

May 14, 2021

**PERSOL HOLDINGS CO., LTD. (TSE 2181)****Consolidated Financial Results for the Fiscal Year Ended March 31, 2021**

PERSOL HOLDINGS CO., LTD. (the Company) today announced its consolidated financial results for the Fiscal Year ended March 31, 2021.

Consolidated Operating Highlights

## 1) Financial Results

(In millions of yen, unless otherwise stated)

	Fiscal year ended March 31,		% change
	2020	2021	
Net sales	970,572	950,722	-2.0
Operating profit	39,085	26,439	-32.4
EBITDA <sup>1</sup>	56,356	43,911	-22.1
Ordinary profit	39,361	29,168	-25.9
Net profit <sup>2</sup>	7,612	15,834	108.0
Net profit per share (yen)	32.76	68.64	109.5
Adjusted EPS <sup>3</sup> (yen)	148.44	103.12	-30.5

Notes:

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

## 2) Balance Sheet Data

(In million yen, unless otherwise stated)

	As of March 31, 2020	As of March 31, 2021
Total assets	370,993	383,416
Net assets	163,906	175,158
Equity ratio (%)	39.9	41.0
Net assets per share (yen)	682.80	639.91
(Reference) Equity capital	147,850	157,122

### 3) Consolidated Cash Flow Date

(In million yen, unless otherwise stated)

	As of March 31, 2020	As of March 31, 2021
Cash flow from operating activities	28,592	37,574
Cash flow from investing activities	-17,576	-14,022
Cash flow from financing activities	-1,987	-17,973
Cash and cash equivalents at end of period	78,037	82,991

### 4) Dividend Status

(In yen, unless otherwise stated)

	FY ended March 31		FY ending March 31
	2020	2021	2022 (Forecast)
Interim dividend	15.00	13.00	14.00
Year-end dividend	15.00	13.00	15.00
TOTAL dividend	30.00	26.00	29.00
Payout ratio (%)	91.6	37.9	-
Dividend on Equity Ratio (%)	4.6	3.9	-

### 5) Consolidated Financial Forecast for the Fiscal Year Ending March 2022

(In millions of yen, unless otherwise stated)

	FY2021 (first half)	% change	FY2021 (full year)	% change
Net sales	481,500	3.4	1,000,000	5.2
Operating profit	15,100	8.8	35,000	32.4
EBITDA	-	-	53,500	21.8
Ordinary profit	15,200	-0.9	35,300	21.0
Net profit <sup>1</sup>	7,900	3.3	18,500	16.8
Net profit per share (yen)	34.34	-	80.72	-
Adjusted EPS (yen)	-	-	113.19	9.8

Notes:

1. Net profit attributable to owners of parent company
2. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) is applied to consolidated financial forecast for the fiscal year ending March 2022. The ratio of increase / decrease from the previous fiscal year is calculated based on the consolidated financial results for the fiscal year ended March 2021 before pro-forma.
3. Please refer to "Management Discussion and Analysis," "(1) Result of Operations," "Financial Forecasts for Fiscal Year Ending March 31, 2022" for details.

#### 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 the Company promises 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*

PERSOL GROUP (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.

Business environment in Japan in this fiscal year was affected by worldwide spread of the COVID-19 pandemic. The ratio of job offers to job seekers was 1.10 (seasonally adjusted) in March 2021. As concerns about the fourth wave of COVID-19 was reported from April 2021, the outlook is becoming more uncertain. In placement business, current situation of orders received is on a trend of gradual recovery, but many companies are still careful about hiring due to the spread of COVID-19 and our business has been greatly affected. In APAC region, economy is on a recovery trend in general, but Australian dollar became weaker against Japanese yen continuously from the previous fiscal year.

Under these severe business environment, consolidated net sales were JPY 950,722 million (decreased by 2.0% year-on-year) as a result of significant decreased sales due to COVID-19 and terminated “an” business in Career SBU, although Staffing SBU, our core business, and Professional Outsourcing SBU increased in sales. In terms of profit, operating profit was JPY 26,439 million (decreased by 32.4% YoY) because profit was significantly decreased due to COVID-19 mainly in Career SBU that operates highly profitable placement business although Staffing SBU which is the Group’s core business recorded an increased profit with increased sales including favorable profitable BPO sector. Ordinary profit was JPY 29,168 million (decreased by 25.9% YoY) and net profit attributable to owners of parent company was JPY 15,834 million (increased by 108.0% YoY).

### *Results by SBU (before inter-segment elimination)*

\*Note that the classification of segments for report was changed from this fiscal year and the comparative analysis shown below was made in comparison of the restated figures in the previous fiscal year of new segments after re-classification.

#### **1. Staffing SBU**

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

In this fiscal year, sales amounted to JPY 530,240 million (increased by 3.9% YoY), and operating profit was JPY 29,123 million (increased by 22.0% YoY).

Sales were increased in temporary staffing business as a result of an increase of operating days by 3 from that of previous fiscal year and increased unit billing rates in accordance with “equal pay for equal work”. In BPO sector, sales were also increased as a result of obtaining outsourcing business projects in various areas including those related to COVID-19. Operating profit increased as a result of the effect of increased sales in temporary staffing business and BPO sector.

## 2. Career SBU

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 59,568 million (decreased by 28.6% YoY), and operating profit was JPY 331 million (decreased by 97.5% YoY).

Sales were decreased because it will take time until the number of orders received in both placement business and job recruitment media business recovers to the level before the outbreak of the COVID-19 though it is on the rise, and “an” business was terminated (in November 2019). Operating profit was decreased significantly due to decreased sales despite the continuous efforts to reduce marketing cost and personal expenses due to reallocation of employees.

## 3. Professional Outsourcing SBU

In this segment, the Group operates manufacture and development outsourcing business in IT and engineering areas and temporary staffing business specialized in engineers dispatching.

In this fiscal year, sales were JPY 113,095 million (increased by 6.9% YoY), and operating profit was JPY 4,028 million (decreased by 36.2% YoY).

Sales were increased because business in IT area maintained high growth and as a result of assignment of new graduates and non-active engineers in the engineering area. Operating profit decreased as a result of increased labor costs-to-sales ratio because of the occurrence of non-active engineers in the engineering area which showed a trend of decrease around the end of the fiscal year, and due to increased number of staffs in the IT area.

## 4. Solution SBU

In this segment, the Group provides digital solution services for hiring talents and human resource management, and creates new businesses through incubation program.

In this fiscal year, sales were JPY 5,702 million (decreased by 18.7% YoY), and operating loss was JPY 4,809 million (operating loss was JPY 1,619 million for the previous fiscal year).

Sales were decreased as a result of weaker demand by companies to hire due to concerns about COVID-19 and the effect of the administrative request for restraint in operation made to restaurants even though the business has been expanding. Operating loss was recorded as a result of decreased sales and making investments to increase staffs for the purpose of sales promotion.

## 5. Asia Pacific SBU

In this segment, the Group operates temporary staffing business and placement business in Asia and human resource-related business and maintenance business in Australia (those businesses are operated under PERSOLKELLY brand in Asia and under Programmed brand in Australia).

In this fiscal year, sales were JPY 251,447 million (decreased by 8.0% YoY), and operating loss was JPY 1,520 million (operating loss was JPY 408 million for the previous fiscal year).

Sales were decreased because of delay in recovery of economy in Asia which has been in a slump due to COVID-19 except Singapore that showed a growth of temporary staffing business as well as China and Australia that showed recovery of placement business and blue-collar staffing business, respectively. Weaker Australian dollar against Japanese yen was also a cause of sales decreased. Operating loss was recorded as a result of decreased sales despite the integration of businesses in Australia which resulted the improvement of cost structure.

#### *The Business Impacts Caused by Spreading COVID-19 Infection*

In Japan, deterioration of business confidence caused by COVID-19 began to be controlled in late 2020, but the emergency declaration was issued again at the beginning of 2021 and the concern about the fourth wave of the infection was reported in April 2021. Under these circumstances, economic outlook is increasingly unpredictable. In most regions in APAC, including Singapore and China, the economy is largely on a recovery trend.

Regarding the Group's business in Japan, in temporary staffing business, the number of active temporary staffs was decreased only slightly from the previous fiscal year as a result of a decrease in the number of terminated contracts and the recovery of orders received around the end of the fiscal year in the core clerical and administrative staffing area although the number of active temporary staffs in marketing area decreased due to the effect of shorter operation hours of stores and reduction of workforce, etc. In BPO sector, the number of new projects is increasing driven by a growing demand for outsourcing as new styles of working including remote work are permeating under the circumstances with the COVID-19. In placement business, the number of orders received is on a trend of recovery.

As for overseas business, the business is on a recovery trend in general, including temporary staffing business in Singapore which is the main business region of the Group and placement business in China.

### Business Outlook and Management Policy

COVID-19 pandemic from early 2020 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 and there would be a great role and responsibility to fulfill for us because mid-career hiring activities will be active again and women, the elderly and people from overseas will have greater opportunities to work under the structure of declining birthrate and aging population in Japan. In "era of 100-year lifespan," people live and "work" longer all over the world. It means that there will be increasing opportunities for people to engage in various jobs in a lifetime. Additionally, it is expected that individuals' working style will change in all industries by the "Advancing technologies and AI." Driven by evolution of technology, essential and irreversible changes are occurring in people's lifestyle and the way of working, and we believe that those changes such as rapid permeation of remote working will be accelerated due to the effect of COVID-19. In changing circumstances of work, having the prospect of a society in 2030, we will continue to propose new ways of working for people and new ways of employment for corporations and organizations in the era of 100-year lifespan, aiming to become a company that helps all individuals realize our group vision "Work, and Smile."

To realize it, we have established three group key strategies: "Focusing on each individual," "Innovating through technologies," and "Extending our value globally." The first is to focus on the individual and help improve work engagement for everyone. The second is to turn technology into a strategic tool that facilitates new work styles and constructive employment formats. The third is to utilize the insights and know-how that we have accumulated in Japan and spread the "Work, and Smile" concept from the Asia-Pacific region.

The new mid-term management plan 2023 - the first three-year step on the journey toward 2030 will be a blueprint for establishing a platform for growth through enhanced business activities and a stronger management structure. Under this plan, we will emphasize five strategies: "Increasing social value," "Increasing economic value," "Shifting to a strategic business unit (SBU) structure," "Identifying growth areas," and "Strengthening business with technology." Under these strategies, we aim to restore profitability and achieve the highest ever level of operating profit in Fiscal Year ending in March 2023 which is the last year of the mid-term management plan, by setting the numerical targets of sales of JPY 1,000 billion, operating profit of JPY 45 billion and net profit of JPY 26.8 billion. Over these three years, we will build a management base that will generate the resources for growth investment toward 2030 and sound management after investment, and from 2024 onward, we will aim to invest for exponential growth.

Although it is unforeseen when COVID-19 will be put under control, we think Fiscal Year ending in March 2022 is an important period to accomplish the mid-term management plan 2023 and its target values, and so we will make company-wide efforts to achieve steady recovery of profitability.

### Financial Forecasts for Fiscal Year Ending March 31, 2022

Even with unclear prospect of when COVID-19 will be put under control, the HR market conditions encompassing the business of the Group in the Fiscal Year ending in March 2022 are expected to show continuous trend of recovery. Sales forecast is JPY 1,000 billion and operating profit forecast is JPY 35.0 billion for the Fiscal Year ending in March 2022 as sales for the fiscal year are expected to increase in all segments.

Staffing SBU, which is our core business, is forecast to be stable, as in temporary staffing business, the number of active staffs is expected to increase to the end of the fiscal year although the effect of increase in unit billing rates in connection with the revised law of “equal pay for equal work” has come to an end within the Fiscal Year ended in March 2021 and their further increase is not expected.

Placement business operated by Career SBU shows a trend of gradual recovery after hitting bottom in Q2 of Fiscal Year ended in March 2021 and significant increases of sales and profit are expected because demand from companies for human resources is estimated to come back acceleratingly toward second half of the Fiscal Year ending in March 2022.

As for overseas business, economic conditions are generally on a trend of recovery except some regions including India where the COVID-19 pandemic is continuously expanding, and overseas business sales are expected to increase. On the profit side, it is expected to turn into surplus due to recovery of sales and as a result of continued implementation of the cost structure reform.

## (2) Financial Position

### 1. Consolidated Balance Sheet

Total assets increased by JPY 12,422 million compared to the end of the previous fiscal year to JPY 383,416 million. Current assets increased by JPY 13,393 million to JPY 236,943 million. The main reason for the increase in current assets were cash and deposits increased by JPY 4,913 million and notes and accounts receivable increased by JPY 4,476 million.

Non-current assets decreased by JPY 971 million to JPY 146,472 million. This was mainly due to a decrease in goodwill by JPY 5,811 million despite an increase in investment securities by JPY 3,197 million.

Liabilities increased by JPY 1,170 million compared to the end of the previous fiscal year to JPY 208,258 million. Current liabilities increased by JPY 5,525 million to JPY 145,577 million. The main reasons for the increase in current liabilities were a JPY 10,000 million increase in Current portion of bonds payable to be redeemed within one year, a JPY 4,325 million increase in accounts payable and a JPY 2,721 million increase in provision for bonuses while we had a JPY 9,968 million decrease in Current portion of long-term borrowings and a JPY 4,696 million decrease in short-term borrowings.

Non-current liabilities decreased by JPY 4,355 million to JPY 62,680 million. This was mainly due to a decrease in bonds payable of JPY 10,000 million etc., while we had an increase in long-term borrowings of JPY 5,901 million.

Total net assets increased by JPY 11,251 million compared to the end of the previous fiscal year to JPY 175,158 million. This was mainly caused by: payment of dividends of surplus of JPY 6,485 million and posting 15,834 million in net profit attributable to owner of parent company etc. which resulted in increased retained earnings of JPY 9,349 million and increased valuation difference on valuation difference on available-for-sale securities of JPY 1,879 million etc.

As financial indicators based on the financial position described above, current ratio increased from 159.6% to 162.8%, and equity ratio increased from 39.9% to 41.0%, compared to the end of the previous consolidated fiscal year.

	As of March 31, 2020	As of March 31, 2021
Return on assets (ROA)	2.3%	4.6%
Return on equity (ROE)	5.0%	10.4%
Ratio of operating profit to sales	4.0%	2.8%
Ratio of ordinary profit to sales	4.1%	3.1%
Current ratio	159.6%	162.8%
Fixed ratio	99.7%	93.2%
Equity ratio	39.9%	41.0%
ROIC	13.8%	9.4%
Debt/equity ratio	0.48	0.40
Net cash/EBITDA ratio	0.12	0.47
Total assets (million yen)	370,993	383,416
Equity capital (million yen)	147,850	157,122
Invested capital (million yen)	234,935	244,109
Cash and cash equivalents etc. at end of period (JPY million)	78,037	82,991



## 2. Consolidated Cash Flow

The balance of cash and cash equivalents (hereinafter "capital") at the end of this fiscal year were JPY 82,991 million, increased by JPY 4,953 million from the end of the previous fiscal year.

Presented below is an overview of cash flows for the consolidated fiscal year under review and main factors behind them.

### (Cash flow from operating activities)

Capital acquired from operating activities was JPY 37,574 million, increased by JPY 8,981 million from the previous consolidated fiscal year. This was mainly due to payment of JPY 12,473 million in Income taxes, on the other hand, Profit before income taxes was JPY 28,579 million, depreciation costs were JPY 10,785 million, and Amortization of goodwill was JPY 6,686 million.

### (Cash flow from investing activities)

Capital utilized as a result of investing activities was JPY 14,022 million, decreased by JPY 3,554 million from the previous consolidated fiscal year. This was mainly due to spending of JPY 8,569 million on acquisition of intangible assets and JPY 3,666 million spent on acquisition of property, plant and equipment.

### (Cash flow from financing activities)

Capital utilized as a result of financing activities was JPY 17,973 million, increased by JPY 15,985 million from the previous consolidated fiscal year. This was mainly due to spending of JPY 10,032 million to repay long-term borrowings payable and JPY 6,485 million in dividend payments.

### Basic Policy of Accounting Standards

The Group's policy for the time being is to create consolidated financial statements in accordance with Japanese standards considering the potential to compare consolidated financial statements between periods and between companies.

In the future, application of International Financial Reporting Standards (IFRS) is currently scheduled for the Fiscal Year ending in March 2024, taking into consideration of a change in the ratio of foreign shareholders and the trend of Japanese competitors to apply IFRS.

# Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(in millions of yen)

	FY ended March 31,	
	2020	2021
<b>Assets</b>		
Current assets		
Cash and deposits	78,247	83,161
Notes and accounts receivable - trade	128,571	133,047
Work in process	7,618	8,300
Other	9,820	13,146
Allowance for doubtful accounts	-707	-712
Total current assets	223,549	236,943
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,999	7,413
Accumulated depreciation	-4,314	-3,847
Accumulated impairment	-9	-6
Buildings and structures, net	3,675	3,560
Tools, furniture and fixtures	6,770	6,578
Accumulated depreciation	-4,679	-4,573
Accumulated impairment	-77	-76
Tools, furniture and fixtures, net	2,013	1,928
Right of use assets	5,698	7,216
Accumulated depreciation	-1,794	-3,733
Right of use assets, net	3,904	3,482
Land	997	799
Other	3,058	3,324
Accumulated depreciation	-1,046	-1,106
Other, net	2,011	2,217
Total property, plant and equipment	12,603	11,988
Intangible assets		
Trademark right	9,671	9,688
Goodwill	72,562	66,751
Other	22,348	24,503
Total intangible assets	104,582	100,943
Investments and other assets		
Investment securities	8,146	11,344
Deferred tax assets	9,063	7,861
Other	14,444	15,765
Allowance for doubtful accounts	-1,397	-1,430
Total investments and other assets	30,257	33,540
Total non-current assets	147,444	146,472
Total assets	370,993	383,416

(Consolidated Balance Sheet)

(in millions of yen)

	FY ended March 31,	
	2020	2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	782	451
Short-term borrowings	5,300	603
Current portion of bonds payable	—	10,000
Current portion of long-term borrowings	10,000	31
Accounts payable - other	69,266	73,592
Income taxes payable	6,755	4,445
Accrued consumption taxes	17,764	17,161
Provision for bonuses	12,687	15,409
Provision for bonuses for directors (and other officers)	56	47
Other provisions	772	1,116
Other	16,665	22,717
Total current liabilities	140,052	145,577
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term borrowings	35,728	41,629
Lease obligations	2,456	2,047
Deferred tax liabilities	4,860	4,938
Retirement benefit liability	989	880
Provision for share awards	383	583
Provision for share awards for directors (and other officers)	449	534
Other provisions	72	96
Other	2,094	1,970
Total non-current liabilities	67,035	62,680
Total liabilities	207,087	208,258
<b>Net assets</b>		
Shareholders' equity		
Share capital	17,479	17,479
Capital surplus	20,396	19,008
Retained earnings	126,285	135,635
Treasury shares	-9,369	-11,100
Total shareholders' equity	154,792	161,022
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	471	2,350
Foreign currency translation adjustment	-7,414	-6,251
Total accumulated other comprehensive income	-6,942	-3,900
Share acquisition rights	—	0
Non-controlling interests	16,056	18,035
Total net assets	163,906	175,158
Total liabilities and net assets	370,993	383,416

(2) Consolidated Income Statements and Comprehensive Income Statement

(Consolidated Income Statement)

(in millions of yen)

	FY ended March 31,	
	2020	2021
Net sales	970,572	950,722
Cost of sales	756,580	749,309
Gross profit	213,991	201,413
Selling, general and administrative expenses	174,905	174,973
Operating profit	39,085	26,439
Non-operating income		
Interest income	57	41
Dividend income	188	173
Subsidy income	641	3,037
Share of profit of entities accounted for using equity method	35	62
Other	271	302
Total non-operating income	1,195	3,618
Non-operating expenses		
Interest expenses	577	346
Foreign exchange losses	150	39
Commission expenses	61	163
Other	129	339
Total non-operating expenses	919	888
Ordinary profit	39,361	29,168
Extraordinary income		
Gain on sale of non-current assets	57	160
Gain on sale of investment securities	255	321
Gain on sale of businesses	33	—
Other	—	8
Total extraordinary income	345	489
Extraordinary losses		
Loss on disposal of non-current assets	8	68
Impairment losses	13,378	167
Provision of allowance for doubtful accounts	1,357	—
Loss on business restructuring	3,186	160
Loss on sale of investment securities	—	6
Loss on valuation of shares of subsidiaries and associates	1,355	—
Loss on valuation of investment securities	52	32
Non-recurring loss	38	643
Total extraordinary losses	19,375	1,078
Profit before income taxes	20,331	28,579
Income taxes - current	14,333	10,745
Income taxes - deferred	-2,523	382
Total income taxes	11,810	11,127
Profit	8,521	17,451
Profit attributable to non-controlling interests	909	1,617
Profit attributable to owners of parent	7,612	15,834

(Consolidated Comprehensive Income Statement)

	(in millions of yen)	
	FY ended March 31,	
	2020	2021
Profit	8,521	17,451
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,875	1,879
Foreign currency translation adjustment	-1,493	970
Share of other comprehensive income of entities accounted for using equity method	-53	18
Total other comprehensive income	-3,422	2,868
Comprehensive income	5,099	20,320
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,242	18,876
Comprehensive income attributable to non-controlling interests	857	1,443

(3) Consolidated Statement of Changes in Equity

For the Fiscal Year Ended March 31, 2020

(in millions of yen)

	Shareholders' equity				
	Share Capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' Equity
Balance at beginning of period	17,479	20,396	125,677	-4,387	159,165
Changes during period					
Dividends of surplus			-7,003		-7,003
Profit attributable to owners of parent			7,612		7,612
Purchase 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 in items other than shareholders' equity					
Total changes during period	-	-	608	-4,981	-4,372
Balance at end of period	17,479	20,396	126,285	-9,369	154,792

(in millions of yen)

	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 period	2,346	-5,919	-3,572	15,331	170,925
Changes during period					
Dividends of surplus					-7,003
Profit attributable to owners of parent					7,612
Purchase 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 in items other than shareholders' equity	-1,875	-1,494	-3,370	724	-2,645
Total changes 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

For the Fiscal Year Ended March 31, 2021

(In millions of yen)

	Shareholders' equity				
	Share Capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' Equity
Balance at beginning of period	17,479	20,396	126,285	-9,369	154,792
Changes during period					
Dividends of surplus			-6,485		-6,485
Profit attributable to owners of parent			15,834		15,834
Purchase of treasury shares				-1,909	-1,909
Disposal of treasury shares				172	172
Change in ownership interest of parent due to transactions with non-controlling interests		-1,388			-1,388
Net changes in items other than shareholders' equity					
Total changes during period	-	-1,388	9,349	-1,731	6,229
Balance at end of period	17,479	19,008	135,635	-11,100	161,022

(in millions of yen)

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on marketable securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	471	-7,414	-6,942	-	16,056	163,906
Changes during period						
Dividends of surplus						-6,485
Profit attributable to owners of parent						15,834
Purchase of treasury shares						-1,909
Disposal of treasury shares						172
Change in ownership interest of parent due to transactions with non-controlling interests						-1,388
Net changes in items other than shareholders' equity	1,879	1,162	3,042	0	1,979	5,021
Total changes during period	1,879	1,162	3,042	0	1,979	11,251
Balance at end of period	2,350	-6,251	-3,900	0	18,035	175,158



(4) Consolidated Cash Flow Statements

	(in millions of yen)	
	FY ended March 31,	
	2020	2021
Cash flows from operating activities		
Profit before income taxes	20,331	28,579
Depreciation	9,466	10,785
Impairment losses	13,378	167
Amortization of goodwill	7,804	6,686
Increase (decrease) in retirement benefit liability	80	-99
Increase (decrease) in provision for bonuses	803	2,687
Increase (decrease) in provision for bonuses for directors (and other officers)	36	-8
Increase (decrease) in provision for share awards	148	378
Increase (decrease) in provision for share awards for directors (and other officers)	157	85
Increase (decrease) in allowance for doubtful accounts	1,384	4
Increase (decrease) in other provisions	317	-132
Interest and dividend income	-246	-215
Interest expenses	577	346
Share of loss (profit) of entities accounted for using equity method	-35	-62
Subsidy income	-641	-3,037
Loss (gain) on sale of investment securities	-255	-315
Loss on valuation of shares of subsidiaries and associates	1,355	-
Loss (gain) on valuation of investment securities	52	32
Loss (gain) on disposal of non-current assets	-48	-91
Loss (gain) on sale of businesses	-33	-
Loss on business restructuring	3,186	160
Other extraordinary loss (income)	-	-8
Non-recurring loss	38	643
Decrease (increase) in trade receivables	-6,283	-3,617
Increase (decrease) in trade payables	-6,317	5,433
Increase (decrease) in accrued consumption taxes	3,598	-592
Increase (decrease) in long-term accounts payable - other	-234	-257
Decrease (increase) in other assets	-1,619	-3,092
Increase (decrease) in other liabilities	-2,261	2,277
Subtotal	44,740	46,737
Interest and dividends received	333	213
Interest paid	-583	-353
Subsidies received	641	2,724
Income taxes paid	-19,373	-12,473
Income taxes refund	2,833	725
Net cash provided by (used in) operating activities	28,592	37,574

	(in millions of yen)	
	FY ended March 31,	
	2020	2021
Cash flows from investing activities		
Payments into time deposits	-163	-11
Proceeds from withdrawal of time deposits	11	45
Purchase of property, plant and equipment	-4,919	-3,666
Proceeds from sale of property, plant and equipment	169	318
Purchase of intangible assets	-8,496	-8,569
Proceeds from sale of shares of subsidiaries and associates	240	—
Purchase of investment securities	-827	-589
Proceeds from sale of investment securities	338	669
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-2,420	-224
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	54	—
Proceeds from sale of businesses	38	—
Loan advances	—	-120
Proceeds from collection of loans receivable	4	144
Payments of guarantee deposits	-1,816	-644
Proceeds from refund of guarantee deposits	666	519
Other, net	-455	-1,893
Net cash provided by (used in) investing activities	-17,576	-14,022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	361	-4,710
Proceeds from long-term borrowings	20,000	5,747
Repayments of long-term borrowings	-10,021	-10,032
Purchase of treasury shares	-5,007	-1,903
Dividends paid	-7,001	-6,485
Dividends paid to non-controlling interests	-179	-160
Other, net	-138	-427
Net cash provided by (used in) financing activities	-1,987	-17,973
Effect of exchange rate change on cash and cash equivalents	38	-625
Net increase (decrease) in cash and cash equivalents	9,067	4,953
Cash and cash equivalents at beginning of period	68,969	78,037
Cash and cash equivalents at end of period	78,037	82,991