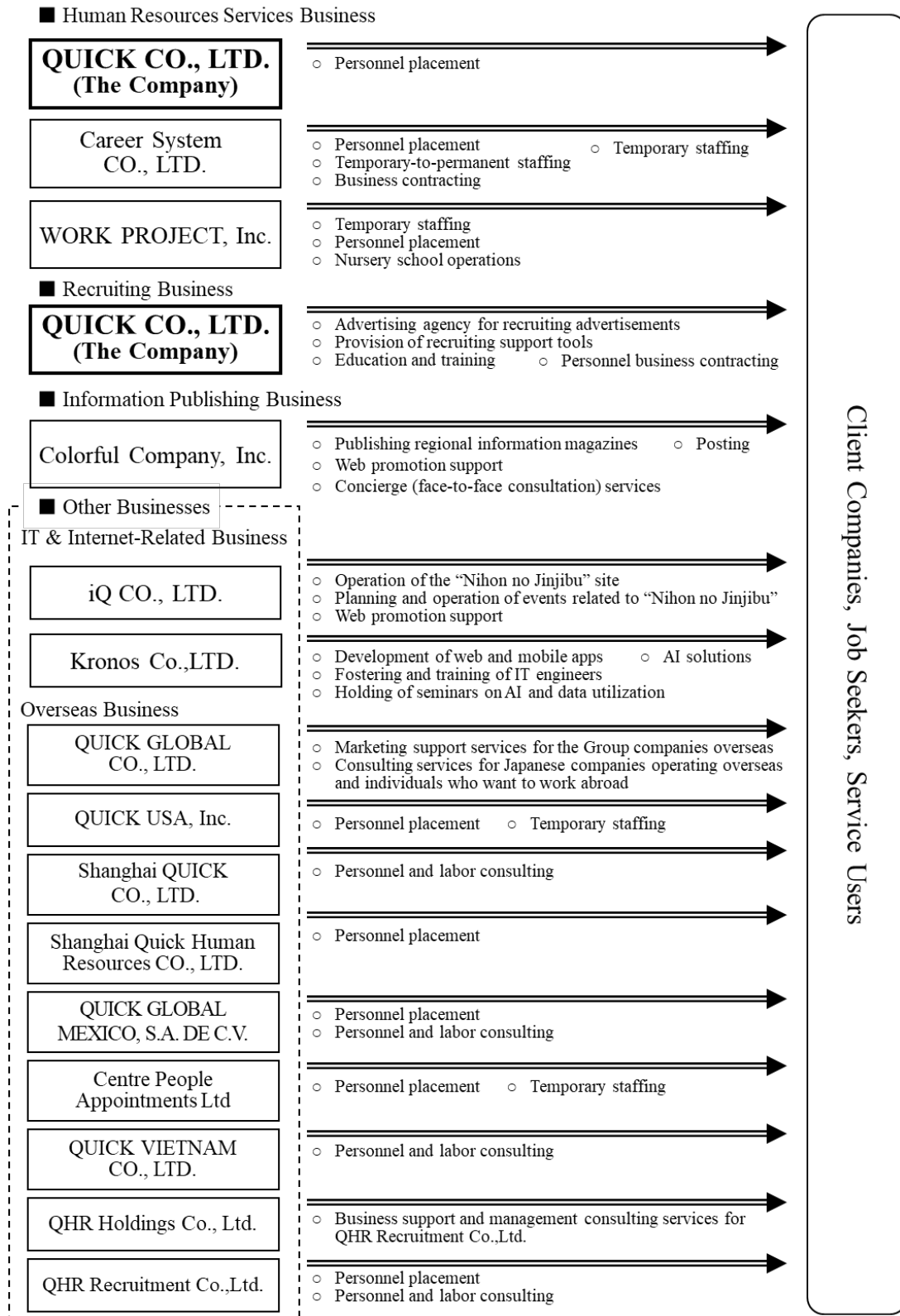
The dividend for the fiscal year ending March 31, 2021 has not yet been determined as it is difficult to reasonably determine the earnings forecast at this time. The dividend forecast will be disclosed promptly once it becomes possible to disclose the earnings forecast.



## 2. Corporate Group

The QUICK Group (QUICK CO., LTD. and its affiliated companies) consists of QUICK CO., LTD. (the Company) and 14 consolidated subsidiaries. Business operations are 1) Human Resources Services Business, 2) Recruiting Business, 3) Information Publishing Business and 4) Other Businesses (IT & Internet-Related Business and Overseas Business).

A flowchart of the Group’s business operations is as follows.



Note: All of the above 14 affiliated companies are consolidated subsidiaries.  
 As of April 1, 2020, the Company absorbed and merged with QUICK GLOBAL CO., LTD.  
 As of April 1, 2020, iQ CO., LTD. changed its trade name to HR Vision Co., Ltd.

### **3. Management Policies**

#### **(1) Basic Management Policy**

Since the time of its establishment, the QUICK Group has provided comprehensive human resources services that link people and companies. Themed on human resources, we develop business that contributes to society. Going forward, we will continue to grow as a company that “contributes to society through the human resources and information businesses.”

The QUICK Group’s businesses are as described in “2. Corporate Group.” In each of these businesses, the Group will strengthen operations in order to respond swiftly to market needs, including those of client companies and job seekers, and also build up our sales structure. Furthermore, the Group will strive to enhance management efficiencies through synergistic effects enabled by information sharing and cooperation within the Group.

#### **(2) Performance Targets**

While expanding the scale of its operations, the QUICK Group’s policy is to build a profit-oriented organization that makes effective use of such business assets as its proprietary sales network and expertise in attracting registrants who wish to change careers within the Group. Although the Group’s operating results are expected to decline in the short-term due to economic downturn associated with the COVID-19 pandemic, we aim to achieve an early recovery by continuing to scale up its operations and realize such profit-oriented organization. In order to attain stable growth and build a robust financial foundation, the Group also aims to increase its ordinary profit margin and return on equity (ROE) over the medium to long-term.

#### **(3) Medium- and Long-term Management Strategy**

The QUICK Group aims to expand its areas of business as a comprehensive human resources services and information services company.

To this end, we intend to further strengthen our core Human Resources Services Business. We also aim to achieve the medium- to long-term growth of the Recruiting Business, Information Publishing Business, IT & Internet-Related Business and Overseas Business.

In each business, we will engage in cultivation of new service domains and development of new products, services and business models. We will strive to build a sales structure to swiftly meet changing market needs and pursue synergies by strengthening cooperation between businesses.

Furthermore, we aim at realizing the concept of the “Sekai no Jinjibu (Human Resources Department for the world),” through which we develop global human resources services, by strengthening cooperation between our overseas companies and businesses in Japan as well as cultivating the market for international career change supports (Cross Border Recruitment services), in order to drive our Overseas Business forward.

#### **(4) Issues to Address**

Based on its management philosophy of “making everyone involved happy” and its business philosophy of “contributing to society through human resources and information businesses,” the QUICK Group aims to revamp existing businesses and propose new services. At the same time, we will continue to invest in strategic fields and grow in these fields with the goal of becoming the leader in these targeted markets. In the global human resources business, there are a growing number of Japanese companies that must deal with recruiting and personnel and labor issues at their overseas operations. In Japan, companies are facing an increasingly severe labor shortage caused by the country’s falling birthrate and aging population. We will use numerous activities in order to accomplish our goal of becoming a “Sekai no Jinjibu” that can help solve the recruiting and other HR issues of companies in Japan and other countries.

Furthermore, we will focus more on M&As and hiring and training of outstanding people to promote these goals, thereby enabling the QUICK Group to grow even faster.

The issues in individual business segments are outlined below.

## (Human Resources Services Business)

## 1) Personnel placement

In the personnel placement business, human resources companies are competing ever more intensely in order primarily to attract registrants for specialized jobs in the construction and civil engineering, pharmaceutical, manufacturing and other business sectors and also for nursing jobs in the health care and other facilities. To succeed, we are renewing our websites, including the “Kango-roo!,” with more contents available online to make them more useful and conducting effective promotional activities. By using a variety of actions, we will increase the brand power of all our websites and attract more people to register for job placements. In other moves to become more competitive as an organization, this business will find new domains of job placements for specialists, in which competition for attracting registrants is not yet fierce, aggressively recruit talented people and strengthen personnel development.

## 2) Temporary staffing, temporary-to-permanent staffing, business contracting and other businesses

In the temporary staffing, temporary-to-permanent staffing, business contracting and other businesses, we have seen a decline in demand for human resources in some domains due to the COVID-19 outbreak. However, we can expect a continued strong demand for human resources, such as nurses and childcare workers, from our priority sectors, the medical and welfare sectors, along with an aging society and increasing women’s participation in society associated with work style reforms. Due to a growing tendency for job seekers to be hired as a full-time employee as well as an intensifying competition with competitors, our challenge here is to acquire new registrants who wish to work as temporary staff. In order to attract more people to register for temporary staffing placements, we will strive to strengthen promotional activities on and add more contents to our Group’s websites consisting “Medicare Career” targeting temporary workers in the medical and welfare sectors, and “Hoitomo Osaka” targeting temporary childcare workers so that each website can draw more people to it with enhanced brand power, while working on expanding the market penetration of temporary staffing services in coordination with the personnel placement business for nurses.

## (Recruiting Business)

In the Recruiting Business, the competitive environment for the handling of recruiting advertisements is being intensified due to diversified hiring methods, including search engine type recruiting ads, contingent fee based recruiting ad services and personnel placements, in addition to a more intensified competition for media that the Company handles. Furthermore, since there are some companies that have decided to suspend or postpone their recruiting activities due to the COVID-19 outbreak, the business environment has changed drastically from it was before the outbreak, when the recruiting needs were strong. In response to such circumstances, we will increase the accuracy of ideas for recruiting advertisements proposed to client companies by building a system that enable us to identify the recruiting needs of client companies en bloc. Meanwhile, we will pursue to strengthen consulting-based sales approach in which we propose multi-perspective services to assist client companies to address recruiting challenges they are facing, thereby enhancing their satisfaction. The approach includes proposals on the optimal recruiting methods and process, thinking outside the box recruiting advertisement, and helping them produce recruiting tools and implement marketing activities along with such proposals. We will also strive to develop new customers by creating more connections with potential customers through seminars and the website named “Saiyo Salon,” which introduces our line of services and successful recruiting cases.

## (Information Publishing Business)

The Information Publishing Business is facing a decreasing trend in placing advertisements in information magazines due to a further diversification of advertising techniques represented by the recent development of website advertisement using SNS and other methods. Furthermore, we are seeing a diminishing sentiment of client companies toward advertisement placements in a wide range of sectors, reflecting the COVID-19 pandemic. To address such circumstances, we deal with diversified needs of client companies, readers and users by cultivating new markets and expanding sales areas of media services as well as by strengthening the linkage with other services such as web services and events. At the same time, we will improve its sales structure, which is highly dependent on media services represented by life-style information magazines by expanding the service area of concierge (face-to-face consultation) services and reinforcing sales activities for promoting the utilization

of posting services by client companies that have not placed advertisements in our media.

(Other Businesses)

#### 1) IT & Internet-Related Business

HR solution services provided by human resources service companies are expected to attract more attention against the backdrop of response to laws related to work style reform, such as equal pay for equal value of work, necessity of utilizing women and aged people to solve labor shortage and prevalence of HR Tech. Amid such circumstances, we will expand our customer base and user base through improvement of brand power by enriching content of services related to “Nihon no Jinjibu” and strengthening their promotion. Through these measures, we will build a sound base for consistent growth of the IT & Internet-Related Business. Moreover, in response to moves of voluntary restraint on events due to the COVID-19 pandemic, we will meet the needs of exhibitors and event participants through diversified ways of holding events, such as the live streaming of the “HR Conference.”

In the system development business and the learning business, amid growing demand for hiring engineers due to increased market value of IT professionals, our challenges are to attract and retain more development engineers engaged in system development, and create new customers for further earnings expansion. In response to such circumstances, we will provide career development support for engineers and increase operational efficiency to reduce workload by promoting an approach to receive orders for similar development projects to those that we were engaged in in the past and we have knowhow for such developments. We will also promote information sharing, collaboration and cooperation in the development business within the Group. In the learning business, we will deliver such services as online-based training programs for new recruits for corporate customers, developed in consideration for COVID-19, live streaming of other training programs and seminars and fixed-rate IT training services utilizing existing contents. Through these initiatives, we will strive more than ever to cultivate new customers and increase the satisfaction of existing customers.

#### 2) Overseas Business

In the United States, the employment situation is rapidly deteriorating due to the COVID-19 pandemic. In addition, we expect that the country will continue to be a seller’s market for legal foreign workers because of stricter rules by the government for granting and renewing working visa for foreigners even after the COVID-19 issues are solved. We therefore expect that the competitive environment with competitors will not change for the time being. To address such situations, we will work on increasing recognition in the United States through cultivation of new markets by opening new offices and distributing personnel and labor related information for local Japanese companies. We will also strive to get involved in more recruiting service deals and acquire registrants to ultimately expand our business foundation by sharing information and coordinating sales activities between offices in different countries across the Group.

In China, there are an increasing number of issues involving labor relations at the local Japanese companies. Also, there is a steadily growing need for personnel and labor consulting services, such as for measures to address issues arising at the time of the COVID-19 outbreak. In response to such circumstances, we will build up sales and service structure at Shanghai Quick CO., LTD. by recruiting and training QUICK’s own workforce to provide more companies with comprehensive support extending from solving client companies’ recruiting and personnel and labor issues to employee education programs. Consequently, we will enhance our credibility and competitiveness as a company providing a personnel and labor consulting service. As the timing of full-scale launch of Shanghai Quick Human Resources CO., LTD. was delayed due to the COVID-19 outbreak, we will focus on building an operating structure, such as building of workflows, recruitment and training of personnel and enhancement of brand penetration for the time being.

In Mexico, there is an uncertainty about the outlook for demand for human resources services in our main customer base, the domestic automobile industry, due to the COVID-19 pandemic. In response to this situation, we will raise sales capabilities through recruiting and training for QUICK’s own workforce. We also aim to attract a number of new registrants and win more recruiting deals by upgrading contents of the website we operate, strengthening promotional activities and promoting cooperation between offices in different countries across the Group.

In the United Kingdom, heavy constraints on business activities due to the outbreak of COVID-19, such as issue of curfew, may also have negative impact on the domestic demands for workers. To address this situation, we will accelerate our efforts to cultivate new customers and capture job offers covering a wide variety of positions by stepping up our approach to Japanese firms, local firms and the like in European countries. We also continue focusing on attracting registrants by enriching contents of websites we operate and strengthening promotional activities. Through such initiatives, we will establish a stronger business base to put the international career change supports (Cross Border Recruitment services) for European countries on track to success after the COVID-19 issues are solved.

In Vietnam, new market entry by Japanese companies has plateaued against the backdrop of COVID-19-related regulations by the government, including travel restrictions on foreigners and suspension of new visa issuance. The demand for hiring Japanese workers by local Japanese companies is also slowing down. To address these circumstances, we will establish a stronger business base to further reinforce our core recruitment support services after the COVID-19 issues are solved through such efforts as increasing Japanese and Vietnamese registrants by accelerated web promotions,.

In Thailand, we established subsidiaries in January 2020 and obtained a license for personnel placement services in March 2020. Since the commencement of operations, their sales actives have been stalled due to the contracting hiring market and prolonged decision-making of client companies reflecting the promotion of telework by the government because of the COVID-19 outbreak. In response to these situations, we will work on conducting marketing activities in our priority sectors, building a website to attract registrants and training QUICK's own workforce so as to get off to a smooth restart of sales activities after the COVID-19 issues are solved.

In Japan, the Company will take a central role in supporting these overseas subsidiaries in their sales activities. We aim to accomplish our goal of becoming "Sekai no Jinjibu," which is our group vision, a Human Resources Division that can help solve the labor issues of companies in Japan and other countries, through building a business model by which overseas group companies can collaborate to develop human resources services.

#### **4. Basic Approach to the Selection of Accounting Standards**

The Group will continue to prepare its consolidated financial statements in accordance with Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

**5. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,364,521	7,469,166
Notes and accounts receivable-trade	2,061,682	2,139,732
Other	621,235	423,453
Allowance for doubtful accounts	(2,010)	(2,081)
<b>Total current assets</b>	<b>9,045,428</b>	<b>10,030,271</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	1,559,302	1,634,193
Accumulated depreciation	(693,773)	(754,873)
Buildings and structures, net	865,528	879,320
Vehicles	10,620	10,684
Accumulated depreciation	(4,145)	(5,811)
Vehicles, net	6,474	4,872
Tools, furniture and fixtures	241,698	273,954
Accumulated depreciation	(140,114)	(174,074)
Tools, furniture and fixtures, net	101,584	99,880
Land	276,869	276,869
Leased assets	18,926	15,150
Accumulated depreciation	(8,064)	(7,789)
Leased assets, net	10,862	7,360
<b>Total property, plant and equipment</b>	<b>1,261,318</b>	<b>1,268,302</b>
<b>Intangible assets</b>		
Software	151,609	367,856
Software in progress	80,274	74,851
Goodwill	118,858	74,846
Other	10,646	10,659
<b>Total intangible assets</b>	<b>361,389</b>	<b>528,213</b>
<b>Investments and other assets</b>		
Investment securities	1,154,136	926,517
Leasehold deposits	626,310	656,096
Deferred tax assets	62,954	100,388
Other	84,605	52,152
Allowance for doubtful accounts	(3,843)	(3,433)
<b>Total investments and other assets</b>	<b>1,924,162</b>	<b>1,731,721</b>
<b>Total non-current assets</b>	<b>3,546,870</b>	<b>3,528,237</b>
<b>Total assets</b>	<b>12,592,299</b>	<b>13,558,509</b>

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	545,634	492,927
Short-term borrowings	189,902	192,502
Accounts payable-other	1,115,052	838,432
Accrued expenses	520,136	562,217
Lease obligations	3,491	2,825
Income taxes payable	646,929	552,213
Accrued consumption taxes	292,621	349,522
Provision for bonuses	475,298	571,211
Provision for bonuses for directors (and other officers)	62,450	42,000
Provision for repayment	18,200	20,600
Asset retirement obligations	679	-
Other	199,981	351,751
<b>Total current liabilities</b>	<b>4,070,375</b>	<b>3,976,203</b>
<b>Non-current liabilities</b>		
Lease obligations	7,629	4,803
Deferred tax liabilities	65,288	7,530
Asset retirement obligations	86,830	98,011
Other	3,369	7,959
<b>Total non-current liabilities</b>	<b>163,117</b>	<b>118,304</b>
<b>Total liabilities</b>	<b>4,233,493</b>	<b>4,094,508</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	351,317	351,317
Capital surplus	391,392	391,392
Retained earnings	6,968,762	8,194,756
Treasury shares	(14,965)	(16,005)
<b>Total shareholders' equity</b>	<b>7,696,505</b>	<b>8,921,459</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	661,606	537,307
Foreign currency translation adjustment	(707)	1,134
<b>Total accumulated other comprehensive income</b>	<b>660,899</b>	<b>538,441</b>
<b>Non-controlling interests</b>	<b>1,401</b>	<b>4,099</b>
<b>Total net assets</b>	<b>8,358,806</b>	<b>9,464,000</b>
<b>Total liabilities and net assets</b>	<b>12,592,299</b>	<b>13,558,509</b>

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

	(Thousands of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Net sales	19,173,142	21,035,714
Cost of sales	7,531,491	8,115,876
Gross profit	11,641,650	12,919,837
Selling, general and administrative expenses	9,060,203	9,989,245
Operating profit	2,581,447	2,930,592
Non-operating income		
Interest income	170	1,031
Dividend income	12,359	12,391
Sale cooperation fee	9,000	46,000
Subsidy income	198,117	-
Other	22,214	27,901
Total non-operating income	241,861	87,324
Non-operating expenses		
Interest expenses	1,979	2,222
Foreign exchange losses	2,421	4,626
Commission expenses	-	730
Other	478	383
Total non-operating expenses	4,879	7,962
Ordinary profit	2,818,428	3,009,953
Extraordinary income		
Gain on sales of investment securities	-	63,338
Gain on step acquisitions	-	14,025
Total extraordinary income	-	77,363
Extraordinary losses		
Loss on retirement of non-current assets	2,539	12,965
Impairment loss	-	60,114
Total extraordinary losses	2,539	73,080
Profit before income taxes	2,815,889	3,014,237
Income taxes-current	936,436	968,788
Income taxes-deferred	(87,333)	(29,466)
Total income taxes	849,102	939,322
Profit	1,966,786	2,074,914
Profit attributable to non-controlling interests	501	777
Profit attributable to owners of parent	1,966,284	2,074,137



**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Profit	1,966,786	2,074,914
Other comprehensive income		
Valuation difference on available-for-sale securities	74,821	(124,299)
Foreign currency translation adjustment	(15,668)	1,910
Total other comprehensive income	59,152	(122,388)
Comprehensive income	2,025,939	1,952,526
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,025,770	1,951,679
Comprehensive income attributable to non-controlling interests	168	846

**(3) Consolidated Statement of Changes in Equity**

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	351,317	307,998	5,723,382	(19,223)	6,363,475
Changes during period					
Dividends of surplus			(696,464)		(696,464)
Profit attributable to owners of parent			1,966,284		1,966,284
Purchase of treasury shares				(85)	(85)
Disposal of treasury shares		115,427		4,342	119,770
Change in scope of consolidation			(24,439)		(24,439)
Change in ownership interest of parent due to transactions with non-controlling interests		(32,033)			(32,033)
Net changes in items other than shareholders' equity					
Total changes during period	-	83,393	1,245,380	4,257	1,333,030
Balance at end of period	351,317	391,392	6,968,762	(14,965)	7,696,505

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	586,784	14,629	601,413	12,201	6,977,090
Changes during period					
Dividends of surplus					(696,464)
Profit attributable to owners of parent					1,966,284
Purchase of treasury shares					(85)
Disposal of treasury shares					119,770
Change in scope of consolidation					(24,439)
Change in ownership interest of parent due to transactions with non-controlling interests					(32,033)
Net changes in items other than shareholders' equity	74,821	(15,336)	59,485	(10,800)	48,685
Total changes during period	74,821	(15,336)	59,485	(10,800)	1,381,716
Balance at end of period	661,606	(707)	660,899	1,401	8,358,806

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	351,317	391,392	6,968,762	(14,965)	7,696,505
Changes during period					
Dividends of surplus			(848,143)		(848,143)
Profit attributable to owners of parent			2,074,137		2,074,137
Purchase of treasury shares				(1,040)	(1,040)
Disposal of treasury shares					
Change in scope of consolidation					
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,225,993	(1,040)	1,224,953
Balance at end of period	351,317	391,392	8,194,756	(16,005)	8,921,459

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	661,606	(707)	660,899	1,401	8,358,806
Changes during period					
Dividends of surplus					(848,143)
Profit attributable to owners of parent					2,074,137
Purchase of treasury shares					(1,040)
Disposal of treasury shares					
Change in scope of consolidation					
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity	(124,299)	1,841	(122,457)	2,698	(119,759)
Total changes during period	(124,299)	1,841	(122,457)	2,698	1,105,194
Balance at end of period	537,307	1,134	538,441	4,099	9,464,000

**(3) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	2,815,889	3,014,237
Depreciation	169,508	179,124
Impairment loss	-	60,114
Amortization of goodwill	14,614	12,929
Increase (decrease) in allowance for doubtful accounts	(6,697)	(340)
Increase (decrease) in provision for bonuses	115,268	82,888
Increase (decrease) in provision for bonuses for directors (and other officers)	62,450	(20,450)
Increase (decrease) in provision for repayment	1,100	2,400
Interest and dividend income	(12,529)	(13,422)
Interest expenses	1,979	2,222
Loss on retirement of non-current assets	2,539	12,965
Loss (gain) on sales of investment securities	-	(63,338)
Loss (gain) on step acquisitions	-	(14,025)
Decrease (increase) in trade receivables	(42,280)	147,293
Increase (decrease) in trade payables	(100,294)	(39,686)
Decrease (increase) in leasehold and guarantee deposits	(115,463)	(13,225)
Increase (decrease) in accrued consumption taxes	58,496	44,986
Other, net	870	148,337
Subtotal	2,965,452	3,543,011
Interest and dividends received	12,529	13,422
Interest paid	(1,977)	(2,213)
Income taxes paid	(621,678)	(1,090,516)
Net cash provided by (used in) operating activities	2,354,325	2,463,704
Cash flows from investing activities		
Payments into time deposits	-	(23,883)
Purchase of property, plant and equipment	(202,646)	(261,138)
Purchase of intangible assets	(123,937)	(284,953)
Purchase of investment securities	(5,595)	(5,686)
Proceeds from sales of investment securities	-	112,265
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	75,900
Other, net	-	(5,000)
Net cash provided by (used in) investing activities	(332,179)	(392,496)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,602	2,600
Repayments of long-term borrowings	-	(141,645)
Repayments of lease obligations	(10,172)	(3,810)
Purchase of treasury shares	(85)	-
Dividends paid	(695,526)	(847,399)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(42,062)	-
Net cash provided by (used in) financing activities	(746,245)	(990,254)
Effect of exchange rate change on cash and cash equivalents	(7,386)	(183)
Net increase (decrease) in cash and cash equivalents	1,268,514	1,080,769
Cash and cash equivalents at beginning of period	5,014,883	6,334,521
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	51,123	-
Cash and cash equivalents at end of period	6,334,521	7,415,291

## **(5) Notes to Consolidated Financial Statements**

### **Going-concern Assumption**

Not applicable.

### **Segment Information**

#### 1. Outline of reportable segments

The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

The QUICK Group engages in a diverse range of businesses, including personnel placement and temporary staffing, providing services related to recruiting advertisement and publishing regional information magazines. The Company and its consolidated subsidiaries (hereinafter “business operation companies”) are independent management units that independently draft comprehensive business strategies and develop business activities for each business.

Accordingly, the QUICK Group is composed of business-specific segments based on the Company’s business operating structure and business operation companies. The Group has three reportable segments: Human Resources Services Business, Recruiting Business and Information Publishing Business. Businesses not included in these reportable segments are categorized as Other Businesses.

Main activities of the Human Resources Services Business include personnel placement, temporary staffing, temporary-to-permanent staffing, business contracting and nursery school operations. Main activities of the Recruiting Business include an advertising agency business for recruiting advertisements, provision of recruiting support tools, education and training and personnel business contracting. Main activities of the Information Publishing Business include publication of regional information magazines, web promotion support, posting and concierge (face-to-face consultation) services. The Other Businesses mainly operates the “Nihon no Jinjibu” site, plans and operates events related to the “Nihon no Jinjibu,” supports web promotions, develops web and mobile applications and develops and trains IT engineers in the IT & Internet-Related Business, while engages in personnel placement, temporary staffing, personnel and labor consulting and other services in the United States, China, Mexico, the United Kingdom, Vietnam and Thailand in the Overseas Business.

#### 2. Calculation method of net sales, profit/loss, assets and other items in each reportable segment

The method of accounting for the reported operating segments is in accordance with the accounting policy adopted to prepare the consolidated financial statements.

Profits for reportable segments are generally operating profit.

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

## 3. Information pertaining to net sales, profit/loss, assets and other items in reportable segments

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Reportable Segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the consolidated financial statements (Note 3)
	Human Resources Services Business	Recruiting Business	Information Publishing Business	Subtotal				
Net sales								
Sales to external customers	11,499,956	3,960,734	1,980,252	17,440,943	1,732,198	19,173,142	-	19,173,142
Inter-segment sales and transfers	1,004	8,019	12,000	21,023	26,774	47,798	(47,798)	-
Total	11,500,960	3,968,754	1,992,253	17,461,967	1,758,972	19,220,940	(47,798)	19,173,142
Segment profit	1,984,025	1,003,386	178,430	3,165,843	219,751	3,385,594	(804,147)	2,581,447
Segment assets	5,758,972	2,292,323	1,146,062	9,197,359	1,300,618	10,497,977	2,094,322	12,592,299
Other items								
Depreciation	93,802	4,330	27,028	125,160	10,694	135,855	33,653	169,508
Increase in property, plant and equipment and intangible assets	379,794	4,310	11,153	395,258	6,261	401,519	53,881	455,401

Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of Internet-Related Business and Overseas Business.

2. Contents of adjustments are as follows.

- (1) The (804,147) thousand yen adjustment to segment profit includes elimination for inter-segment transactions of 143,936 thousand yen, and (948,084) thousand yen in company-wide costs that cannot be allocated to any specific reportable segments. Company-wide costs consist primarily of expenses related to the administration division, which are not attributable to any reportable segments, including general affairs and accounting at the Company.
- (2) The 2,094,322 thousand yen adjustment to segment assets includes elimination for inter-segment transactions of (342,684) thousand yen, and 2,437,006 thousand yen in company-wide assets that cannot be allocated to any specific reportable segments. Company-wide assets consist primarily of the Company's excess funds (cash and deposits), long-term investments (investment securities), and assets which belong to the administration division.
- (3) The 33,653 thousand yen adjustment to depreciation is the sum of assets which belong to the administration division that cannot be allocated to reportable segments.
- (4) The 53,881 thousand yen adjustment to an increase in property, plant and equipment and intangible assets is the sum of assets which are not attributable to any reportable segments and belong to the administration division that cannot be allocated to reportable segments.

3. Segment profit is adjusted with operating profit shown on the consolidated statement of income.

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Reportable Segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount in the consolidated financial statements (Note 3)
	Human Resources Services Business	Recruiting Business	Information Publishing Business	Subtotal				
Net sales								
Sales to external customers	13,217,957	3,734,389	2,093,330	19,045,678	1,990,036	21,035,714	-	21,035,714
Inter-segment sales and transfers	10,340	11,602	11,926	33,868	22,040	55,908	(55,908)	-
Total	13,228,298	3,745,991	2,105,256	19,079,546	2,012,076	21,091,622	(55,908)	21,035,714
Segment profit	2,487,474	901,728	196,954	3,586,157	179,137	3,765,295	(834,702)	2,930,592
Segment assets	6,579,327	2,143,406	1,156,063	9,878,797	1,867,489	11,746,286	1,812,222	13,558,509
Other items								
Depreciation	111,337	4,392	20,851	136,581	10,590	147,171	31,953	179,124
Impairment loss	-	-	-	-	60,114	60,114	-	60,114
Increase in property, plant and equipment and intangible assets	420,523	13,602	1,290	435,416	10,754	446,170	14,279	460,450

Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of IT & Internet-Related Business and Overseas Business.

2. Contents of adjustments are as follows.

- (1) The (834,702) thousand yen adjustment to segment profit includes elimination for inter-segment transactions of 174,090 thousand yen, and (1,008,793) thousand yen in company-wide costs that cannot be allocated to any specific reportable segments. Company-wide costs consist primarily of expenses related to the administration division, which are not attributable to any reportable segments, including general affairs and accounting at the Company.
- (2) The 1,812,222 thousand yen adjustment to segment assets includes elimination for inter-segment transactions of (294,312) thousand yen, and 2,106,534 thousand yen in company-wide assets that cannot be allocated to any specific reportable segments. Company-wide assets consist primarily of the Company's excess funds (cash and deposits), long-term investments (investment securities), and assets which belong to the administration division.
- (3) The 31,953 thousand yen adjustment to depreciation is the sum of assets which belong to the administration division that cannot be allocated to reportable segments.
- (4) The 14,279 thousand yen adjustment to an increase in property, plant and equipment and intangible assets is the sum of assets which are not attributable to any reportable segments and belong to the administration division that cannot be allocated to reportable segments.

3. Segment profit is adjusted with operating profit shown on the consolidated statement of income.

4. The "Other (Overseas Business)" segment reported an impairment loss on goodwill of 60,114 thousand yen.

*This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*