

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

[Japanese GAAP]

April 28, 2023

Company name: QUICK CO., LTD.

Stock code: 4318

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Listing: Tokyo Stock Exchange, Prime Market

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2023

Scheduled date of filing of Annual Securities Report: June 23, 2023

Scheduled date of payment of dividend: June 26, 2023

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, 2023 (April 1, 2022–March 31, 2023)

(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, 2023 | 27,794          | 17.8 | 4,487            | 34.1 | 4,543           | 32.7 | 3,261                                   | 45.1 |
| Fiscal year ended Mar. 31, 2022 | 23,590          | 21.8 | 3,345            | 79.3 | 3,423           | 61.3 | 2,248                                   | 53.6 |

Note: Comprehensive income (millions of yen) Fiscal year ended Mar. 31, 2023: 2,931 (up 28.7%)

Fiscal year ended Mar. 31, 2022: 2,277 (up 13.7%)

|                                 | 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, 2023 | 173.07               | –                            | 25.3             | 23.8                            | 16.1                          |
| Fiscal year ended Mar. 31, 2022 | 119.35               | –                            | 19.7             | 20.7                            | 14.2                          |

Reference: Equity in earnings of affiliates (millions of yen): Fiscal year ended Mar. 31, 2023: –

Fiscal year ended Mar. 31, 2022: –

(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, 2023 | 20,179          | 13,724          | 68.0                       | 733.60               |
| As of Mar. 31, 2022 | 18,002          | 12,098          | 67.2                       | 642.21               |

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2023: 13,723 As of Mar. 31, 2022: 12,097

(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, 2023 | 3,545                                | (497)                                | (1,370)                              | 12,213                                     |
| Fiscal year ended Mar. 31, 2022 | 3,844                                | (476)                                | (1,048)                              | 10,448                                     |

### 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, 2022              | –                  | 20.00  | –      | 28.00    | 48.00 | 905             | 40.2                        | 7.9                                    |
| Fiscal year ended Mar. 31, 2023              | –                  | 26.00  | –      | 44.00    | 70.00 | 1,314           | 40.4                        | 10.2                                   |
| Fiscal year ending Mar. 31, 2024 (forecasts) | –                  | 36.00  | –      | 36.00    | 72.00 |                 | 40.2                        |  |

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(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 | 15,899          | 7.4 | 3,815            | 4.6  | 3,838           | 4.5  | 2,649                                   | 4.4 | 141.63               |
| Full year  | 30,000          | 7.9 | 4,960            | 10.5 | 5,000           | 10.0 | 3,353                                   | 2.8 | 179.27               |

**\* Notes**

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

Newly included: – companies (Company name) Excluded: 1 company (Kronos Co., LTD.)

(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 issued (common shares)

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

As of Mar. 31, 2023: 19,098,576 shares As of Mar. 31, 2022: 19,098,576 shares

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

As of Mar. 31, 2023: 391,355 shares As of Mar. 31, 2022: 261,301 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2023: 18,846,126 shares Fiscal year ended Mar. 31, 2022: 18,837,310 shares

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

**Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023(April 1, 2022 – March 31, 2023)**

(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, 2023 | 18,582          | 20.5 | 3,063            | 28.9 | 3,586           | 27.7 | 2,768           | 42.0 |
| Fiscal year ended Mar. 31, 2022 | 15,422          | 25.8 | 2,376            | 75.8 | 2,807           | 56.5 | 1,949           | 51.6 |

|                                 | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
|                                 | Yen                  | Yen                          |
| Fiscal year ended Mar. 31, 2023 | 146.81               | –                            |
| Fiscal year ended Mar. 31, 2022 | 103.40               | –                            |

(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, 2023 | 16,062          | 11,627          | 72.4                       | 621.56               |
| As of Mar. 31, 2022 | 14,450          | 10,526          | 72.8                       | 558.21               |

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2023: 11,627 As of Mar. 31, 2022: 10,526

\* 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 5 of the attachments "1. Overview of Results of Operations (4) Outlook."

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year ended March 31, 2023 (“the fiscal year under review”), the Japanese economy showed signs of recovery thanks to the relaxation of movement restrictions toward normalizing economic activities and consumer spending as well as other various policy measures as the pandemic ebbed. However, the domestic economic outlook still remained uncertain due mainly to the prolonged Ukraine crisis, global prices increase on the back of higher resource and raw material costs, the weakening yen, and so on.

Meanwhile, in Japan’s labor market, the seasonally adjusted job openings-to-applicants ratio was 1.34 and the seasonally adjusted unemployment rate was 2.6% in February 2023, suggesting that a moderate recovery 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 organizational structure in order to improve the productivity.

As a result, we achieved sales and earnings growth, both reaching all-time highs. Net sales increased 17.8% year-on-year to 27,794 million yen, operating profit increased 34.1% year-on-year to 4,487 million yen, ordinary profit increased 32.7% year-on-year to 4,543 million yen, and profit attributable to owners of parent increased 45.1% year-on-year to 3,261 million yen.

From the first quarter of the fiscal year ended March 31, 2023, Quick Care Jobs Co., Ltd., which was a non-consolidated subsidiary in the previous fiscal year, has been included in the scope of consolidation as one of the Human Resources Service Business due to its increased importance. From the third quarter of the fiscal year under review, Kronos Co., LTD., which belonged to IT and Internet-Related Business, has been excluded from the scope of consolidation as the Company transferred all of its shares in the company as of October 3, 2022.

Performance of the business segments is described as follows.

#### (Human Resources Services Business)

##### 1) Personnel Placement

In the personnel placement category, corporate recruiting needs were robust in fields such as the construction, electrical equipment, machinery, automobile, and IT industries. In addition, recruiting needs for nurses and childcare workers still remained high in medical and welfare sectors. Under these circumstances, the personnel placement business for specific fields targeting construction and pharmaceutical related categories, various types of engineers, nurses, and childcare workers expanded steadily. Those were the major results of our continued efforts including developing enticing new fields as well as enhancing promotional activities to attract registrants, having more meetings with our client companies and registrants who wish to change careers, and providing swift and courteous support.

##### 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 sectors, continuously responding to a need for nurses to answer COVID-19-related inquiries contributed to the steady performance of temporary staffing of nurses. Meanwhile, robust demand for the temporary staffing of childcare workers led to a significant increase in revenue although the spread of COVID-19 and influenza forced some temporary staff to take leave.

Overall, sales of the Human Resources Service Business increased 18.0% year-on-year to 19,080 million yen and operating profit also increased 28.3% year-on-year to 3,876 million yen.

#### (Recruiting Business)

In the Recruiting Business, corporate hiring needs further improved in restaurant, hotel, and service sectors on the back of the growing tourism and pent-up demand from foreign tourists since the beginning of this year, and also helped by the fact that student part-time workers tend to quit their jobs around the end of the Japanese academic

year. Additionally, recruitment needs also remained strong in the transportation and logistics sectors with the growing demand for home delivery amid the pandemic, as well as in the medical and welfare sectors suffering chronic labor shortages. Under such circumstances, our focus “Indeed” business and the handling of recruiting advertisements for part-time workers posted a robust performance as well as the volume of recruiting advertisement for temporary workers grew solidly. On the other hand, revenue from the media we handles for recruiting full-time employees mainly targeting new college graduates slightly decreased year-on-year resulting from the intensified competition in the market. In addition, services other than the handling of recruiting advertisement continued to perform well. Such services include program development for internships and company information sessions to recruit new graduates, staff training, and production of recruitment websites and company guides.

Overall, sales of the Recruiting Business increased 21.0% year-on-year to 3,373 million yen and operating profit also increased 15.8% year-on-year to 645 million yen.

#### (Information Publishing Business)

In the Information Publishing Business, as for the lifestyle information magazine category, consumer confidence and sales promotion sentiment of our client companies improved as the end of the pandemic tunnel was beginning to become visible. In such a situation, the handling of advertisement placements for sales promotion targeting restaurants, shops, and other businesses recovered. Additionally, a robust job market in the Hokuriku region and Niigata helped the handling of recruiting advertisement continued to perform well. On the other hand, the handling of housing-related advertising declined in revenue, leveling off the performance of the lifestyle information magazine category as a whole. In addition, posting services including flyers distributed to households grew solidly, especially in the handling of housing and retail-related flyers, as such services are direct means to provide information in the pandemic enabling sales promotions in targeted areas. Furthermore, in the concierge services we operate under the “cocolor” brand, the career change domain posted a significant growth in revenue on the back of continuing strong recruiting needs especially in the manufacturing sector. Additionally, this business category showed a healthy performance in the volume of “Indeed,” the production of websites and other web-related services.

Overall, sales of the Information Publishing Business increased 8.4% year-on-year to 2,320 million yen and operating profit also increased 3.2% year-on-year to 193 million yen.

#### (IT and Internet-Related Business)

In the IT & Internet-Related Business category, the market for “Nihon no Jinjibu” (Japan’s Human Resources Department) related service continued to enjoy a strong demand for capital investment to improve business efficiency and promote DX, whereby resolving issues in the HR domain, as well as for recruiting and HR development and services to improve motivation and retention of employees. Additionally, as the further relaxation of COVID-19-related restrictions enhanced more needs to attract participants to training events and seminars related to human resources development and personnel and labor issues, we achieved a substantial increase in advertising revenues from “Nihon no Jinjibu”—our portal website for personnel and labor relations. Furthermore, the online HR related events, “Nihon no Jinjibu HR Conference” held in May and November 2022, both of which ended on a high note, also contributed to a significant renewal of record high performance of “Nihon no Jinjibu” related services.

As for the system development category and the learning field, in October 2022, the Company sold all of its shares in Kronos Co., LTD., and accordingly, the company’s results are excluded from the consolidated results from the third quarter of the fiscal year under review.

Overall, sales of the IT and Internet-Related Business increased 7.4% year-on-year to 1,662 million yen and operating profit also increased 56.7% year-on-year to 765 million yen.

#### (Overseas Business)

In the U.S., placement fees and staffing sales pushed up by inflation-led wage increase in addition to the continuing strong recruiting needs boosted the performance of the personnel placement and temporary staffing businesses. Under these circumstances, we opened an office in Chicago in December 2022 as the fourth operation base in the U.S for further expanding business performance. Meanwhile, in Mexico, various measures we took such as an acquaintance introduction system to attract more registrants, in addition to bolstering sales efforts, paid off with a significant recovery from a plunge in performance due to the pandemic and a return to profitability.

In the U.K., the number of registrants who wish to change careers increased on the recovery phase after the pandemic and corporate recruiting demand continued to be brisk, leading to the job market for career change stimulated. In addition, our in-house consultants, who were increased in number, became more effective in their jobs early on, helped steadily boost the performance in the personnel placement and temporary staffing businesses.

In China, after lockdown measures were lifted in Shanghai, companies began to resume sales and recruitment activities, and the performance showed a recovery trend in the personnel and labor consulting business especially in advisory service and training services. On the other hand, revenue from the personnel placement category decreased year-on-year as the respreading of infections caused by the relaxation of the “zero-corona policy” forced local companies to slow down business and recruiting activities again. In Vietnam, we took on following-up on our existing clients, cultivating new clients, and recruiting and fostering our in-house consultants in parallel. As a result, the performance remained roughly flat. In Thailand, amid the recovery of economy and corporate recruiting demand, we continued to enhance our manpower by stepping up recruitment efforts and concentrated our sales efforts on all fields with higher recruiting needs.

Overall, sales of the Overseas Business increased 44.6% year-on-year to 1,358 million yen with operating profit of 104 million yen, compared with operating loss of 6 million yen for the previous fiscal year.

## **(2) Financial Position**

### Assets

Total assets at the end of the fiscal year under review increased 12.1%, or 2,176 million yen, year-on-year to 20,179 million yen. This was mainly the result of increases in cash and deposits, and notes and accounts receivable-trade despite a decrease in investment securities.

### Liabilities

Total liabilities at the end of the fiscal year under review increased 9.3%, or 550 million yen, year-on-year to 6,454 million yen. This was mainly the result of increases in accounts payable-trade and provision for bonuses despite a decrease in income taxes payable.

### Net assets

Total net assets at the end of the fiscal year under review increased 13.4%, or 1,626 million yen, year-on-year to 13,724 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 0.8 percentage points from the end of the previous fiscal year to 68.0%.

## **(3) Cash Flows**

Cash and cash equivalents (hereinafter “net cash”) increased 1,764 million yen from the end of the previous fiscal year to 12,213 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 decreased 7.8% year-on-year to 3,545 million yen. Negative factors include income taxes paid of 1,671 million yen. Positive factors include profit before income taxes of 4,574 million yen.

### Cash flows from investing activities

Net cash used in investing activities increased 4.5% year-on-year to 497 million yen. Positive factors include 122 million yen of proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation. Negative factors include purchase of property, plant and equipment and intangible assets of 601 million yen.

#### Cash flows from financing activities

Net cash used in financing activities increased 30.7% year-on-year to 1,370 million yen. Negative factors include purchase of treasury shares of 330 million yen and dividends paid of 1,016 million yen.

#### **(4) Outlook**

Going forward, the pandemic is expected to be settled down, further improving economic and consumption activities. However, uncertainty of the prospect for the global economy, especially in the U.S. and Europe is growing on the back of surging resource and raw material prices and the commodity price increase caused by prolonged volatile situation over Ukraine, as well as financial instability and other factors. Accordingly, we also need to be cautious about the future of the Japanese economy, which is susceptible to a downturn in the global economy.

As for employment circumstance, in the sectors such as restaurants, retail, service, transportation, and logistics, recruiting needs have been considerably rebounding with the easing of COVID-related restrictions. Furthermore, in other sectors, more companies are considering reinforcement of mid-career recruiting to promote organizational diversity, DX, and globalization of the business. In addition to such moves, recruiting needs of companies and the mobility of human resources are expected to further increase because we are still facing a severe structural labor shortage caused by the country's falling birthrate and aging population.

Given such business environment, in the Human Resources Services Business, we will enhance the personnel placement and temporary staffing services targeting specific domains. Accordingly, we will not only tap new markets by expanding business domain and service areas and other measures, but work hard to attract new registrants by improving our websites with more contents available online and by reinforcing promotional activities. In the Recruiting Business, we will develop services for clients including those for building recruitment strategies toward successful recruiting activities, forming a population of job-seekers not depending on the methods of attracting them, enhancing job-seekers' motivation to join a company, and corporate branding. 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 business in profitable concierge (face-to-face consultation) services by measures such as expanding the service area. In the IT & Internet-Related Business category, we will enrich our core "Nihon no Jinjibu" related service with improved usability, whereby increasing the value for use and the significance of participation as a constituent of the "Nihon no Jinjibu." Furthermore, we will work on realizing attractive services for our client companies to place advertisements or present at the events. In the Overseas Business, we will cultivate new markets through developing operations bases to strengthen personnel placement and temporary staffing services, while focusing on the Cross Border Recruitment<sup>®</sup> services, career change support services for those who seek a job internationally. In China, where the "zero-corona" policy has been terminated, we will resume personnel and labor consulting services in a full scale.

Given the above, we again expect record high sales and earnings, with consolidated net sales of 30,000 million yen (up 7.9% year-on-year), operating profit of 4,960 million yen (up 10.5%), ordinary profit of 5,000 million yen (up 10.0%), and profit attributable to owners of parent of 3,353 million yen (up 2.8%) for the fiscal year ending March 31, 2024.

#### **(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.

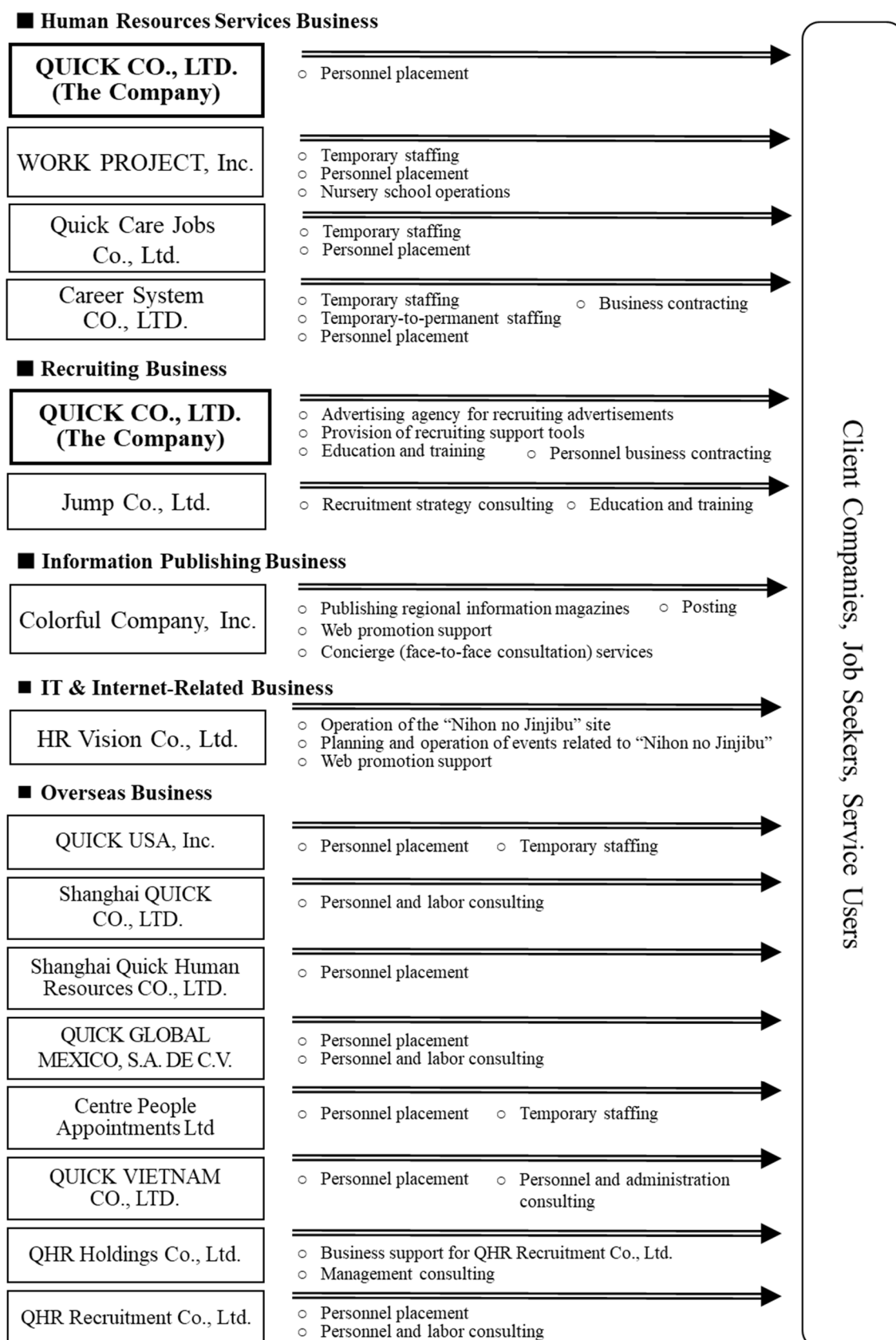
Along with this dividend policy, as described in the "Notice of Dividends of Surplus (Dividend Increase)" released today (Japanese version only), we plan to pay the year-end dividend of 44 yen per share, thus an annual dividend of 70 yen per share consisting of a dividend of 26 yen at the end of the second quarter and 44 yen at the fiscal year-end.

For the fiscal year ending March 31, 2024, we forecast an annual dividend of 72 yen per share, consisting of a dividend of 36 yen at the end of the second quarter and 36 yen at the fiscal year-end. At present, we do not expect to award 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), and 14 consolidated subsidiaries. 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.



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



### 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. Along with these policies, the Group will secure stable growth and a robust financial foundation, aiming 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 markets 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<sup>®</sup> (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<sup>®</sup> 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 cultivate new markets in the 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 services, there are a growing number of Japanese companies that must deal with recruiting and personnel and labor issues at their overseas operations. Additionally, in Japan, many companies are suffering 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<sup>®</sup>” 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 as a whole 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 a wide range including our focus fields of construction, electrical equipment and machinery, pharmaceutical, medical, and welfare business sectors. Accordingly, to succeed, we are enhancing the functions of our websites with more contents available online to make them more useful and satisfactory, making promotional activities more effective, and extensively revising

other methods, and so on. 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, and enhance competitive advantage through better relationships with client companies and with the registrants who wish to change careers while eliciting the strengths of young employees early on by actively recruiting and intensively training them.

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

In the temporary staffing, temporary-to-permanent staffing, and business contracting categories, demand for temporary staffing is expected to remain strong from medical and welfare sectors as well as childcare workers category, although demand for nurses, which is our priority category, for temporary staffing will be reduced in COVID-19-related jobs. Under such circumstances, we aim to attract more people to register for temporary staffing placements and have more meetings. To achieve this aim, we will enrich our website with more contents and implement other measures, while working on expanding the market penetration of temporary staffing services in coordination with the personnel placement business for nurses, to secure sufficient meetings with the new registrants. Meanwhile, pay rates of temporary staff have been pushed up due to rising prices and the extension of social insurance coverage imposed from October 2022 put bigger cost burden on temporary staffing companies. To respond to such a condition, we will continue negotiation with our client facilities and others regarding fees of temporary staffing to secure sufficient profit.

### (Recruiting Business)

In the Recruiting Business, the competitive environment for the handling of recruiting media is being further intensified due to continuously diversified hiring methods, including emerging contingent fee-based or aggregation-type (search engine type collecting specific information from multiple websites) media for recruiting, as well as personnel placements and widespread direct recruiting in addition to the media that the Company handles. Under these circumstances, we will thrive to propose comprehensive recruiting strategies to increase customer satisfaction and differentiate the QUICK Group from competitors. Such services include those for building recruitment strategies toward successful recruiting activities, forming a population of job-seekers not depending on the methods of attracting them, enhancing job-seekers' motivation to join a company, and corporate branding. Moreover, we will work to expand our overall business performance by putting forwards such proposals mainly on companies frequently recruiting personnel on large scale that have more issues in recruiting and human resources in order to increase the scale of the business transaction per company.

### (Information Publishing Business)

The Information Publishing Business is forecasting a continuous downward trend in placing advertisements in information magazines as, against a backdrop of the sales promotion and recruitment advertising techniques of the clients have been shifting to utilizing web media or flyers. Moreover, soaring printing costs along with rising prices and chronic shortages of posting staff are challenges associated with paper media. To address such circumstances, we will endeavor to improve revenue of media services by various measures. Such measures include linking paper and web media for strengthening the capability of proposing sales promotion, accommodating demand of sales promotion services and recruiting by introducing new service using social media. Additionally, we will stabilize the distribution system by promoting referral recruiting via the distributing staff currently active to cope with the shortage of posting staff.

### (IT & Internet-Related Business)

In the IT & Internet-Related Business category, competition has been intensifying in the handling of HR solutions-related advertising due to an increase of competing websites and similar events, with regard to "Nihon no Jinjibu," a total information site pertaining to personnel and labor. In response to such moves, we will post numerous contents within the website of "Nihon no Jinjibu" to meet diversifying purposes of the users and meaning of using the services, aiming to increase the number of members and frequency of using the website. This will help to improve the value of "Nihon no Jinjibu" website as a sales promotion media for HR solution companies and lead to the development of new customers.

(Overseas Business)

In the Overseas Business, each country is gradually lifting pandemic-related restrictions and bringing economic activities back to normal. Recruiting needs of companies continue to be strong in Europe and the US, while it is on a recovery track in Mexico and Asia. To make sure to respond to growing recruiting needs of companies in such favorable job market for career change, we are aiming to eliciting the strengths of employees early on by actively recruiting and intensively training them in each of our overseas subsidiaries. Meanwhile, on the back of 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 with the U.S., the U.K., and Mexico, and also focus on the career change supports Cross Border Recruitment<sup>®</sup> service” for job-seekers seeking international career change.

#### **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)              |                                 |
|-------------------------------------|---------------------------------|---------------------------------|
|                                     | FY3/22<br>(As of Mar. 31, 2022) | FY3/23<br>(As of Mar. 31, 2023) |
| <b>Assets</b>                       |                                 |                                 |
| Current assets                      |                                 |                                 |
| Cash and deposits                   | 10,509,984                      | 12,275,622                      |
| Notes and accounts receivable-trade | 2,349,801                       | 2,770,678                       |
| Other                               | 349,105                         | 546,565                         |
| Allowance for doubtful accounts     | (2,707)                         | (3,231)                         |
| Total current assets                | 13,206,183                      | 15,589,635                      |
| Non-current assets                  |                                 |                                 |
| Property, plant and equipment       |                                 |                                 |
| Buildings and structures            | 1,593,496                       | 1,662,537                       |
| Accumulated depreciation            | (773,197)                       | (813,751)                       |
| Buildings and structures, net       | 820,299                         | 848,785                         |
| Vehicles                            | 7,341                           | 16,284                          |
| Accumulated depreciation            | (5,370)                         | (7,465)                         |
| Vehicles, net                       | 1,971                           | 8,819                           |
| Tools, furniture and fixtures       | 334,952                         | 452,018                         |
| Accumulated depreciation            | (211,184)                       | (227,172)                       |
| Tools, furniture and fixtures, net  | 123,768                         | 224,845                         |
| Land                                | 176,789                         | 176,789                         |
| Leased assets                       | 13,906                          | 13,906                          |
| Accumulated depreciation            | (8,223)                         | (10,785)                        |
| Leased assets, net                  | 5,682                           | 3,121                           |
| Construction in progress            | 45,734                          | -                               |
| Total property, plant and equipment | 1,174,244                       | 1,262,360                       |
| Intangible assets                   |                                 |                                 |
| Software                            | 851,716                         | 738,371                         |
| Software in progress                | 48,611                          | 148,042                         |
| Goodwill                            | 6,074                           | 4,205                           |
| Other                               | 10,659                          | 10,646                          |
| Total intangible assets             | 917,061                         | 901,265                         |
| Investments and other assets        |                                 |                                 |
| Investment securities               | 1,726,448                       | 1,212,293                       |
| Leasehold deposits                  | 711,400                         | 719,732                         |
| Deferred tax assets                 | 163,461                         | 446,062                         |
| Other                               | 110,875                         | 52,846                          |
| Allowance for doubtful accounts     | (6,926)                         | (5,026)                         |
| Total investments and other assets  | 2,705,259                       | 2,425,907                       |
| Total non-current assets            | 4,796,566                       | 4,589,534                       |
| <b>Total assets</b>                 | <b>18,002,749</b>               | <b>20,179,169</b>               |

|  | (Thousands of yen)    |                       |
|--|-----------------------|-----------------------|
|  | FY3/22                | FY3/23                |
|  | (As of Mar. 31, 2022) | (As of Mar. 31, 2023) |
| <b>Liabilities</b>                                       |                       |                       |
| Current liabilities                                      |                       |                       |
| Accounts payable-trade                                   | 520,197               | 672,740               |
| Short-term borrowings                                    | 141,002               | 120,522               |
| Accounts payable-other                                   | 1,237,670             | 1,304,770             |
| Accrued expenses   | 674,565               | 812,050               |
| Lease liabilities  | 2,646                 | 1,471                 |
| Income taxes payable                                     | 1,038,195             | 866,202               |
| Accrued consumption taxes                                | 489,968               | 635,407               |
| Provision for bonuses                                    | 1,071,547             | 1,445,434             |
| Provision for bonuses for directors (and other officers) | 73,330                | 110,828               |
| Asset retirement obligations                             | -                     | 5,508                 |
| Other  | 482,689               | 369,071               |
| Total current liabilities                                | 5,731,811             | 6,344,006             |
| Non-current liabilities                                  |                       |                       |
| Lease liabilities  | 3,304                 | 1,833                 |
| Deferred tax liabilities                                 | 61,565                | 659                   |
| Asset retirement obligations                             | 105,275               | 107,898               |
| Other  | 2,408                 | -                     |
| Total non-current liabilities                            | 172,554               | 110,392               |
| Total liabilities  | 5,904,366             | 6,454,398             |
| Net assets   |                       |                       |
| Shareholders' equity                                     |                       |                       |
| Share capital  | 351,317               | 351,317               |
| Capital surplus  | 391,392               | 433,071               |
| Retained earnings  | 10,261,028            | 12,503,271            |
| Treasury shares  | (16,171)              | (343,650)             |
| Total shareholders' equity                               | 10,987,566            | 12,944,008            |
| Accumulated other comprehensive income                   |                       |                       |
| Valuation difference on available-for-sale securities    | 1,084,720             | 723,782               |
| Foreign currency translation adjustment                  | 25,147                | 55,750                |
| Total accumulated other comprehensive income             | 1,109,867             | 779,532               |
| Non-controlling interests                                | 949                   | 1,229                 |
| Total net assets   | 12,098,383            | 13,724,770            |
| Total liabilities and net assets                         | 18,002,749            | 20,179,169            |

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

(Thousands of yen)

|   | FY3/22<br>(Apr. 1, 2021 – Mar. 31, 2022) | FY3/23<br>(Apr. 1, 2022 – Mar. 31, 2023) |
|---|--|--|
| Net sales   | 23,590,897                               | 27,794,894                               |
| Cost of sales   | 8,516,675                                | 9,374,866                                |
| Gross profit  | 15,074,222                               | 18,420,028                               |
| Selling, general and administrative expenses          | 11,728,256                               | 13,932,899                               |
| Operating profit                                      | 3,345,965                                | 4,487,128                                |
| Non-operating income                                  |  |  |
| Interest income                                       | 1,634                                    | 2,097                                    |
| Dividend income                                       | 8,044                                    | 8,453                                    |
| Foreign exchange gains                                | 722                                      | 15,951                                   |
| Sale cooperation fee                                  | 10,600                                   | 14,850                                   |
| Subsidy income  | 9,507                                    | 9,342                                    |
| Book sales commission                                 | 25,279                                   | 14,983                                   |
| Other   | 24,159                                   | 21,889                                   |
| Total non-operating income                            | 79,948                                   | 87,567                                   |
| Non-operating expenses                                |  |  |
| Interest expenses                                     | 2,135                                    | 1,476                                    |
| Commission expenses                                   | –  | 25,218                                   |
| Information security expenses                         | –  | 4,144                                    |
| Other   | 156                                      | 306                                      |
| Total non-operating expenses                          | 2,291                                    | 31,145                                   |
| Ordinary profit                                       | 3,423,622                                | 4,543,550                                |
| Extraordinary income                                  |  |  |
| Gain on sale of non-current assets                    | 4,748                                    | 126                                      |
| Gain on sale of shares of subsidiaries and associates | –  | 171,296                                  |
| Total extraordinary income                            | 4,748                                    | 171,422                                  |
| Extraordinary losses                                  |  |  |
| Loss on sale of non-current assets                    | 33,997                                   | –  |
| Loss on retirement of non-current assets              | 15,872                                   | 251                                      |
| Impairment losses                                     | 52,690                                   | 114,061                                  |
| Loss on store closings                                | –  | 25,750                                   |
| Office relocation expenses                            | 3,229                                    | –  |
| Total extraordinary losses                            | 105,790                                  | 140,063                                  |
| Profit before income taxes                            | 3,322,581                                | 4,574,909                                |
| Income taxes-current                                  | 1,278,698                                | 1,516,638                                |
| Income taxes-deferred                                 | (202,840)                                | (203,233)                                |
| Total income taxes                                    | 1,075,857                                | 1,313,405                                |
| Profit  | 2,246,723                                | 3,261,504                                |
| Loss attributable to non-controlling interests        | (1,470)                                  | (157)                                    |
| Profit attributable to owners of parent               | 2,248,194                                | 3,261,661                                |

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

|   | FY3/22<br>(Apr. 1, 2021 – Mar. 31, 2022) | FY3/23<br>(Apr. 1, 2022 – Mar. 31, 2023) |
|---|--|--|
| Profit  | 2,246,723                                | 3,261,504                                |
| Other comprehensive income                            |  |  |
| Valuation difference on available-for-sale securities | (8,047)                                  | (360,938)                                |
| Foreign currency translation adjustment               | 38,568                                   | 30,809                                   |
| Total other comprehensive income                      | 30,521                                   | (330,128)                                |
| Comprehensive income                                  | 2,277,244                                | 2,931,375                                |
| Comprehensive income attributable to:                 |  |  |
| Owners of parent                                      | 2,278,873                                | 2,931,325                                |
| Non-controlling interests                             | (1,628)                                  | 49                                       |

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

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                  |
| 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)                      |
| Disposal of treasury shares                          |                      |                 |                   |                 | –                          |
| Change in scope of consolidation                     |                      |                 |                   |                 | –                          |
| 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       |
| Changes during period                                |   |   |  |                           |                  |
| Dividends of surplus                                 |   |   |  |                           | (866,518)        |
| Profit attributable to owners of parent              |   |   |  |                           | 2,248,194        |
| Purchase of treasury shares                          |   |   |  |                           | (165)            |
| Disposal of treasury shares                          |   |   |  |                           | –                |
| Change in scope of consolidation                     |   |   |  |                           | –                |
| 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       |



FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(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         | 10,261,028        | (16,171)        | 10,987,566                 |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (1,018,511)       |                 | (1,018,511)                |
| Profit attributable to owners of parent              |                      |                 | 3,261,661         |                 | 3,261,661                  |
| Purchase of treasury shares                          |                      |                 |                   | (330,400)       | (330,400)                  |
| Disposal of treasury shares                          |                      | 41,678          |                   | 1,881           | 43,560                     |
| Change in scope of consolidation                     |                      |                 | (906)             | 1,040           | 133                        |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | –                    | 41,678          | 2,242,242         | (327,479)       | 1,956,442                  |
| Balance at end of period                             | 351,317              | 433,071         | 12,503,271        | (343,650)       | 12,944,008                 |

|  | 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                       | 1,084,720   | 25,147                                  | 1,109,867                                    | 949                       | 12,098,383       |
| Changes during period                                |   |   |  |                           |                  |
| Dividends of surplus                                 |   |   |  |                           | (1,018,511)      |
| Profit attributable to owners of parent              |   |   |  |                           | 3,261,661        |
| Purchase of treasury shares                          |   |   |  |                           | (330,400)        |
| Disposal of treasury shares                          |   |   |  |                           | 43,560           |
| Change in scope of consolidation                     |   |   |  |                           | 133              |
| Net changes in items other than shareholders' equity | (360,938)   | 30,602                                  | (330,335)                                    | 279                       | (330,055)        |
| Total changes during period                          | (360,938)   | 30,602                                  | (330,335)                                    | 279                       | 1,626,387        |
| Balance at end of period                             | 723,782   | 55,750                                  | 779,532                                      | 1,229                     | 13,724,770       |

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

(Thousands of yen)

|  | FY3/22<br>(Apr. 1, 2021 – Mar. 31, 2022) | FY3/23<br>(Apr. 1, 2022 – Mar. 31, 2023) |
|--|--|--|
| <b>Cash flows from operating activities</b>  |  |  |
| Profit before income taxes   | 3,322,581                                | 4,574,909                                |
| Depreciation   | 323,559                                  | 425,793                                  |
| Impairment losses  | 52,690                                   | 114,061                                  |
| Amortization of goodwill   | 14,421                                   | 1,869                                    |
| Increase (decrease) in allowance for doubtful accounts   | 2,918                                    | (1,331)                                  |
| Increase (decrease) in provision for bonuses   | 476,314                                  | 410,614                                  |
| Increase (decrease) in provision for bonuses for directors<br>(and other officers)                 | 38,020                                   | 37,498                                   |
| Interest and dividend income   | (9,678)                                  | (10,551)                                 |
| Interest expenses  | 2,135                                    | 1,476                                    |
| Loss (gain) on sale of shares of subsidiaries and associates                                       | –  | (171,296)                                |
| Gain on sale of non-current assets   | (4,748)                                  | (126)                                    |
| Loss on sale of non-current assets   | 33,997                                   | –  |
| Loss on retirement of non-current assets   | 15,872                                   | 251                                      |
| Relocation expenses  | 3,229                                    | –  |
| Decrease (increase) in trade receivables   | (294,969)                                | (578,224)                                |
| Increase (decrease) in trade payables  | 31,928                                   | 150,054                                  |
| Decrease (increase) in leasehold and guarantee deposits  | (24,399)                                 | (26,489)                                 |
| Increase (decrease) in accrued consumption taxes   | 204,174                                  | 160,472                                  |
| Other, net   | 261,003                                  | 119,103                                  |
| <b>Subtotal</b>  | <b>4,449,051</b>                         | <b>5,208,084</b>                         |
| Interest and dividends received  | 9,678                                    | 10,551                                   |
| Interest paid  | (2,112)                                  | (1,479)                                  |
| Income taxes paid  | (612,313)                                | (1,671,238)                              |
| <b>Net cash provided by (used in) operating activities</b>   | <b>3,844,303</b>                         | <b>3,545,918</b>                         |
| <b>Cash flows from investing activities</b>  |  |  |
| Net decrease (increase) in time deposits   | (527)                                    | (1,513)                                  |
| Purchase of property, plant and equipment  | (105,943)                                | (281,371)                                |
| Proceeds from sale of property, plant and equipment  | 86,692                                   | 1,884                                    |
| Purchase of intangible assets  | (393,428)                                | (320,035)                                |
| Purchase of investment securities  | (5,744)                                  | (5,783)                                  |
| Proceeds from sale of shares of subsidiaries resulting in<br>change in scope of consolidation      | –  | 122,949                                  |
| Purchase of shares of subsidiaries and associates  | (50,000)                                 | –  |
| Payments for asset retirement obligations  | (12,550)                                 | (14,062)                                 |
| Other, net   | 4,896                                    | –  |
| <b>Net cash provided by (used in) investing activities</b>   | <b>(476,606)</b>                         | <b>(497,932)</b>                         |
| <b>Cash flows from financing activities</b>  |  |  |
| Net increase (decrease) in short-term borrowings   | (158,955)                                | (20,480)                                 |
| Repayments of long-term borrowings   | (19,788)                                 | –  |
| Repayments of lease liabilities  | (2,552)                                  | (2,646)                                  |
| Purchase of treasury shares  | (165)                                    | (330,400)                                |
| Dividends paid   | (867,227)                                | (1,016,709)                              |
| <b>Net cash provided by (used in) financing activities</b>   | <b>(1,048,688)</b>                       | <b>(1,370,236)</b>                       |
| Effect of exchange rate change on cash and cash equivalents  | 32,179                                   | 38,262                                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>2,351,188</b>                         | <b>1,716,012</b>                         |
| Cash and cash equivalents at beginning of period   | 8,097,700                                | 10,448,889                               |
| Increase in cash and cash equivalents resulting from<br>inclusion of subsidiaries in consolidation | –  | 48,701                                   |
| <b>Cash and cash equivalents at end of period</b>  | <b>10,448,889</b>                        | <b>12,213,602</b>                        |

## **(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,” and supports web promotions. 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.

#### 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

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

|   | Reportable Segment                         |                        |                                       |                                    |                                  |            | Adjustment<br>(Note 1) | Amount in<br>the<br>consolidated<br>financial<br>statements<br>(Note 2) |
|---|--|------------------------|---------------------------------------|------------------------------------|----------------------------------|------------|------------------------|---|
|   | Human<br>Resources<br>Services<br>Business | Recruiting<br>Business | Information<br>Publishing<br>Business | IT & Internet-<br>Related Business | Overseas<br>Business<br>(Note 3) | Total      |                        |   |
| Net sales   |  |                        |                                       |                                    |                                  |            |                        |   |
| Revenue from<br>contracts with<br>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<br>external<br>customers   | 16,174,339                                 | 2,788,715              | 2,139,869                             | 1,548,613                          | 939,361                          | 23,590,897 | –                      | 23,590,897  |
| Inter-segment<br>sales and<br>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<br>(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<br>loss  | –  | –                      | –                                     | 13,625                             | 39,064                           | 52,690     | –                      | 52,690  |
| Increase in<br>property, plant<br>and equipment<br>and intangible<br>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.

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(Thousands of yen)

|   | Reportable Segment                         |                        |                                       |                                    |                                  |            | Adjustment<br>(Note 1) | Amount in<br>the<br>consolidated<br>financial<br>statements<br>(Note 2) |
|---|--|------------------------|---------------------------------------|------------------------------------|----------------------------------|------------|------------------------|---|
|   | Human<br>Resources<br>Services<br>Business | Recruiting<br>Business | Information<br>Publishing<br>Business | IT & Internet-<br>Related Business | Overseas<br>Business<br>(Note 3) | Total      |                        |   |
| Net sales   |  |                        |                                       |                                    |                                  |            |                        |   |
| Revenue from<br>contracts with<br>customers                                 | 19,080,498                                 | 3,373,551              | 2,320,078                             | 1,662,613                          | 1,358,153                        | 27,794,894 | –                      | 27,794,894  |
| Other revenue   | –  | –                      | –                                     | –                                  | –                                | –          | –                      | –   |
| Sales to<br>external<br>customers   | 19,080,498                                 | 3,373,551              | 2,320,078                             | 1,662,613                          | 1,358,153                        | 27,794,894 | –                      | 27,794,894  |
| Inter-segment<br>sales and<br>transfers                                     | 5,923                                      | 30,854                 | 12,701                                | 50,689                             | 2,275                            | 102,444    | (102,444)              | –   |
| Total   | 19,086,421                                 | 3,404,406              | 2,332,779                             | 1,713,302                          | 1,360,429                        | 27,897,339 | (102,444)              | 27,794,894  |
| Segment profit<br>(loss)  | 3,876,938                                  | 645,732                | 193,599                               | 765,888                            | 104,854                          | 5,587,013  | (1,099,885)            | 4,487,128   |
| Segment assets  | 11,459,899                                 | 2,458,479              | 1,594,190                             | 1,813,140                          | 766,414                          | 18,092,124 | 2,087,045              | 20,179,169  |
| Other items   |  |                        |                                       |                                    |                                  |            |                        |   |
| Depreciation  | 332,985                                    | 5,088                  | 18,066                                | 9,353                              | 10,994                           | 376,488    | 49,305                 | 425,793   |
| Impairment<br>loss  | 89,074                                     | –                      | 24,986                                | –                                  | –                                | 114,061    | –                      | 114,061   |
| Increase in<br>property, plant<br>and equipment<br>and intangible<br>assets | 488,836                                    | 3,167                  | 2,882                                 | 32,373                             | 15,097                           | 542,356    | 60,930                 | 603,287   |

Notes: 1. Contents of adjustments are as follows.

- (1) The (1,099,885) thousand yen adjustment to segment profit includes elimination for inter-segment transactions of 136,237 thousand yen, and (1,236,123) 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 2,087,045 thousand yen adjustment to segment assets includes elimination for inter-segment transactions of (477,985) thousand yen, and 2,565,031 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 49,305 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 60,930 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 is adjusted with operating profit shown on the consolidated statement of income.
  3. Countries and regions included in the Overseas Business are U.S., China, Mexico, U.K., Vietnam, and Thailand.
  4. The "Human Resources Services Business" and "Information Publishing Business" segments reported an impairment loss on non-current assets of 89,074 thousand yen and 24,986 thousand yen, respectively.