

May 15, 2020

PERSOL HOLDINGS CO., LTD. (TSE 2181)
Consolidated Financial Results for the Year Ended March 31, 2020

PERSOL HOLDINGS CO., LTD (the Company) today announced its consolidated financial results for the year ended March 31, 2020.

Consolidated Operating Highlights

1) Financial Results

(In millions of yen, unless otherwise stated)

	Year ended March 31,		% change
	2019	2020	
Net sales	925,818	970,572	4.8%
Operating profit	44,111	39,085	-11.4%
EBITDA ¹	59,972	56,356	-6.0%
Ordinary profit	43,982	39,361	-10.5%
Net profit ²	24,361	7,612	-68.8%
Net profit per share (yen)	104.39	32.76	-68.6%
Adjusted EPS ³	150.26	148.44	-1.2%

Notes:

1. EBITDA=operating profit + depreciation + amortization of goodwill
2. Net profit attributable to owners of parent company
3. Adjusted EPS=adjusted profit^a/ (average number of shares during the period - number of treasury stock during the period)
 - a. Adjusted profit=profit attributable to owners of the parent ± adjustment items (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items^b
 - b. Adjustment items=amortization of intangible assets except goodwill by acquisitions ± extraordinary income/losses

2) Consolidated Balance Sheet Data

(In million yen, unless otherwise stated)

	As of March 31, 2019	As of March 31, 2020
Total assets	370,839	370,993
Net assets	170,925	163,906
Equity ratio	42.0%	39.9%
Net assets per share (yen)	666.50	639.91
(Reference) Equity capital	155,593	147,850

3) Consolidated Cash Flow Data

(In million yen, unless otherwise stated)

	Year ended March 31	
	2019	2020
Cash flow from operating activities	42,353	28,592
Cash flow from investing activities	-15,141	-17,576
Cash flow from financing activities	-48,165	-1,987
Cash and cash equivalents at end of period	68,969	78,037

4) Dividends

(In yen, unless otherwise stated)

	Year ended March 31	
	2019	2020
Interim dividend	10.00	15.00
Year-end dividend	15.00	15.00
TOTAL dividend	25.00	30.00
Payout ratio	24.0%	91.6%
Dividend on Equity Ratio	3.9%	4.6%

The retained earnings dividend for FY2020 is still undecided

5) Consolidated Financial Forecast for the Year ending March 31, 2021

Full-year financial forecast for the fiscal year ending March 31, 2021, is undecided because the Company is unable to forecast full-year business outlook based on reasonable assumptions especially upon significance and range of COVID-19 infection and its impacts on economy and the timing of recovery. At this moment, the Company discloses forecasted range figures for sales and operating profit for the Q1 for reference.

(In millions of yen, unless otherwise stated)

	Three months ending June 30		
	2019	2020	% change
Net sales	235,218	216,100 - 223,700	-8.1% to -4.9%
Operating profit	10,057	1,500 - 3,000	-85.1% to -70.2%
(Reference) EBITDA	14,416	5,400 - 6,900	-62.5% to -52.1%

Reference: Highlights of Non-consolidated Financial Results

1) Non-consolidated Financial Results

(In millions of yen, unless otherwise stated)

	Year ended March 31,		
	2019	2020	% change
Net sales	22,844	12,978	-43.2%
Operating profit	13,163	1,892	-85.6%
Ordinary profit	11,615	741	-93.6%
Net profit ¹	12,306	3,103	-74.8%
Net profit per share (yen)	52.73	13.36	-74.7%
Net profit per share after adjustment for dilution(yen) ²	52.73	-	-

Notes:

1. Net profit attributable to owners of parent company
2. Diluted net income per share for FY2019 is not disclosed because there are no potentially dilutive common shares.

2) Non-consolidated Balance Sheet Data

(In million yen, unless otherwise stated)

	As of March 31, 2019	As of March 31, 2020
Total assets	238,337	265,590
Net assets	102,853	92,499
Equity ratio	43.2%	34.8%
Net assets per share	440.58	400.35
(Reference) Equity capital	102,853	92,499

Disclaimer

The statements concerning the Company's future business performances in this material such as earnings forecasts are based on information currently available and certain assumptions deemed to be reasonable by the Company, and do not mean that we promise to achieve these figures. Actual results may differ materially from the statements due to a variety of factors.

Management Discussion and Analysis

(1) Result of Operations

The Group provides a wide range of human resources (HR) related services; temporary staffing and placement service as the core in Japan and Asia-Pacific (APAC) region.

In the business environment in Japan in this fiscal year where the economy was on a trend of gradual expansion until Q2, demand from corporate clients for temporary staffing and mid-career hiring was high and the ratio of job offers to job seekers including part time work was 1.58 (seasonally adjusted) as of end of September 2019. In Q3, however, manufacturing related industries showed a trend of withholding from hiring due to the impact of US/China trade friction, and in Q4, the ratio of job offers to job seekers declined to 1.39 at the end of March 2020 affected by COVID-19. In the APAC region, China suffered from economic slowdowns mainly due to US/China trade friction and the economies in surrounding countries were also affected. In Australia, where the Group operates business, the economy stayed at low growth and the Australian dollar became weaker against Japanese yen.

In this environment, consolidated net sales for the fiscal year ended March 31, 2020, recorded highest ever JPY 970,572 million (increased by 4.8% year-on-year). Temporary Staffing/BPO segment, the Group core business, and ITO segment increased profit; however, profit of Recruiting segment and two business segments overseas decreased. As a result, operating profit was JPY 39,085 million (decreased by 11.4% YoY) and ordinary profit was JPY 39,361 million (decreased by 10.5% YoY).

Net income before income taxes was JPY 20,331 million, as extraordinary loss was recorded at JPY 19,375 million in total due to impairment loss of JPY 13,378 million including goodwill regarding staffing business of PROGRAMMED segment and to a business reorganizing losses of JPY 3,186 million by the discontinuation of the "an" business in Recruiting segment.

Additionally, corporate tax adjustment was reduced as the consolidated taxation system is going to apply from the fiscal year ending in March 2021. As a result, net profit attributable to owners of parent company was JPY 7,612 million (decreased by 68.8% YoY).

Results by Segments (before inter-segment elimination)

1. Temporary Staffing/BPO Segment

In this segment, the Group operates temporary staffing business, including mainstay clerical and administrative staff dispatching and wide range of staffing service, BPO (Business Process Outsourcing) business and job referral service business mainly for administrative talents in Japan.

In this fiscal year, sales amounted to JPY 548,134 million (increase by 7.6% year-on-year), and operating profit increased to JPY 25,555 million (increase by 6.5% YoY). In temporary staffing business, sales grew mainly due to increased number of active temporary workers mainly in administrative staffing albeit three days shorter than the previous fiscal year. In addition, Avanti Staff, acquired in December 2018, contributed to the sales increase. In BPO business, sales increased as the number of outsourced projects increased. Operating profit increased by sales expansion as well as saving cost effort appropriately implemented.

2. Recruiting Segment

In this segment, the Group operates placement business, supporting corporate client mid-career hiring activities, and job recruitment media business.

In this fiscal year, sales amounted to JPY 83,449 million (decrease by 2.8% year-on-year), and operating profit was JPY 13,268 million (decrease by 14.7% YoY). Sales were robust mainly in the job placement business owing to strong demand from companies for recruitment up until Q2. From Q3, however, sales declined because of the demand for mid-career hiring became weaker and "an" business was terminated (November 2019). Operating profit decreased because sales growth of

placement business became diminishing, and percentage of personnel cost against sales was risen by relocation of former “an” staffs.

3. PROGRAMMED Segment

In this segment, the Group mainly operate staffing and maintenance businesses in Australia.

In this fiscal year, sales amounted to JPY 188,956 million (decrease by 6.2% year-on-year), as affected by the weak Australian dollar although increased by 2.3% on local currency basis and operating profit was JPY 194 million (decrease by 76.9% YoY). In the staffing business, mainly for mining and manufacturing industries, sales decreased due to sluggish Australian economy. Whereas in the maintenance business which is not easily affected by business cycle, sales increased, helped by long-term continuing large-scale facility maintenance projects. Operating profit decreased due to decline in staffing business although we have been focusing on the turnaround the staffing business under the new management structure since October 2019.

4. PERSOLKELLY Segment

In this segment, the Group operates the temporary staffing business and the placement business in 13 APAC regions.

In this fiscal year, sales amounted to JPY 84,284 million (increase by 10.7% year-on-year), and operating loss was JPY 602 million (operating profit of JPY 548 million for the same period of the previous year). Sales mostly increased except Australia although the US/China trade friction was affected in APAC region. However, operating loss was resulted mainly by recording the expenses for solving the system failure occurred in Australian operations and for the allowance for doubtful receivables generated by the failure.

5. ITO Segment

In the ITO Segment, the Group operates mainly the outsourcing business (including development, operation, maintenance and PMO) and consulting services of IT systems to fulfill Japanese domestic demand.

In this fiscal year, sales amounted to JPY 41,182 million (increase by 22.4% year-on-year), and operating profit was JPY 1,711 million (increase by 0.5% YoY). Sales increased due to success of strengthening the workforce to deal with increasing needs from client company and receiving new orders including a large-scale consortium project, in addition to steady performance of the outsourcing business for large corporations and public institutions. Operating profit remained flat due to an increase in labor cost with the revision of compensation despite the effect of sales growth.

6. Engineering Segment

In this segment, the Group provides outsourcing and temporary staffing services for manufacturing industry.

In this fiscal year, sales amounted to JPY 29,493 million (increase by 0.5% year-on-year), and operating profit was JPY 2,312 million (decrease by 16.3% YoY). Sales were almost flat as a result of the efforts of actively making proposals even in the severe business environment in which development project costs were curtailed by many client companies due to the impact of US/China trade friction. Operating profit decreased because the temporary staffing business accounted for larger portion the total sales.

The business impacts caused by spreading new coronavirus (COVID-19) infection

COVID-19 pandemic has forced to take preventive measures to restrict activities and transportations in many countries and regions, and business operations of the Group are also affected significantly.

Japan Operations: Regarding staffing business, our temporary staffs are affected by shorten operating hours at stores; however, our mainstay clerical and administrative staffs are active as usual or work from home partly. As for placement business, the interview method for candidate-consultant meetings are shifted from face-to-face, to online basis. As corporate clients' hiring activities became inactive, the business has been confronted by the difficulties such as extended period until the hiring decisions.

Overseas Operations: Government measures make clear difference in each country's situation. Staffing business in Singapore, Malaysia, and Hong Kong maintains stable operation thanks to social acceptance of work from home. China, where experiences gradual recovery from the infection; however, our placement business is affected by significant decrease of hiring demand. Although Australia and New Zealand have partially eased the activity restrictions, our staffing and maintenance businesses are expected to be suffered by COVID-19.

Under these circumstances, our employees and staffs continue daily business operations by restricting both domestic and overseas business trips, and face-to-face meetings with business partners, and are actively using web-based and telephone conferences. In operational management, we are heading to realize a leaner organization by reducing expenditures and costs. Additionally, we will put at maximum effort to keep employees by optimal job assignments within the Group. At the same time, we continue to promote active development of new businesses and IT investments for growth in mid-to-long term. The Company's financial position is maintained stable as we held cash and deposits in the amount of JPY 78 billion as of the end of March 31, 2020 and the annual repayment amount of loans was leveled off below JPY 10 billion. We will continue our efforts to maintain healthy financial structure that allows business investments and shareholder returns.

Business Outlook and Management Policy

COVID-19 pandemic bears tremendous impacts on global business cycle and corporate activities as well as hiring market. After COVID-19 subsided, however, we believe that there would be great many opportunities again for the HR service industry to play its important role in society to support companies in their active mid-career hiring activities as well as working people including female, the elderly and non-Japanese in the social structure of declining birthrate and aging population in Japan. In this era of 100-year lifespan and driven by evolution of technology, essential and irreversible changes are occurring in people's lifestyle and the way of working, which we believe will be accelerated due to the effect of COVID-19.

We have set our Group Vision, "Work, and Smile" in October 2019 which envisions future society that our Group aspires to create. To realize this vision, we will enhance social value of our Group through provision of services in response to changes in society in coming years such as longer lifespan while leveraging our strengths developed over time by our Group companies pursuant to the mid- to long-term management policy.

Under this policy, we renew our conventional business execution structure and shift to SBU (Strategic Business Unit) as a new structure of business execution in April 2020, and thereby transfer responsibility to SBU with the aim of expediting business execution. Furthermore, to make accelerating decision-making compatible with governance, we shifted the Board of Directors Meeting to a monitoring model by increasing the ratio of independent external directors to 1/2 or more, and we also established HMC (Headquarters Management Committee) as organization to assist CEO's decision-making, and 3 committees (investment committee, HR committee and risk management committee) as advisory organization to HMC.

Although the economic outlook is unclear and current situation does not allow us to make predictions, we endeavor to cope with the effects of COVID-19 and at the same time make preparation for achieving business growth after the disease subsided.

Full year forecast and dividend forecast for the fiscal year ending March 2021 are undecided because it is unable to make reasonable prediction at this moment regarding the factors such as the level and range of expansion of COVID-19 and its impact on economics and timing of recovery. In addition, we also decided to postpone announcement of our medium-term management plan we have prepared for 3 years starting from the fiscal year ending March 2021 because the management plan needs to be reviewed. Full year forecast and dividend forecast for the fiscal year ending March 2021, and the medium-term management plan are scheduled to be disclosed in detail at the time of announcement of Q1 financial results for FY March 2021.

(2) Financial Position

(a) Consolidated Balance Sheet

Total assets as at the end of this consolidated fiscal year under review were JPY 370,993 million; an increase of JPY 154 million in comparison with the end of the previous consolidated fiscal year. Current assets increased by JPY 13,704 million to JPY 223,549 million. This was mainly due to an increase in cash and deposits of JPY 9,218 million, and an increase in notes and accounts receivable of JPY 5,663 million.

Non-current assets decreased by JPY 13,550 million to JPY 147,444 million. This was mainly due to decreases in goodwill of JPY 19,200 million.

Total liabilities as at the end of this consolidated fiscal year under review were JPY 207,087 million; an increase of JPY 7,172 million in comparison with the end of the previous consolidated fiscal year. Current liabilities decreased by JPY 4,867 million to JPY 140,052 million. This was mainly due to decreases in accrued income taxes of JPY 4,629 million.

Non-current liabilities increased by JPY 12,040 million to JPY 67,035 million. This was mainly due to increases long-term loans payable of JPY 9,979 million and increases in lease liabilities of JPY 2,349 million.

Total net assets as at the end of this consolidated fiscal year under review were JPY 163,906 million; down JPY 7,018 million in comparison with the end of the previous consolidated fiscal year. This was mainly caused by: payment of dividends of surplus of JPY 7,003 million, and posting JPY 7,612 million in quarterly net profit attributable to parent company shareholders etc. which resulted in increased retained earnings of JPY 608 million and increased treasury shares of JPY 4,981 million whilst on the other hand, valuation difference on marketable securities decreased by JPY 1,875 million etc.

As a result of the above, the financial indicators showed that compared to the end of the previous consolidated accounting fiscal year the liquidity ratio increased from 144.8% to 159.6%, and that the equity ratio decreased from 42.0% to 39.9%.

	As of March31, 2019	As of March31, 2020
Return on assets (ROA) for the period	6.8%	2.3%
Return on equity (ROE) for the period	16.2%	5.0%
Ratio of operating profit to sales	4.8%	4.0%
Ratio of ordinary profit to sales	4.8%	4.1%
Current ratio	144.8%	159.6%
Fixed assets ratio	103.5%	99.7%
Equity ratio	42.0%	39.9%
Total assets (JPY million)	370,839	370,993
Equity capital (JPY million)	155,593	147,850
Cash and cash equivalents etc. at end of period (JPY million)	68,969	78,037

(b) Consolidated Cash Flow

The balance of cash and cash equivalents (hereinafter "capital") at end of the consolidated fiscal year under review was JPY 78,037 million; an increase of JPY 9,067 million compared to the end of the previous consolidated fiscal year.

Following is an outline of each cash flow status and causal factors that arose in the consolidated fiscal year under review.

(Cash Flow from operating activities)

Capital acquired from operating activities was JPY 28,592 million; a decrease of JPY 13,761 million compared to the end of the previous consolidated fiscal year. This was mainly due to payment of

JPY 19,373 million in corporate taxes. On the other hand, net profit before taxes was JPY 20,331 million, impairment loss was JPY 13,378 million, and depreciation costs were JPY 9,466 million.

(Cash Flow from investing activities)

Capital utilized as a result of investing activities increased by JPY 2,435 million to JPY 17,576 million compared to the end of the previous consolidated fiscal year. This was mainly due to spending of JPY 8,496 million on acquisition of intangible assets, and the spending of JPY 4,919 million on acquisition of tangible fixed assets.

(Cash Flow from financing activities)

Capital utilized as a result of financing activities decreased by JPY 46,177 million to JPY 1,987 million compared to the end of the previous consolidated fiscal year. This was due mainly to spending of JPY 10,021 million in long-term loans payable on one hand, and proceeds from long-term loans of JPY 20,000 million on the other hand.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(in millions of yen)	
	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	69,029	78,247
Notes and accounts receivable-trade	122,908	128,571
Work in process	7,342	7,618
Other	11,251	9,820
Allowance for doubtful accounts	-686	-707
Total current assets	209,845	223,549
Non-current assets		
Tangible fixed assets		
Buildings and structures	7,489	7,999
Accumulated depreciation	-4,031	-4,314
Accumulated impairment loss	-60	-9
Buildings and structures, net	3,397	3,675
Tools, furniture and fixtures,	5,865	6,770
Accumulated depreciation	-4,525	-4,679
Accumulated impairment loss	-35	-77
Tools, furniture and fixtures, net	1,303	2,013
Right-of-use assets, net	—	5,698
Accumulated depreciation	—	-1,794
Right-of-use assets	—	3,904
Land	799	997
Other	3,417	3,058
Accumulated depreciation	-1,260	-1,046
Accumulated impairment loss	-0	—
Other, net	2,156	2,011
Tangible fixed assets total	7,657	12,603
Intangible assets		
Trademark rights	10,069	9,671
Goodwill	91,763	72,562
Other	20,539	22,348
Intangible assets total	122,372	104,582
investments and other assets		
Investment securities	11,894	8,146
Deferred tax asset	5,770	9,063
Other	13,317	14,444
Allowance for doubtful accounts	-17	-1,397
Total investments and other assets	30,964	30,257
Total fixed assets	160,994	147,444
Total Assets	370,839	370,993

(Consolidated Balance Sheet)

(in millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable – trade	741	782
Short-term loans payable	5,044	5,300
Current portion of long-term loans payable	10,001	10,000
Accounts payable	68,307	69,266
Accrued income taxes	11,384	6,755
Accrued consumption taxes	14,159	17,764
Provision for bonuses	11,730	12,687
Reserve for bonuses for Directors	14	56
Provisions - other	745	772
Other	22,789	16,665
Total Current Liabilities	144,919	140,052
Non-current liabilities		
Bond	20,000	20,000
Long-term loans payable	25,748	35,728
Lease debts	106	2,456
Deferred tax liabilities	5,042	4,860
Liabilities related to retirement benefits	905	989
Allowance for share benefits	261	383
Allowance for Directors' share benefits	291	449
Provisions - other	217	72
Other	2,421	2,094
Total Non-current liabilities	54,995	67,035
Total Liabilities	199,914	207,087
Net Assets		
Shareholders' equity		
Capital	17,479	17,479
Capital surplus	20,396	20,396
Retained earnings	125,677	126,285
Treasury shares	-4,387	-9,369
Total Shareholders' Equity	159,165	154,792
Accumulated other comprehensive income		
Valuation difference on marketable securities	2,346	471
Foreign currency translation adjustment	-5,919	-7,414
Total accumulated other comprehensive income	-3,572	-6,942
Non-controlling interests	15,331	16,056
Total net assets	170,925	163,906
Total liabilities and net assets	370,839	370,993

(2) Consolidated income Statements

	(in millions of yen)	
	Year ended March 31,	
	2019	2020
Net sales	925,818	970,572
Cost of sales	719,301	756,580
Gross profit	206,517	213,991
Selling, general and administrative expenses (SGA)	162,406	174,905
Operating Profit	44,111	39,085
Non-operating income		
Interest income	79	57
Dividends income	166	188
Subsidy income	339	641
Share of profit of entities accounted for using equity method	26	35
Gain from foreign exchange	308	—
Other	111	271
Total non-operating profit	1,031	1,195
Non-operating expenses		
Interest expenses	843	577
Bond issuance expenses	102	—
Losses on foreign exchange	—	150
Commission paid	84	61
Other	129	129
Total non-operating expenses	1,160	919
Ordinary profit	43,982	39,361
Extraordinary income		
Gain on sales of fixed assets	86	57
Gain on sales of subsidiaries and affiliates' shares	44	—
Gain on sales of investment securities	120	255
Gain on transfer of business	38	33
Gain on revision of retirement benefit plan	56	—
Extraordinary income total	346	345
Extraordinary losses		
Loss on fixed asset disposal	24	8
Impairment loss	1,530	13,378
Allowance of doubtful accounts	—	1,357
Business reorganization losses	—	3,186
Loss on sales of subsidiaries and affiliates' shares	3	—
Loss on valuation of investment securities	78	52
Loss on valuation of subsidiaries and affiliates' shares	—	1,355
Casual loss	—	38
Total extraordinary losses	1,636	19,375
Net profit before taxes etc.	42,691	20,331
Corporate tax, resident tax, and business tax	16,548	14,333
Corporate tax etc.-deferred	-246	-2,523
Total corporate taxes etc.	16,302	11,810
Net profit for the year	26,389	8,521
Net profit attributable to non-controlling interests	2,027	909
Net profit attributable to owners of parent	24,361	7,612

(Consolidated profit and loss statement)

(in millions of yen)

	Year ended March 31,	
	2019	2020
Net Profit for the period	26,389	8,521
Other comprehensive income		
Valuation difference on marketable securities	-832	-1,875
Foreign currency translation adjustment	-9,339	-1,493
Share of other comprehensive income of associates accounted for using equity method	-232	-53
Total other comprehensive income	-10,404	-3,422
Comprehensive income	15,984	5,099
(Break down)		
Comprehensive income attributable to owners of parent	14,318	4,242
Comprehensive income attributable to non-controlling interests	1,666	857

(3) Consolidated Statement of Changes in Equity

For the Fiscal Year Ended March 31, 2019

(In millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' Equity
Balance at beginning of current period	17,467	20,182	105,993	-4,576	139,066
Changes of items during period					
New shares issues	12	12			25
Dividends of surplus			-4,677		-4,677
Current period net profit attributable to parent company shareholders			24,361		24,361
Acquisition of treasury shares				-5	-5
Disposal of treasury shares		167		194	361
Change in ownership interest of parent due to transactions with non-controlling interests		33			33
Net changes of items other than shareholders' equity					
Total changes of items during period	12	213	19,683	188	20,098
Balance at end of period	17,479	20,396	125,677	-4,387	159,165

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on marketable securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	3,179	3,291	6,470	14,455	159,992
Changes of items during period					
New shares issues					25
Dividends of surplus					-4,677
Current period net profit attributable to parent company shareholders					24,361
Acquisition of treasury shares					-5
Disposal of treasury shares					361
Change in ownership interest of parent due to transactions with non-controlling interests					33
Net changes of items other than shareholders' equity	-832	-9,210	-10,043	876	-9,166
Total changes of items during period	-832	-9,210	-10,043	876	10,932
Balance at end of period	2,346	-5,919	-3,572	15,331	170,925

For the Year Ended March 31, 2020

(In millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' Equity
Balance at beginning of current period	17,479	20,396	125,677	-4,387	159,165
Changes of items during period					
New shares issues					-
Dividends of surplus			-7,003		-7,003
Current period net profit attributable to parent company shareholders			7,612		7,612
Acquisition of treasury shares				-5,007	-5,007
Disposal of treasury shares				26	26
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	608	-4,981	-4,372
Balance at end of period	17,479	20,396	126,285	-9,369	154,792

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on marketable securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	2,346	-5,919	-3,572	15,331	170,925
Changes of items during period					
New shares issues					-
Dividends of surplus					-7,003
Current period net profit attributable to parent company shareholders					7,612
Acquisition of treasury shares					-5,007
Disposal of treasury shares					26
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity	-1,875	-1,494	-3,370	724	-2,645
Total changes of items during period	-1,875	-1,494	-3,370	724	-7,018
Balance at end of period	471	-7,414	-6,942	16,056	163,906

(3) Consolidated Cash Flow Statements

	Year ended March 31,	
	2019	2020
Cash flow from operating activities		
Net profit before taxes etc.	42,691	20,331
Depreciation	7,249	9,466
Impairment loss	1,530	13,378
Amortization of goodwill	8,612	7,804
Increase(decrease) of net liability for retirement benefits	-676	80
Increase (decrease) in provision for bonuses	1,878	803
Increase (decrease) in provision for directors' bonuses	8	36
Increase (decrease) in allowance for share benefits	148	148
Increase (decrease) in allowance for directors' share benefits	196	157
Increase (decrease) in allowance for doubtful accounts	108	1,384
Increase (decrease) in other provisions	-117	317
Interest and dividend income	-245	-246
Interest expenses	843	577
Equity Gains (Losses) of affiliated companies	-26	-35
Subsidy income	-339	-641
Bond issuance expenses	102	—
Loss(gain) on sales of shares of subsidiaries and associates	-40	—
Loss(gain) on sales of investment securities	-120	-255
Loss on valuation of subsidiaries and affiliates' shares	—	1,355
Loss(gain) on valuation of investment securities	78	52
Loss(gain) on disposal of non-current assets	-62	-48
Loss (gain) on transfer of business	-38	-33
Business reorganization losses	—	3,186
Casual loss	—	38
Decrease (increase) in trade receivables	-4,872	-6,283
Increase (decrease) in trade payables	1,464	-6,317
Increase (decrease) in accrued consumption taxes	511	3,598
Increase (decrease) in Long-term accounts payable	18	-234
Decrease (increase) in other assets	-812	-1,619
Increase (decrease) in other liabilities	-2,396	-2,261
Subtotal	55,693	44,740
Interest and dividend income received	257	333
Interest expenses paid	-840	-583
Proceeds from subsidy income	339	641
Corporate tax etc. paid	-17,739	-19,373
Income taxes refund	4,644	2,833
Cash flow from operating activities	42,353	28,592

	Year ended March 31,	
	2019	2020
Cash flow from investing activities		
Payment into time deposits	-19	-163
Proceeds from withdrawal of time deposits	8	11
Payments for purchase of property, plant and equipment	-2,373	-4,919
Proceeds from sales of property, plant and equipment	883	169
Payments for purchase of intangible assets	-7,076	-8,496
Proceeds from sales of shares of subsidiaries and associates	—	240
Payments for purchase of investment securities	-863	-827
Proceeds from sales of investment securities	194	338
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	-3,202	-2,420
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	54
Expenditures from sales of share of subsidiaries resulting in change in scope of consolidation	-672	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	104	—
Payments from transfer of business	-573	—
Proceeds from transfer of business	127	38
Payments of loans receivable	-14	—
Collection of loans receivable	3	4
Payments for guarantee deposits	-2,005	-1,816
Proceeds from collection of guarantee deposits	498	666
Other	-159	-455
Cash flow from investing activities	-15,141	-17,576
Cash flow from financing activities		
Net increase(decrease) in short-term loans payable	-78,461	361
Proceeds of long-term loans payable	20,000	20,000
Repayments of long-term loans payable	-4,640	-10,021
Proceeds from issuing corporate bonds	19,897	—
Repayments of corporate bonds	-2	—
Payments for purchase of treasury shares	-5	-5,007
Cash dividends paid	-4,677	-7,001
Dividends paid to non-controlling interests	-142	-179
Proceeds from share issuance to non-controlling shareholders	10	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-0	—
Other	-143	-138
Cash flow from financing activities	-48,165	-1,987
Effect of exchange rate change on cash and cash equivalents	356	38
Net increase (decrease) in short-term loans payable	-20,596	9,067
Cash and cash equivalents at beginning of period	89,566	68,969
Cash and cash equivalents at end of the period	68,969	78,037