Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]

April 28, 2022

Company name: QUICK CO., LTD. Listing: Tokyo Stock Exchange
Stock code: 4318 URL: https://919.jp/
Representative: Tsutomu Wano, Chairman
Contact: Kenta Kijima, Senior Executive Officer, General Manager of Administration and Accounting Division Tel: +81-6-6366-0919
Scheduled date of Annual General Meeting of Shareholders: June 22, 2022
Scheduled date of filing of Annual Securities Report: June 22, 2022
Scheduled date of payment of dividend: June 23, 2022
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes

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

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2022	23,590	21.8	3,345	79.3	3,423	61.3	2,248	53.6
Fiscal year ended Mar. 31, 2021	19,360	-	1,866	-	2,123	-	1,463	-

Note: Comprehensive income (millions of yen) Fiscal year ended Mar. 31, 2022: 2,277 (up 13.7%)
Fiscal year ended Mar. 31, 2021: 2,002 (-%)

	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, 2022	119.35	-	19.7	20.7	14.2
Fiscal year ended Mar. 31, 2021	77.69	-	14.5	14.8	9.6

Reference: Equity in earnings of affiliates (millions of yen): Fiscal year ended Mar. 31, 2022: - Fiscal year ended Mar. 31, 2021: -
Note: Beginning with the first quarter of the fiscal year ended March 31, 2022, the Company has applied Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). All figures for the fiscal year ended March 31, 2021 have been adjusted retroactively to conform with this accounting standard. Accordingly, the year-on-year changes for the fiscal year ended March 31, 2021 are not presented.

(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, 2022	18,002	12,098	67.2	642.21
As of Mar. 31, 2021	15,103	10,687	70.7	567.24

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2022: 12,097 As of Mar. 31, 2021: 10,685
Note: Beginning with the first quarter of the fiscal year ended March 31, 2022, the Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures as of March 31, 2021 have been adjusted retroactively to conform with this accounting standard.

(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, 2022	3,844	(476)	(1,048)	10,448
Fiscal year ended Mar. 31, 2021	1,843	(471)	(677)	8,097

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, 2021	-	18.00	-	26.00	44.00	829	56.6	8.2
Fiscal year ended Mar. 31, 2022	-	20.00	-	28.00	48.00	905	40.2	7.9
Fiscal year ending Mar. 31, 2023 (forecasts)	-	26.00	-	27.00	53.00		40.5	

Note: Breakdown of dividend for the fiscal year ended Mar. 31, 2021
2Q-end: Ordinary dividend: 12.00 yen; Commemorative dividend: 6.00 yen
Year-end: Ordinary dividend: 20.00 yen; Commemorative dividend: 6.00 yen

3. Consolidated Earnings 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	13,674	12.1	3,116	17.3	3,130	16.6	2,163	14.5	114.84
Full year	25,600	8.5	3,679	10.0	3,700	8.1	2,465	9.6	130.86

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

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

1) Changes in accounting policies due to revisions in accounting standards, others: Yes
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, 2022:	19,098,576 shares	As of Mar. 31, 2021:	19,098,576 shares

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

As of Mar. 31, 2022:	261,301 shares	As of Mar. 31, 2021:	261,173 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2022:	18,837,310 shares	Fiscal year ended Mar. 31, 2021:	18,837,403 shares

Reference: Summary of Non-consolidated Financial Results

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

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2022	15,422	25.8	2,376	75.8	2,807	56.5	1,949	51.6
Fiscal year ended Mar. 31, 2021	12,256	-	1,351	-	1,794	-	1,286	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2022	103.40	-
Fiscal year ended Mar. 31, 2021	68.20	-

Note: Beginning with the first quarter of the fiscal year ended March 31, 2022, the Company has applied Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). All figures for the fiscal year ended March 31, 2021 have been adjusted retroactively to conform with this accounting standard. Accordingly, the year-on-year changes for the fiscal year ended March 31, 2021 are not presented.

(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, 2022	14,450	10,526	72.8	558.21
As of Mar. 31, 2021	12,233	9,452	77.3	501.24

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2022: 10,526 As of Mar. 31, 2021: 9,452

Note: Beginning with the first quarter of the fiscal year ended March 31, 2022, the Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). All figures as of March 31, 2021 have been adjusted retroactively to conform with this accounting standard.

* 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

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, 2022 ("the fiscal year under review"), the Japanese economy was heavily impacted by stagnant economic activities, subdued consumer spending, and the like under a series of state or quasi-state of emergency measures to curb the spread of COVID-19 infections. Additionally, the economic outlook remains extremely unpredictable, fueled by surging resource prices, Russia's invasion of Ukraine, and so on.

Meanwhile, in Japan's labor market, the seasonally adjusted job openings-to-applicants ratio was 1.21 and the seasonally adjusted unemployment rate was 2.7% in February 2022, suggesting that a seesawing trend continues.

Under such business environment, the Group worked on differentiating the QUICK Group from competitors and increasing customer satisfaction by helping our client companies to solve their HR related problems by expanding operations in new strategic market sectors and strengthening coordination between the group companies. Furthermore, the Group strengthened the business base by restructuring the sales structure in order to boost the performance.

As a result, we achieved sales and earnings growth, both reaching all-time highs. Net sales increased 21.8% year-on-year to 23,590 million yen, operating profit increased 79.3% year-on-year to 3,345 million yen, ordinary profit increased 61.3% year-on-year to 3,423 million yen, and profit attributable to owners of parent increased 53.6% year-on-year to 2,248 million yen.

Beginning with the fiscal year under review, the Company has applied Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other pronouncements (hereinafter collectively, the "Accounting Standards"). Therefore, comparisons and analysis were made using the figures that were adjusted reflecting the retrospective application of the Accounting Standards.

Performance of the business segments is described as follows.

(Human Resources Services Business)

1) Personnel Placement

In the personnel placement category, corporate recruiting needs was robust in our focus fields such as the construction, electrical equipment, machinery and pharmaceutical industries, and recruiting appetite in the automobile industry remained on a recovery track. In addition, nursing jobs in the medial, nursing-care, and other facilities show a vigorous recruiting need. Given this business environment, the personnel placement business for specific fields targeting construction and pharmaceutical related categories, various types of engineers as well as nurses recorded a robust revenue growth. Those were the major results of our efforts including having more meetings with our client companies and registrants who wish to change careers, focusing on selected categories, and implementing promotional activities and other measures responsive to changes in the market.

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

In the temporary staffing, temporary-to-permanent staffing and business contracting categories, in addition to lasting strong hiring needs for nurses at medical and welfare category, COVID-19 booster shot drive and spreading omicron variant cases generated the needs for vaccination-related staff as well as call center, and other COVID-19-related staff, contributing to the steady performance of temporary staffing of nurses. Meanwhile, a robust demand for the temporary staffing of childcare workers expanded the performance.

Overall, sales of the Human Resources Service Business increased 22.0% year-on-year to 16,174 million yen and operating profit also increased 36.4% year-on-year to 3,020 million yen.

(Recruiting Business)

In the Recruiting Business, the mid-career hiring category showed a recovery trend since the lifting of the state of emergency in October 2021 as many companies and organizations launched recruitment activities to prepare for the end of the Japanese fiscal year when student part-time workers and others tend to quit their jobs. These were despite a temporary decrease in recruiting needs in restaurant, selling and service sectors as a result of quasi-state of emergency measures in January 2022. Against this backdrop, continuous customer development and strengthened sales activities steadily increased the volume of our focus “Indeed” business while the volume of other recruiting advertisements for full-time employees and part-time workers expanded favorably. In the new college graduate category, the volume of recruiting advertisements targeting March 2023 new college graduates remained favorable. This was partly because more companies started recruiting activities in anticipation of the post-COVID-19 economy, thus the recruitment demand for new graduates was rebounding.

In addition, services other than the handling of recruiting advertisement also posted a higher revenue. This was primarily thanks to support services for recruiting activities of client companies mainly by offering a consultation on new graduate and mid-career recruiting strategy, proposing online internship programs, providing training programs for recruiters, and creating recruitment websites.

Overall, sales of the Recruiting Business increased 27.2% year-on-year to 2,788 million yen and operating profit increased 195.5% year-on-year to 557 million yen.

(Information Publishing Business)

In the Information Publishing Business, lifestyle information magazines suffered from low advertisement placements for sales promotion and events targeting restaurant and housing sectors mainly due to the impact of quasi-emergency measures in Ishikawa and Niigata prefectures in January 2022. However, positive factors such as increasing recruiting needs for the end of the Japanese academic year when student part-time workers tend to quit their jobs pushed up the volume of recruiting advertisements, which contributed to the solid performance of lifestyle information magazines. “Indeed” was also strong.

Meanwhile, posting services including flyers distributed to households with lifestyle information magazines benefitted from the handling of seasonal flyers such as those advertising schools for a new fiscal year. Hence, the services grew steadily. Furthermore, the concierge services we operate under the “cococolor” brand continued to perform well as all the domains of career change, housing and bridal achieved revenue increase.

Overall, sales of the Information Publishing Business increased 14.0% year-on-year to 2,139 million yen and operating profit increased 108.9% year-on-year to 187 million yen.

(IT and Internet-Related Business)

The IT & Internet-Related Business category enjoyed a growing interest in better business efficiency, labor saving, IT introduction, and services for improving motivation and retention of employees under the COVID-19 pandemic environment. There were also expanding needs for sales promotion in recruiting and HR development-related companies. As a result, advertising revenues from “Nihon no Jinjibu” (Japan’s Human Resources Department)—our portal website for personnel and labor relations hit a record high. Furthermore, the online HR related event, “Nihon no Jinjibu HR Conference” held in May and November 2021 marked an all-time high in the annual number of visitors and revenue, which contributed to higher sales and earnings of “Nihon no Jinjibu” related services.

As for the system development category, a gradual recovery of system investment spurred the competition for acquiring development engineers to meet such demands. With this in mind, we made every effort to proactively solicit new projects mainly from existing customers and secure human resources for development projects by ramping up initiatives to recruit and retain engineers and leveraging our engineers in the learning field. As a result, the operating performance remained strong. Meanwhile, the learning field posted decreased revenue. Specifically, amid growing training needs to develop the inexperienced into engineers to make up for the shortage of engineers in the job market, we started vocational training courses and organized group trainings as a certified training organization under the Support System for Job Seekers by the Ministry of Health, Labour and Health. However, the pandemic forced us to struggle to attract participants and we were exposed to an intensifying competition.

Overall, sales of the IT and Internet-Related Business increased 22.0% year-on-year to 1,548 million yen and operating profit also increased 62.4% year-on-year to 488 million yen.

(Overseas Business)

In North and Central America, reflecting a continued robustness in hiring sentiment following the recovery of the economic environment, the U.S. personnel placement business enjoyed steady sales growth. Additionally, the performance of the temporary staffing business recovered thanks to orders, in part, for the temporary placement of workers to assist overseas voting in the election for the Japanese House of Representatives. However, the Mexico business posted a revenue decrease due to difficulties in attracting registrants who wish to change careers even though, despite lasting supply chain disruptions and semiconductor shortages stemming from the pandemic, corporate recruiting needs mainly for those with immediate fighting strength was on a gradual recovery.

In Asia, the strengthened sales activities for companies and organizations that resumed their hiring activities succeeded and boosted the performance of the personnel placement business in China, even though the Chinese economy decelerated partly due to a localized lockdown under the zero-COVID policy. In addition, personnel and labor consulting business generated revenue growth. This was against the backdrop that our core advisory service remained favorable and that agency services for applying/obtaining an invitation letter for employees newly assigned to China and education/training services remained on track. In Vietnam, pandemic-induced restrictions on activities were gradually eased in the fourth quarter, and the performance significantly improved through our efforts focusing on the personnel placement of Japanese staff for doctors, construction management engineers, sewing skills instructors, and other jobs requiring a high level of expertise, technical skills, and a rich experience. In Thailand, COVID-19 restrictions were lifted step by step and the economy showed signs of recovery. Accordingly, the personnel placement business achieved a year-on-year increase in revenue as a result of the continued efforts to boost promotional activities to approach Chinese and Taiwanese companies as well as those of the U.S. and European countries, and Thai local companies.

In the U.K., the government adopted a policy to live with COVID without compromising the economy although the omicron variant increased the number of infections. Despite such business environment, many companies were willing to recruit better talent in anticipation of the post-COVID-19 economy. Supported by these recruiting demands, the personnel placement services as well as temporary staffing services recorded a substantial increase in revenue.

The Company’s Global Business Division also give sales supports to overseas companies and worked on promoting the international career change supports (Cross Border Recruitment® services) to attract more local registrants who want to change careers, and supporting other activities.

Overall, sales of the Overseas Businesses increased 22.8% year-on-year to 939 million yen and operating loss was 6 million yen, compared with a loss of 108 million yen in the same period of the previous fiscal year.

(2) Financial Position

Assets

Total assets at the end of the fiscal year under review increased 19.2%, or 2,898 million yen, year-on-year to 18,002 million yen. This was mainly the result of increases in cash and deposits, and notes and accounts receivable-trade.

Liabilities

Total liabilities at the end of the fiscal year under review increased 33.7%, or 1,488 million yen, year-on-year to 5,904 million yen. This was mainly the result of increases in income taxes payable and provision for bonuses despite a decrease in short-term borrowings.

Net assets

Total net assets at the end of the fiscal year under review increased 13.2%, or 1,410 million yen, year-on-year to 12,098 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 decreased 3.5 percentage points from the end of the previous fiscal year to 67.2%.

(3) Cash Flows

Cash and cash equivalents (hereinafter "net cash") increased 2,351 million yen from the end of the previous fiscal year to 10,448 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 108.6% year-on-year to 3,844 million yen. Negative factors include income taxes paid of 612 million yen. Positive factors include profit before income taxes of 3,322 million yen.

Cash flows from investing activities

Net cash used in investing activities increased 1.1% year-on-year to 476 million yen. Negative factors include purchase of property, plant and equipment and intangible assets of 499 million yen.

Cash flows from financing activities

Net cash used in financing activities increased 54.8% year-on-year to 1,048 million yen. Negative factors include short-term borrowings of 158 million yen and dividends paid of 867 million yen.

(4) Outlook

Going forward, the spread of COVID-19 infection is expected to be gradually settled down thanks to the progress of vaccination efforts and the development and spread of therapeutic drugs. However, the timing remains uncertain. Additionally, as there exist risks that can drive down the economy, such as volatile international situation over Ukraine as well as rising energy and raw material prices, we need to be continuously cautious about the future of the Japanese economy.

As for employment circumstance, we witnessed that some companies reinforced the recruitment of highly specialized human resources as well as those who can be industry-ready to enhance competitiveness in anticipation of the post-COVID-19 economy. Such a trend is expected to continue in a wide range of sectors. Furthermore, in the sectors such as restaurants, selling and service that are vulnerable to the impact of COVID-19-induced restrictions, recruiting needs have been already rebounding with the lifting of pandemic-related restrictions and expectations for the convergence of COVID-19. Additionally, recruiting needs in Japan are expected to further improve because we are still facing an increasingly severe structural labor shortage caused by the country's falling birthrate and aging population.

Given such business environment, we will not only tap new markets and work hard to attract new registrants but enhance the personnel placement and temporary staffing services targeting specific domains in the Human Resources Services Business while bolstering sales activities for services other than recruiting advertisements necessary for a recruiting process in the Recruiting Business. Moreover, in the Information Publishing Business, we will seek a linkage of paper media with web services to stabilize the performance of media services, and reinforce profitable concierge (face-to-face consultation) services. In the IT & Internet-Related Business category, we will further increase users of our core "Nihon no Jinjibu" related services, and, in the system development and learning fields, we will expand domains for the development and enrich training line-up. In the Overseas Business, although each country is responding to the pandemic differently, we will strengthen personnel placement, temporary staffing, and personnel and labor consulting services, and focus on resuming the "Cross Border Recruitment®" services, career change support services for those who seek a job internationally.

As a result, we expect consolidated net sales of 25,600 million yen (up 8.5% year-on-year), operating profit of 3,679 million yen (up 10.0%), ordinary profit of 3,700 million yen (up 8.1%), and profit attributable to owners of parent of 2,465 million yen (up 9.6%) for the fiscal year ending March 31, 2023.

(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.

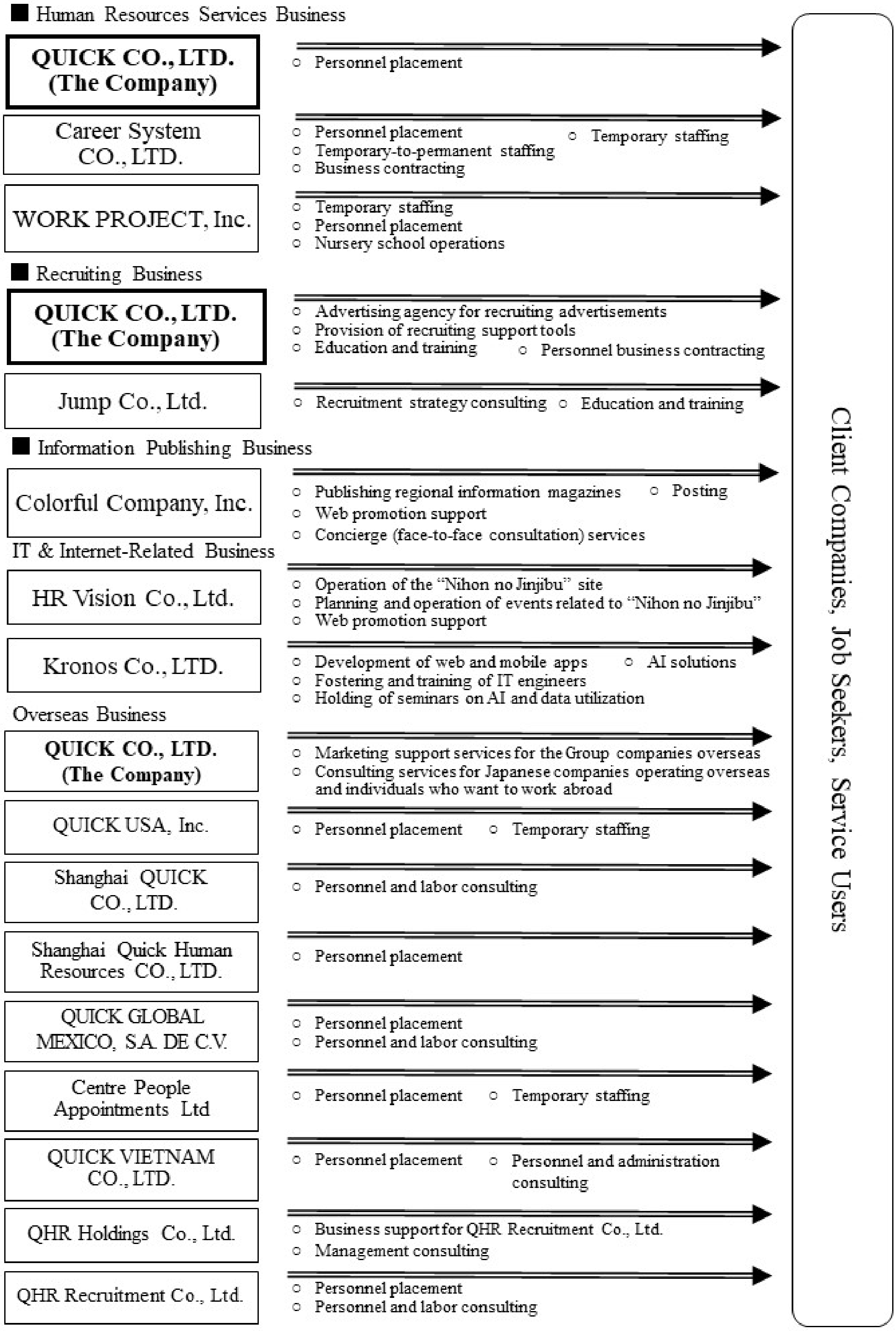
Along with this dividend policy, as announced in the "Notice of Revisions to the Earnings Forecast and Year-end Dividend Forecast (Dividend Increase)" released on January 31, 2022 (Japanese version only), we plan to pay an annual dividend of 48 yen per share, consisting of a dividend of 20 yen at the end of the second quarter and 28 yen at the fiscal year-end.

For the fiscal year ending March 31, 2023, we forecast an annual dividend of 53 yen per share, consisting of a dividend of 26 yen at the end of the second quarter and 27 yen at the fiscal year-end. At present, we do not expect to award quarterly or other dividends other than at the end of the second quarter and fiscal year-end.

2. Corporate Group

The QUICK Group (QUICK CO., LTD. and its affiliated companies) consists of QUICK CO., LTD. (the Company), 14 consolidated subsidiaries, and one non-consolidated subsidiary. Business operations are 1) Human Resources Services Business, 2) Recruiting Business, 3) Information Publishing Business, 4) IT & Internet-Related Business and 5) Overseas Business.

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



Notes: 1. All of the above 14 affiliated companies are consolidated subsidiaries.

2. One non-consolidated subsidiary is not shown because the effect on the consolidated results is negligible.

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 profitability-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. While economic outlook remains uncertain due to the COVID-19 pandemic at home and abroad, Russia's invasion of Ukraine, surging resource prices, and other factors, we continue to work on enlarging its operations and improving profitability. With stable growth and a robust financial foundation, the Group also aims to improve 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, in order to expand its areas of business as a comprehensive human resources services and information services company, intends to further ramp up our mainstay Human Resources Services Business, along with aiming to achieve the medium- to long-term growth of each of the other Businesses.

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 core 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 Japan's structural labor shortage caused by the country's falling birthrate and aging population. We take proactive stance 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 hiring and training of people and M&As 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 category, human resources companies are competing more intensely in order primarily to attract registrants who wish to change careers for specialized jobs in the construction and civil engineering, electrical equipment and machinery, pharmaceutical, and other business sectors and also for nursing jobs in the medical, nursing-care and other facilities. Accordingly, to succeed, we are enhancing the functions of our websites with more contents available online to make them more useful and satisfactory, and making promotional activities more effective. By using a variety of actions, we will increase the brand power of all our websites and attract more registrants who wish to change careers. In other moves to become more competitive as an organization, this business will expand the service area in the existing domains, cultivate new domains, enhance competitive advantage through better relationships with client companies while eliciting the strengths of young employees early on by recruiting and intensively training them.

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

In the temporary staffing, temporary-to-permanent staffing, business contracting categories, we are lagging behind in attracting new registrants who wish to work as temporary staff and securing sufficient meetings with them although there remains strong demand for human resources, such as nurses and childcare workers, from our priority medical and welfare sectors. In order to attract more people to register for temporary staffing placements and have more meetings, we will strive to strengthen promotional activities on and add more contents to our Group's websites consisting of "Medicare Career" targeting the medical and welfare sectors and "Hoitomo" targeting childcare workers, while working on expanding the market penetration of temporary staffing services in coordination with the personnel placement business for nurses. Furthermore, as sellers' market continues with human resources needs hovering at high level, we will strengthen HR development to deliver more quality consulting services so that people who want temporary job assignments, client facilities and others place trust in us and keep using our temporary staffing services.

(Recruiting Business)

In the Recruiting Business, the competitive environment for the handling of recruiting advertisements is being further intensified due to diversified hiring methods, including emerging aggregation-type (search engine type collecting specific information from multiple websites) or contingent fee-based recruiting ad services and personnel placements, in addition to a more intensified competition for media that the Company handles. Under these circumstances, we will utilize the database accumulated in the Company to propose recruiting process most suitable for successful recruiting activities of our client companies. At the same time, we will comprehensively help solve their recruiting challenges by proposing recruitment ads necessary for the recruiting process and ramping up services targeting other than recruitment ads; such other services include building a recruitment strategy and proposing corporate branding along with producing appropriate tools and fostering staff in charge of recruiting activities. Meanwhile, we will work to expand our overall business by recruiting appropriate human resources and stepping up their training to promote the above mentioned initiatives.

(Information Publishing Business)

The Information Publishing Business is forecasting a downward trend in placing advertisements in information magazines as, against a backdrop of the recent increase in website advertisement, advertising techniques have been shifting from paper media to web media in both the sales promotion and recruitment domains. To address such circumstances, we will endeavor to differentiate ourselves from competitors by linking paper and web media for service proposals or sales expansion in order to help customers promote sales and solve their recruiting challenges, as well as develop new web services to underpin the performance of media services. At the same time, we will improve our sales mix that is highly dependent on media services including lifestyle information magazines. To this end, the performance of posting services and concierge (face-to-face consultation) services need to be enhanced by cultivating more new customers and reinforcing sales structure and promotional activities, respectively.

(IT & Internet-Related Business)

In the IT & Internet-Related Business category, the spread of teleworking, the use of HR tech, the promotion of active social participation of women and the elderly, and other factors have diversified and complicated personnel and labor issues. Accordingly, we believe that “Nihon no Jinjibu,” a total information site pertaining to personnel and labor, will take on greater importance. In response to such moves, we will post numerous information with higher quality to solve personnel and labor issues and promote matching services so that “Nihon no Jinjibu” can develop into a more valuable and satisfactory site with more users and brand recognition.

In the system development and learning fields, amid growing demand for hiring IT professionals and increased their market value due to DX promotion by corporations, our challenges are to attract and retain more engineers engaged in system development as well as training instructors with hands-on experience, and differentiate ourselves from competitors for further expanding business performance. To this end, we will not only reinforce hiring of engineers including engineer candidates who are supposed to receive necessary education and training after joining a company and leverage business partners but expand DX-related areas of specialty in the system development business, aiming to encourage our engineers’ growth, help them achieve job satisfaction, and eventually retain them. In the learning field, we will develop DX-related training, for which training needs are expected to grow, to bolster the business performance during periods other than spring peak training season.

(Overseas Business)

In the Overseas Business, each country, other than China under the zero-COVID policy, is deescalating pandemic-related restrictions and bringing economic activities back to normal. However, there still remains concerns over the possibility of the repeated resurgence of infection associated with international travel restrictions, which limits recruiting needs of local Japanese companies to hiring experienced staff locally. Given such circumstance, we are focusing on acquiring more local registrants who wish to change careers through more informative websites with improved usability, SNS, seminars, personnel and labor related information, web promotions, and so on. Meanwhile, anticipating the total lifting of international travel restrictions following the convergence of the pandemic as well as a recovery phase of recruiting needs for foreign talent in each country, we will intensify collaboration among the four countries of the U.S., the U.K., Mexico, and Japan and solidify business base to resume the international career change supports (Cross Border Recruitment® services).

In China, the employment situation remains tough due to slow economy and worsening business confidence. This is the result of lockdown under the zero-COVID policy in response to a widespread COVID-19 outbreak. In these circumstances, we will work on the followings to prepare for an economic recovery phase after the lockdown: the revamping of our website to attract more registrants in the personnel placement business, the enhancement of sales activities and services targeting existing customers in the personnel and labor consulting business. Human resources will be hired and fostered to promote these initiatives as well.

In addition, the Company’s Global Business Division 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)

	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	8,151,779	10,509,984
Notes and accounts receivable-trade	1,989,492	2,349,801
Other	324,936	349,105
Allowance for doubtful accounts	(2,397)	(2,707)
Total current assets	10,463,810	13,206,183
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,645,899	1,593,496
Accumulated depreciation	(810,893)	(773,197)
Buildings and structures, net	835,006	820,299
Vehicles	5,878	7,341
Accumulated depreciation	(3,636)	(5,370)
Vehicles, net	2,242	1,971
Tools, furniture and fixtures	305,022	334,952
Accumulated depreciation	(205,863)	(211,184)
Tools, furniture and fixtures, net	99,159	123,768
Land	276,869	176,789
Leased assets	13,906	13,906
Accumulated depreciation	(5,662)	(8,223)
Leased assets, net	8,244	5,682
Construction in progress	-	45,734
Total property, plant and equipment	1,221,521	1,174,244
Intangible assets		
Software	629,824	851,716
Software in progress	127,079	48,611
Goodwill	69,517	6,074
Other	10,659	10,659
Total intangible assets	837,080	917,061
Investments and other assets		
Investment securities	1,732,291	1,726,448
Leasehold deposits	685,835	711,400
Deferred tax assets	105,202	163,461
Other	62,336	110,875
Allowance for doubtful accounts	(4,318)	(6,926)
Total investments and other assets	2,581,347	2,705,259
Total non-current assets	4,639,949	4,796,566
Total assets	15,103,760	18,002,749

(Thousands of yen)

	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	492,089	520,197
Short-term borrowings	299,957	141,002
Accounts payable-other	1,088,965	1,237,670
Accrued expenses	544,457	674,565
Lease liabilities	2,552	2,646
Income taxes payable	331,134	1,038,195
Accrued consumption taxes	284,294	489,968
Provision for bonuses	594,263	1,071,547
Provision for bonuses for directors (and other officers)	35,310	73,330
Asset retirement obligations	570	-
Other	416,390	482,689
Total current liabilities	4,089,986	5,731,811
Non-current liabilities		
Lease liabilities	5,950	3,304
Deferred tax liabilities	210,889	61,565
Asset retirement obligations	98,856	105,275
Other	10,591	2,408
Total non-current liabilities	326,287	172,554
Total liabilities	4,416,273	5,904,366
Net assets		
Shareholders' equity		
Share capital	351,317	351,317
Capital surplus	391,392	391,392
Retained earnings	8,879,353	10,261,028
Treasury shares	(16,005)	(16,171)
Total shareholders' equity	9,606,057	10,987,566
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,092,767	1,084,720
Foreign currency translation adjustment	(13,579)	25,147
Total accumulated other comprehensive income	1,079,188	1,109,867
Non-controlling interests	2,241	949
Total net assets	10,687,486	12,098,383
Total liabilities and net assets	15,103,760	18,002,749

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	19,360,728	23,590,897
Cost of sales	7,349,117	8,516,675
Gross profit	12,011,610	15,074,222
Selling, general and administrative expenses	10,145,526	11,728,256
Operating profit	1,866,084	3,345,965
Non-operating income		
Interest income	1,744	1,634
Dividend income	9,067	8,044
Sale cooperation fee	-	10,600
Subsidy income	231,456	9,507
Book sales commission	5,812	25,279
Other	18,186	24,881
Total non-operating income	266,268	79,948
Non-operating expenses		
Interest expenses	4,638	2,135
Foreign exchange losses	4,528	-
Other	100	156
Total non-operating expenses	9,266	2,291
Ordinary profit	2,123,085	3,423,622
Extraordinary income		
Gain on sale of non-current assets	1,785	4,748
Total extraordinary income	1,785	4,748
Extraordinary losses		
Loss on sale of non-current assets	229	33,997
Loss on retirement of non-current assets	55	15,872
Impairment losses	-	52,690
Office relocation expenses	7,569	3,229
Total extraordinary losses	7,854	105,790
Profit before income taxes	2,117,016	3,322,581
Income taxes-current	695,105	1,278,698
Income taxes-deferred	(39,027)	(202,840)
Total income taxes	656,078	1,075,857
Profit	1,460,938	2,246,723
Loss attributable to non-controlling interests	(2,456)	(1,470)
Profit attributable to owners of parent	1,463,395	2,248,194

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Profit	1,460,938	2,246,723
Other comprehensive income		
Valuation difference on available-for-sale securities	555,460	(8,047)
Foreign currency translation adjustment	(14,114)	38,568
Total other comprehensive income	541,345	30,521
Comprehensive income	2,002,284	2,277,244
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,004,142	2,278,873
Comprehensive income attributable to non-controlling interests	(1,857)	(1,628)

(3) Consolidated Statement of Changes in Equity

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(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	8,194,756	(16,005)	8,921,459
Cumulative effects of changes in accounting policies			(6,465)		(6,465)
Restated balance	351,317	391,392	8,188,291	(16,005)	8,914,994
Changes during period					
Dividends of surplus			(772,333)		(772,333)
Profit attributable to owners of parent			1,463,395		1,463,395
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	691,062	-	691,062
Balance at end of period	351,317	391,392	8,879,353	(16,005)	9,606,057

	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	537,307	1,134	538,441	4,099	9,464,000
Cumulative effects of changes in accounting policies					(6,465)
Restated balance	537,307	1,134	538,441	4,099	9,457,535
Changes during period					
Dividends of surplus					(772,333)
Profit attributable to owners of parent					1,463,395
Purchase of treasury shares					-
Net changes in items other than shareholders' equity	555,460	(14,713)	540,746	(1,857)	538,889
Total changes during period	555,460	(14,713)	540,746	(1,857)	1,229,951
Balance at end of period	1,092,767	(13,579)	1,079,188	2,241	10,687,486

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(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	8,879,353	(16,005)	9,606,057
Cumulative effects of changes in accounting policies					
Restated balance	351,317	391,392	8,879,353	(16,005)	9,606,057
Changes during period					
Dividends of surplus			(866,518)		(866,518)
Profit attributable to owners of parent			2,248,194		2,248,194
Purchase of treasury shares				(165)	(165)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,381,675	(165)	1,381,509
Balance at end of period	351,317	391,392	10,261,028	(16,171)	10,987,566

	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	1,092,767	(13,579)	1,079,188	2,241	10,687,486
Cumulative effects of changes in accounting policies					
Restated balance	1,092,767	(13,579)	1,079,188	2,241	10,687,486
Changes during period					
Dividends of surplus					(866,518)
Profit attributable to owners of parent					2,248,194
Purchase of treasury shares					(165)
Net changes in items other than shareholders' equity	(8,047)	38,726	30,679	(1,291)	29,387
Total changes during period	(8,047)	38,726	30,679	(1,291)	1,410,897
Balance at end of period	1,084,720	25,147	1,109,867	949	12,098,383

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	2,117,016	3,322,581
Depreciation	219,661	323,559
Impairment losses	-	52,690
Amortization of goodwill	13,254	14,421
Increase (decrease) in allowance for doubtful accounts	1,189	2,918
Increase (decrease) in provision for bonuses	22,981	476,314
Increase (decrease) in provision for bonuses for directors (and other officers)	(6,690)	38,020
Interest and dividend income	(10,811)	(9,678)
Interest expenses	4,638	2,135
Gain on sale of non-current assets	(1,785)	(4,748)
Loss on sale of non-current assets	229	33,997
Loss on retirement of non-current assets	55	15,872
Relocation expenses	7,569	3,229
Decrease (increase) in trade receivables	174,003	(294,969)
Increase (decrease) in trade payables	48,060	31,928
Decrease (increase) in leasehold and guarantee deposits	(29,664)	(24,399)
Increase (decrease) in accrued consumption taxes	(66,108)	204,174
Other, net	248,866	261,003
Subtotal	2,742,465	4,449,051
Interest and dividends received	10,812	9,678
Interest paid	(4,662)	(2,112)
Income taxes paid	(905,499)	(612,313)
Net cash provided by (used in) operating activities	1,843,116	3,844,303
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,374)	(527)
Purchase of property, plant and equipment	(59,635)	(105,943)
Proceeds from sale of property, plant and equipment	1,777	86,692
Purchase of intangible assets	(418,219)	(393,428)
Purchase of investment securities	(5,632)	(5,744)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	11,362	-
Purchase of shares of subsidiaries and associates	-	(50,000)
Payments for asset retirement obligations	-	(12,550)
Other, net	204	4,896
Net cash provided by (used in) investing activities	(471,518)	(476,606)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	107,455	(158,955)
Repayments of long-term borrowings	(12,255)	(19,788)
Repayments of lease obligations	(3,115)	(2,552)
Purchase of treasury shares	-	(165)
Dividends paid	(769,744)	(867,227)
Net cash provided by (used in) financing activities	(677,659)	(1,048,688)
Effect of exchange rate change on cash and cash equivalents	(11,528)	32,179
Net increase (decrease) in cash and cash equivalents	682,409	2,351,188
Cash and cash equivalents at beginning of period	7,415,291	8,097,700
Cash and cash equivalents at end of period	8,097,700	10,448,889

(5) Notes to Consolidated Financial Statements

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 five reportable segments: Human Resources Services Business, Recruiting Business, Information Publishing Business, IT & Internet-Related Business and Overseas Business.

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 IT & Internet-Related Business 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. The Overseas Business engages in personnel placement, temporary staffing, personnel and labor consulting and other services in the U.S., China, Mexico, the U.K., Vietnam and Thailand, and the Company provides marketing support for subsidiaries in these countries.

(Application of Accounting Standard for Revenue Recognition and other standards)

Beginning with the fiscal year under review, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other pronouncements (hereinafter collectively, the "Accounting Standards") and changed the method of accounting for the revenue recognition and measuring profit and loss in reportable segment.

Accordingly, the segment information for the previous fiscal year is reported based on the method of measuring profit and loss after the revision.

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 and disaggregated revenue

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021) (Thousands of yen)

	Reportable Segment						Adjustment (Note 1)	Amount in the consolidated financial statements (Note 2)
	Human Resources Services Business	Recruiting Business	Information Publishing Business	IT & Internet-Related Business	Overseas Business (Note 3)	Total		
Net sales								
Revenue from contracts with customers	13,257,986	2,192,574	1,876,467	1,268,983	764,716	19,360,728	-	19,360,728
Other revenue	-	-	-	-	-	-	-	-
Sales to external customers	13,257,986	2,192,574	1,876,467	1,268,983	764,716	19,360,728	-	19,360,728
Inter-segment sales and transfers	4,372	11,245	12,366	96,664	668	125,317	(125,317)	-
Total	13,262,358	2,203,820	1,888,834	1,365,648	765,384	19,486,046	(125,317)	19,360,728
Segment profit (loss)	2,215,237	188,725	89,839	300,941	(108,546)	2,686,196	(820,112)	1,866,084
Segment assets	7,542,516	1,982,954	1,190,216	1,412,891	563,535	12,692,113	2,411,646	15,103,760
Other items								
Depreciation	156,213	4,765	20,259	3,214	9,903	194,356	25,305	219,661
Impairment loss	-	-	-	-	-	-	-	-
Increase in property, plant and equipment and intangible assets	429,440	960	31,560	462	20,217	482,640	6,570	489,211

Notes: 1. Contents of adjustments are as follows.

(1) The (820,112) thousand yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 107,701 thousand yen, and (927,814) 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 2,411,646 thousand yen adjustment to segment assets includes elimination for inter-segment transactions of (157,413) thousand yen, and 2,569,059 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 25,305 thousand yen adjustment to depreciation is the sum of depreciation of assets which belong to the administration division that cannot be allocated to reportable segments.

(4) The 6,570 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.

2. Segment profit (loss) is adjusted with operating profit shown on the consolidated statement of income.
3. Countries and regions included in the Overseas Business are Japan, U.S., China, Mexico, U.K., Vietnam and Thailand.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022) (Thousands of yen)

	Reportable Segment						Adjustment (Note 1)	Amount in the consolidated financial statements (Note 3)
	Human Resources Services Business	Recruiting Business	Information Publishing Business	IT & Internet-Related Business	Overseas Business (Note 3)	Total		
Net sales								
Revenue from contracts with customers	16,174,339	2,788,715	2,139,869	1,548,613	939,361	23,590,897	-	23,590,897
Other revenue	-	-	-	-	-	-	-	-
Sales to external customers	16,174,339	2,788,715	2,139,869	1,548,613	939,361	23,590,897	-	23,590,897
Inter-segment sales and transfers	192	15,543	10,218	96,688	-	122,642	(122,642)	-
Total	16,174,531	2,804,258	2,150,087	1,645,301	939,361	23,713,540	(122,642)	23,590,897
Segment profit (loss)	3,020,615	557,682	187,640	488,688	(6,922)	4,247,704	(901,738)	3,345,965
Segment assets	9,355,177	1,956,936	1,357,069	1,840,663	662,426	15,172,274	2,830,475	18,002,749
Other items								
Depreciation	238,623	5,070	22,440	3,081	9,840	279,056	44,502	323,559
Impairment loss	-	-	-	13,625	39,064	52,690	-	52,690
Increase in property, plant and equipment and intangible assets	440,260	1,310	42,315	1,192	2,259	487,338	71,185	558,524

Notes: 1. Contents of adjustments are as follows.

(1) The (901,738) thousand yen adjustment to segment profit (loss) includes elimination for inter-segment transactions of 134,435 thousand yen, and (1,036,174) 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 2,830,475 thousand yen adjustment to segment assets includes elimination for inter-segment transactions of (52,469) thousand yen, and 2,882,945 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 44,502 thousand yen adjustment to depreciation is the sum of depreciation of assets which belong to the administration division that cannot be allocated to reportable segments.

(4) The 71,185 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.

2. Segment profit (loss) is adjusted with operating profit shown on the consolidated statement of income.
3. Countries and regions included in the Overseas Business are Japan, U.S., China, Mexico, U.K., Vietnam and Thailand.
4. The "IT & Internet-Related Business" and "Overseas Business" segments reported an impairment loss on goodwill of 13,625 thousand yen and 39,064 thousand yen, respectively.

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.