

Summary of Business Results for the Fiscal Year Ended September 30, 2020 [IFRS] (Consolidated)

November 13, 2020

Company Yumeshin Holdings Co., Ltd. Listed on the TSE
 Stock Code 2362 URL <https://www.yumeshin-hd.co.jp>
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 Expected date of annual shareholders' meeting: December 18, 2020 Expected starting date of dividend payment: December 21, 2020
 Expected date of filing of annual securities report: December 21, 2020
 Preparation of supplementary financial document: Yes
 Results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended September 2020 (October 1, 2019 through September 30, 2020)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Revenue		Operating profit		Profit before taxes		Profit for the period		Profit attributable to owners of parent		Basic profit per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Sept. 2020	58,669	11.7	5,306	36.4	5,076	31.2	3,562	23.9	3,557	20.6	3,562	24.5
Year ended Sept. 2019	52,505	-	3,891	-	3,869	-	2,874	-	2,949	-	2,860	-

	Basic earnings per share	Diluted earnings per share	Profit ratio to total equity attributable to owners of parent	Ratio of profit before taxes to total assets	Ratio of profit from operating profit
	Yen	Yen	%	%	%
Year ended Sept. 2020	46.92	46.62	31.1	15.2	9.0
Year ended Sept. 2019	38.55	38.16	25.6	14.4	7.4

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity per share attributable to owners of parent
	Million yen	Million yen	Million yen	%	Yen
Year ended Sept. 2020	36,399	11,561	11,689	32.1	154.20
Year ended Sept. 2019	30,346	11,054	11,187	36.9	146.20

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Sept. 2020	9,934	476	-5,088	15,426
Year ended Sept. 2019	3,113	-4,399	-304	10,109

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owner of parent (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Sept. 2019	-	15.00	-	20.00	35.00	2,697	90.8	22.9
Year ended Sept. 2020	-	15.00	-	20.00	35.00	2,648	74.6	23.3
Year ending Sept. 2021 (forecast)	-	15.00	-	20.00	35.00		69.5	

3. Forecast of consolidated business results for the fiscal year ending September 2021

(October 1, 2020 through September 30, 2021)

(% change from the previous corresponding period)

	Revenue		Operating profit		Profit before taxes		Profit for the period		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Sept. 2021	61,000	4.0	6,000	13.1	5,800	14.3	3,800	6.7	3,800	6.8	50.39

*Notes

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

(2) Changes in accounting policies, accounting estimates and restatement

① Changes in accounting policies required under IFRS : None

② Changes in accounting policies due to reasons other than ① : None

③ Changes in accounting estimates : None

(3) Shares outstanding (common stock)

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

As of September 2020 78,861,940 shares

As of September 2019 78,842,440 shares

② Treasury stock at the end of period:

As of September 2020 3,454,831 shares

As of September 2019 2,653,531 shares

③ Average number of stock during period

Year ended September 2020 75,805,669 shares

Year ended September 2019 76,498,603 shares

***Financial summary is not subject to the review procedures by certified public accountants or auditing firms.**

*Explanation regarding appropriate use of business forecasts and other special instructions

(Adoption of International Financial Reporting Standards (IFRS))

The Group has adopted IFRS from the current consolidated fiscal year. The financial figures for the previous year have been presented in accordance with IFRS.

(Forward-looking statements)

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. The Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

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1. Summary of Operating Results

The Group has adopted IFRS from the fiscal year under review, and the financial figures for the previous fiscal year have also been reclassified into IFRS and analyzed on a comparative basis.

(1) Summary of operating results for the current fiscal year

① Overview of Consolidated Business Results

In Japan, where the labor population is declining, we have focused on securing and developing human resources in order to quickly produce the next generation of human resources to the construction industry, where the aging of the population and the shortage of young people are conspicuous, and to the IT industry, where is experiencing a rapid shortage of engineers with new technologies that are entering a period of dissemination as the standardization of IT technology progresses, there is a rising motivation to invest in IT to strengthen the competitive advantage of companies.

During the fiscal year under review (October 1, 2019 to September 30, 2020), as a consequence of the spread of the new coronavirus (COVID-19) infections, we have temporarily curbed the recruitment activities that our group had been actively working as growth drivers since late March and focused on maintaining the operations of construction engineers and IT engineers.

As a result, revenue increased by 6,163 million yen (11.7%) year-on-year to 58,669 million yen due to growth in the Construction Engineer Temporary Staffing and Incidental Business and Engineer Temporary Staffing and Incidental Business attributable to a rise in unit price of temporary staffing and contribution from subsidiaries newly acquired in the previous fiscal year.

Operating profit increased by 1,415 million yen (36.4%) year-on-year to 5,306 million yen as a result of the increase in the unit price of temporary staffing and a reduction in SG&A expenses, including hiring costs. Profit attributable to owners of parent increased by 607 million yen (20.6%) year-on-year to 3,557 million yen.

The following table shows the results for the current consolidated fiscal year.

(Million yen)

	FY9/19	FY9/20	Change	Percentage change
Revenue	52,505	58,669	6,163	11.7%
Operating profit	3,891	5,306	1,415	36.4%
Profit attributable to owners of parent	2,949	3,557	607	20.6%

② Results by Segment

The reportable segments of the Group are the Construction Engineer Temporary Staffing and Incidental Business and the Engineer Temporary Staffing and Incidental Business.

Refer to the table below for the main businesses and operating companies of each segment.

(As of September 30, 2020)

Segment name	Business Line	Company Name
Construction Engineer Temporary Staffing and Incidental Business	<ul style="list-style-type: none"> • Dispatch of construction management specialist to construction sites • Dispatch of CAD operators 	Yumeshin Co., Ltd.
Engineer Temporary Staffing and Incidental Business	<ul style="list-style-type: none"> • Dispatch of engineers to the manufacturing and IT industries • Dispatch of network engineers • Dispatch of IT engineers to the Philippines • Dispatch of IT engineers • Offshore development in Vietnam 	Yume Technology Co., Ltd. Yume Proeng Co., Ltd. (Note 1) Neplus Co., Ltd. Centurion Capital Pacific Limited P3OPLE4U, Inc. Information Port Co., Ltd. Garenet Co., Ltd. Information Port Co., Ltd. (Note 2) YUMESHIN VIETNAM Co.,LTD Yumeshin Co., Ltd.

Other businesses	• Japanese language education for local Philippine personnel	YUMEGLOBAL CO., LTD. (Japan)
	• Support for recruitment of local Vietnamese personnel	YUMEGLOBAL CO., LTD.
	• Planning and operation of online programming learning service	Samurai, Inc.
	• Consulting business	Centurion Capital Pacific Limited P3OPLE4U, Inc.

(Note 1) Krung thep Co., Ltd., which had been classified as Engineer Temporary Staffing and Incidental Business, was renamed Yume Proeng Co., Ltd. as a result of the merger with Sanritsu Design, Co., Ltd. (our non-consolidated subsidiary) on April 1, 2020.

(Note 2) Arrow Information Co., Ltd., which we acquired its shares on April 30, 2020, have been included in the Engineer Temporary Staffing and Incidental Business since the third quarter of the current consolidated fiscal year.

(Note 3) YUMEGLOBAL Corp., which had been classified in the Other Business segment, ceased to exist as a result of the merger with Yume Technology Co., Ltd. as the surviving company on September 1, 2020.

Results by business segment are as follows. Segment income (loss) is adjusted with operating income.

(a) Construction Engineer Temporary Staffing and Incidental Business

(Million yen)

	FY9/19	FY9/20	Change	Percentage change
Revenue	35,860	37,921	2,060	5.7%
Segment profit	5,826	6,585	759	13.0%
Number of Engineers at end of period (End-Sep.)	6,099	5,348	-751	-12.3%
Average number of engineers during the period (Oct.-Sep. avg.)	5,746	5,816	70	1.2%

<Overview of the Business>

In the Construction Engineer Temporary Staffing and Incidental Business, which is the core business of our group, the customers' decisions to place new orders had been temporarily slowed down due to the higher future uncertainties reflecting the impact of the new coronavirus (COVID-19) infections. Still, demand for temporary staffing services remained firm particularly in regional cities where the impact of COVID-19 is limited, since the structural shortage of human resources in the construction industry remains unchanged, such as the aging of the population and the shortage of young people.

To promote our recruitment while balancing with the business environment, we have revised our initial annual recruitment plan to 1,650-2,300 engineers.

As a result, the Company recruited 1,805 people (3,289 in the same period of the previous fiscal year) in the current fiscal year. The total number of engineers at the end of September 2020 was 5,348, a decrease of 751 year-on-year.

<Business Results>

Revenue increased by 2,060 million yen (5.7%) year-on-year to 37,921 million yen thanks to a rise in the unit price of temporary staffing.

Segment profit also increased by 759 million yen (13.0%) year-on-year to 6,585 million yen owing to a rise in unit price of temporary staffing and a 10.9% reduction in SG&A expenses, including hiring costs.

(b) Engineer Temporary Staffing and Incidental Business

(Million yen)

	FY9/19	FY9/20	Change	Percentage change
Revenue	16,354	19,875	3,521	21.5%
Segment profit	62	653	590	940.2%
Number of engineers at end of period (End-Sep.)	3,640	3,579	-61	-1.7%
Average number of engineers during the period (Oct.-Sep. avg.)	3,078	3,592	514	16.7%

<Overview of the Business>

In the Engineer Temporary Staffing and Incidental Business, the customers' decisions to place new orders had been temporarily slowed down due to the higher future uncertainties reflecting the impact COVID-19. However, there is firm demand for engineers, particularly in the manufacturing industry, where capital investment for labor-saving and automation remains brisk, and in the IT industry, where technological advances are accelerating.

In this business environment, we revised our initial annual recruitment plan to 990-1,290 engineers, to meet the higher demand for engineers, although we curbed temporary recruitment activities. In addition, our group has continued to make efforts such as increasing the added value of group engineers and strengthening cooperation among group companies in the sales structure since the beginning of the fiscal year.

As a result, the Company recruited 1,076 engineers (1,748 in the same period of the previous fiscal year) in the current fiscal year. As a result, the number of engineers hired at the end of September 2020 was 3,579, a decrease of 61 year-on-year.

<Business Results>

Revenue increased by 3,521 million yen (21.5%) year-on-year to 19,875 million yen thanks to a rise in the unit price of temporary staffing.

Segment profit increased by 590 million yen (940.2%) year-on-year to 653 million yen as the ratio of SG&A expenses to revenue improved by 3.2 percentage points.

(c) Other businesses

(Million yen)

	FY9/19	FY9/20	Change	Percentage change
Revenue	362	981	619	170.9%
Segment profit (loss)	-417	-241	176	-

<Overview of the Business>

In the Other Business segment, the Group has developed Japanese language classes in Vietnam, the Philippines, Taiwan, and South Korea to provide recruitment support services for Japanese companies seeking overseas human resources, as a recruitment consulting business, and to assist Japanese companies in utilizing overseas human resources. However, the business environment has been severe due to the expansion of COVID-19 worldwide.

In addition, in the Education-related business, we have started an online programming learning service business as a result of mergers and acquisitions made in the previous fiscal year, and both sales and profits increased due to the advertising effects invested in the previous fiscal year.

<Business Results>

Net income attributable to owners of parent increased by 619 million yen (170.9%) year-on-year to 981 million yen.

The segment loss was 241 million yen (417 million yen of loss in the same period of the previous fiscal year).

(2) Summary of financial condition in the current fiscal year

Assets at the end of the current fiscal year increased by 6,052 million yen from the end of the previous fiscal year to 36,399 million yen. The main factors were a 5,316 million yen increase in cash and cash equivalents, a 688 million yen increase in property, plant and equipment, and a 247 million yen decrease in goodwill.

Liabilities increased by 5,545 million yen to 24,837 million yen. The main factors were an increase in other current liabilities of 3,798 million yen, an increase in other financial liabilities of current and non-current liabilities of 1,353 million yen, and a decrease in corporate bonds and borrowings of 953 million yen.

Assets increased by 506 million yen to 11,561 million yen. The main factors were an increase in retained earnings of 896 million yen and a decrease due to the acquisition of treasury stock of 436 million yen.

(3) Summary of cash flow in the current fiscal year

Balance of cash and cash equivalents ("cash") at the end of the current fiscal year increased by 5,316 million yen from the end of the previous fiscal year to 15,426 million yen. Cash flows from each activity and their factors are as follows.

Cash flows from operating activities

The increase in cash from operating activities was 9,934 million yen. The main factors were income before income taxes of 5,076 million yen, depreciation and depreciation of 928 million yen, and impairment loss of 778 million yen.

Cash flows from investing activities

The increase in cash from investing activities was 476 million yen. The main factors were the expenditure of 318 million yen for the acquisition of property, plant and equipment, the expenditure of 99 million yen for the acquisition of investment securities, and the income of 875 million yen for the sale of investment securities.

Cash flows from financing activities

The decrease in cash from investing activities was 5,088 million yen. The main factors were the expenditure of 2,936 million yen for the repayment of long-term debt and the payment of 2,671 million yen for dividends.

(4) Future outlook

In the fiscal year ending September 2021, human resource demand in the construction and IT industries remained unchanged, while economic conditions have been steadily increasing. Therefore, we will strive to recover the number of engineers that declined in the fiscal year ended September 2020.

Strategies by segment are as follows.

① Construction Engineer Temporary Staffing and Incidental Business

In our recruitment activities, we plan to hire 2,500 people annually, while at the same time identifying human resources with low retirement risk. Furthermore, as an expansion of follow-up support for enrolled employees, we will increase the number of follow-up staff and promote a system by dividing the duties between follow-up staff and sales staff, and carry out follow-up with higher accuracy and density. As a result, we plan to have 5,700 employees at the end of the fiscal year.

② Engineer Temporary Staffing and Incidental Business

In our recruitment activities, we plan to hire 1,600 people annually, while at the same time increasing the unit price. Specifically, we will promote measures to shift from clerical staff with lower unit prices to engineer positions, and will work to improve skills by retraining existing engineers. As a result, we plan to have 4,200 employees at the end of the fiscal year.

③ Other businesses

We expect to reduce the deficit by reducing the recruitment business, which was mainly developed overseas, and integrating it into the education business, which is being developed in Japan.

As a result, for the full year, the Company forecasts revenue of 61,000 million yen (up 4.0% year on year), operating profit of 6,000 million yen (up 13.1%), and profit attributable to owners of parent of 3,800 million yen (up 6.8%).

2. Basic Policies regarding the Selection of Accounting Standards

The Company has voluntarily adopted the International Financial Reporting Standards (IFRS) from the fiscal year ended September 2020, to improve the international comparability of financial data in capital markets.

3. Consolidated Balance Sheet

(1) Consolidated Statements of Financial Position

	Adoption date (October 1, 2018)	Previous Fiscal Year (September 30, 2019)	Current Fiscal Year (September 30, 2020)
	(Thousand yen)	(Thousand yen)	(Thousand yen)
Assets			
Current assets			
Cash and cash equivalents	11,700,399	10,109,292	15,426,037
Trade and other receivables	5,974,657	7,613,334	7,528,457
Inventories	887	57,187	62,577
Other financial assets	174,113	187,676	146,981
Other current assets	650,529	857,807	1,610,942
Total current assets	18,500,588	18,825,297	24,774,996
Noncurrent assets			
Property, plant and equipment	1,254,344	2,304,915	2,993,862
Goodwill	610,028	3,676,319	3,428,635
Intangible assets	132,907	1,044,044	1,122,850
Investment property	234,633	229,718	224,802
Other financial assets	2,059,984	3,029,033	1,790,015
Deferred tax assets	753,219	1,203,489	2,028,385
Other noncurrent assets	37,289	34,155	35,602
Total noncurrent assets	5,082,408	11,521,675	11,624,153
Total assets	23,582,996	30,346,973	36,399,150

	Adoption date (October 1, 2018)	Previous Fiscal Year (September 30, 2019)	Current Fiscal Year (September 30, 2020)
	(Thousand yen)	(Thousand yen)	(Thousand yen)
Liabilities and assets			
Liabilities			
Current liabilities			
Bonds and borrowings	1,308,850	4,458,927	2,674,832
Trade and other payables	296,916	688,433	566,979
Other financial liabilities	424,644	646,537	1,653,394
Income taxes payable	1,082,361	724,855	2,390,374
Provisions	74,294	207,779	23,758
Other noncurrent liabilities	4,615,772	5,905,195	9,703,718
Total noncurrent liabilities	7,802,838	12,631,728	17,013,057
Noncurrent liabilities			
Bonds and borrowings	2,538,000	5,219,850	6,050,891
Other financial liabilities	88,946	671,556	1,017,886
Obligations for retirement pay	313,810	335,280	352,183
Provisions	66,183	191,929	182,410
Deferred tax liabilities	-	241,955	216,982
Other noncurrent liabilities	-	-	4,497
Total noncurrent liabilities	3,006,939	6,660,572	7,824,851
Total liabilities	10,809,778	19,292,301	24,837,908
Capital			
Capital stock	805,147	822,964	828,751
Capital surplus	9,717,657	10,777,833	10,803,705
Retained earnings	1,282,202	1,562,384	2,458,544
Treasury stock	-9	-2,001,463	-2,437,646
Other components of equity	70,970	26,200	36,561
Equity attributable to the owners of parent	11,875,968	11,187,920	11,689,915
Equity attributable to the owners of parent	897,250	-133,248	-128,674
Total capital	12,773,218	11,054,671	11,561,241
Total liabilities and equity	23,582,996	30,346,973	36,399,150

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

Consolidated Statement of Income

	Previous Fiscal Year (October 1, 2018 - September 30, 2019)	Current Fiscal Year (October 1, 2019 - September 30, 2020)
	(Thousand yen)	(Thousand yen)
Revenue	52,505,282	58,669,207
Cost of sales	37,644,002	42,493,872
Gross profit	14,861,280	16,175,335
Selling, general and administrative expenses	10,435,309	10,248,908
Other revenue	409,779	384,473
Other expenses	944,562	1,004,589
Operating profit	3,891,187	5,306,311
Finance income	60,461	293,565
Finance cost	81,681	523,506
Profit before tax	3,869,967	15,076,370
Income tax expense	995,416	1,513,570
Profit for the period	2,874,550	3,562,799
Profit attributable to		
Owners of parent	2,949,217	3,557,174
Non-controlling interests	-74,667	5,624
Profit for the period	2,874,550	3,562,799
Earnings per share		
Basic earnings per share (yen)	38.55	46.92
Diluted earnings per share	38.16	46.62

Consolidated Statements of Comprehensive Income Current Second Quarter

	Previous Fiscal Year (October 1, 2018 - September 30, 2019)	Current Fiscal Year (October 1, 2019 - September 30, 2020)
	(Thousand yen)	(Thousand yen)
Profit for the period	2,874,550	3,562,799
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-3,624	4,101
Total of items that will not be reclassified to profit or loss	-3,624	4,101
Items that may be reclassified to profit or loss		
Cash flow hedges	-2,461	-10,310
Exchange differences on translation of foreign operations	-7,840	6,289
Total of items that may be reclassified to profit or loss	-10,301	-4,021
Other comprehensive income after tax	-13,926	80
Comprehensive income	2,860,624	3,562,879
Comprehensive income attributable to		
Owners of parent	2,935,125	3,558,304
Non-controlling interests	-74,501	4,574
Comprehensive income	2,860,624	3,562,879

(3) Consolidated Statements of Changes in Shareholders' Equity

	Equity attributable to owners of parent						
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity		
					Share subscription rights	Exchange differences on translation of foreign operations	Cash flow hedges
(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)	
Balance as of October 1, 2018	805,147	9,717,657	1,282,202	-9	72,142	-	-1,171
Disposal of treasury shares			2,949,217				
Other comprehensive income						-8,005	-2,461
Total comprehensive income	-	-	2,949,217	-	-	-8,005	-2,461
Issuance of new shares	17,817	162,896			-178,324		
Dividends of surplus			-2,665,411				
Purchase of treasury shares				-2,001,454			
Change in the scope of consolidation							
Share-based payment transactions					144,022		
Purchase of shares of consolidated subsidiaries		897,280					
Transfer to retained earnings			-3,624				
Transactions with owners	17,817	1,060,176	-2,669,035	-2,001,454	-34,302	-	-
Balance as of September 30, 2019	822,964	10,777,833	1,562,384	-2,001,463	37,839	-8,005	-3,633
Profit for the period			3,557,174				
Other comprehensive income						7,339	-10,310
Total comprehensive income	-	-	3,557,174	-	-	7,339	-10,310
Issuance of new shares	5,786	6,233			-826		
Dividends of surplus			-2,670,671				
Purchase of treasury shares				-436,182			
Change in the scope of consolidation			5,555				
Share-based payment transactions					14,158		
Purchase of shares of consolidated subsidiaries		19,638					
Transfer to retained earnings			4,101				
Transactions with owners	5,786	25,871	-2,661,015	-436,182	13,332	-	-
Balance as of September 30, 2020	828,751	10,803,705	2,458,544	-2,437,646	51,171	-666	-13,943

	Equity attributable to owners of parent				
	Other components of equity		Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total			
	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)
Balance as of October 1, 2018	-	70,970	11,875,968	897,250	12,773,218
Profit for the period	-	-	2,949,217	-74,667	2,874,550
Other comprehensive income	-3,624	-14,091	-14,091	165	-13,926
Total comprehensive income	-3,624	-14,091	2,935,125	-74,501	2,860,624
Issuance of new shares	-	-178,324	2,389	-	2,389
Dividends of surplus	-	-	-2,665,411	-50,384	-2,715,795
Purchase of treasury shares	-	-	-2,001,454	-	-2,001,454
Change in the scope of consolidation	-	-	-	-8,332	-8,332
Share-based payment transactions	-	144,022	144,022	-	144,022
Purchase of shares of consolidated subsidiaries	-	-	897,280	-897,280	-
Transfer to retained earnings	3,624	3,624	-	-	-
Transactions with owners	3,624	-30,678	-3,623,173	-955,997	-4,579,170
Balance as of September 30, 2019	-	26,200	11,187,920	-133,248	11,054,671
Profit for the period	-	-	3,557,174	5,624	3,562,799
Other comprehensive income	4,101	1,130	1,130	-1,050	80
Total comprehensive income	4,101	1,130	3,558,304	4,574	3,562,879
Issuance of new shares	-	-826	11,193	-	11,193
Dividends of surplus	-	-	-2,670,671	-	-2,670,671
Purchase of treasury shares	-	-	-436,182	-	-436,182
Change in the scope of consolidation	-	-	5,555	-	5,555
Share-based payment transactions	-	14,158	14,158	-	14,158
Purchase of shares of consolidated subsidiaries	-	-	19,638	-	19,638
Transfer to retained earnings	-4,101	-4,101	-	-	-
Transactions with owners	-4,101	9,230	-3,056,309	-	-3,056,309
Balance as of September 30, 2020	-	36,561	11,689,915	-128,674	11,561,241

(4) Consolidated Statement of Cash Flows

	Previous Fiscal Year (October 1, 2018 - September 30, 2019)	Current Fiscal Year (October 1, 2019 - September 30, 2020)
	(Thousand yen)	(Thousand yen)
Cash flows from operating activities		
Profit before tax	3,869,967	5,076,370
Depreciation and amortization	620,117	928,040
Impairment loss	271,454	778,206
Increase (decrease) in retirement benefit liability	-83,753	-17,698
Interest income and dividends	-25,453	-16,594
Interest expenses	52,427	76,554
Foreign exchange loss (gain)	7,270	-15,995
Loss (gain) on sale and retirement of fixed assets	180,209	74
Decrease (increase) in inventories	-11,011	-5,390
Decrease (increase) in trade and other receivables	-1,048,215	387,119
Increase (decrease) in trade and other payables	-48,171	-117,760
Other	1,229,962	4,405,249
Subtotal	5,014,803	11,478,178
Interest and dividends received	28,500	16,654
Interest paid	-53,845	-76,856
Income taxes refund	2,746	10,031
Income taxes paid	-1,878,759	-1,494,000
Cash flows from operating activities	3,113,444	9,934,007
Cash flows from investing activities		
Purchase of property, plant and equipment	-436,080	-318,251
Proceeds from sale of property, plant and equipment	267,605	11,773
Purchase of investment securities	-239,173	-99,256
Proceeds from sale of investment securities	240,196	875,864
Purchase of shares of subsidiaries and associates	-272,686	-40,149
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-3,217,202	-38,895
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation	81,728	-
Purchase of intangible assets	-296,945	-236,094
Payments for loans receivable	-87,178	-73,277
Collection of loans receivable	11,508	117,568
Payments for guarantee deposits	-490,120	-6,682
Proceeds from collection of guarantee deposits	19,270	249,089
Other	19,352	34,735
Cash flows from investing activities	-4,399,724	476,424

	Previous Fiscal Year (October 1, 2018 - September 30, 2019)	Current Fiscal Year (October 1, 2019 - September 30, 2020)
	(Thousand yen)	(Thousand yen)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,268,500	-2,282,992
Proceeds from long-term borrowings	4,750,000	3,771,300
Repayments of long-term borrowings	-2,288,006	-2,936,697
Proceeds from issuance of bonds	50,447	-
Repayments of lease obligations	-359,304	-627,738
Payments for purchase of treasury shares	-2,001,454	-436,182
Dividends paid	-2,665,935	-2,671,404
Dividends paid to non-controlling interests	-50,384	-
Repayments of installment payables	-12,018	-11,093
Other	3,505	106,317
Cash flows from financing activities	-304,648	-5,088,491
Effect of exchange rate changes on cash and cash equivalents	-178	-5,194
Net increase (decrease) in cash and cash equivalents	-1,591,107	5,316,745
Cash and cash equivalents at beginning of period	11,700,399	10,109,292
Cash and cash equivalents at end of period	10,109,292	15,426,037

(5) Notes on the Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Segment Information)

(1) Outline of Reportable Segment

The reportable segments of the Group are components of the Group for which separate financial information is available, and which the Board of Directors regularly reviews to determine the allocation of management resources and assess performance.

The main businesses of the Group are the Construction Engineer Temporary Staffing and Incidental business and the Engineer Temporary Staffing and Incidental business. Each consolidated group company conducts its business activities as an independent management unit.

Accordingly, the Group is composed of segments by each business, and in order to provide appropriate information, such as the content of business activities, the two reportable segments of some businesses that are generally similar in terms of services and other elements are consolidated into business segments "Construction Engineer Temporary Staffing and Incidental Business" and "Engineer Temporary Staffing and Incidental Business".

The Construction Engineer Temporary Staffing and Incidental business dispatches construction supervisors and construction engineers, prepares construction drawings, and sells them. The Engineer Temporary Staffing and Incidental business dispatches engineers and develops software on a consignment basis.

(2) Segment Revenues and Results

Revenues and results by reportable segments of the Group are as follows.

Inter-segment revenue is based on prevailing market prices.

Previous Fiscal Year (October 1, 2018 - September 30, 2019)

	Reportable Segments			Other (Note1)	Adjusted amount (Note2)	Consolidated
	Construction Engineer Temporary Staffing and Incidental Business	Engineer Temporary Staffing and Incidental Business	Total			
	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)
Revenue						
Revenue from external customers	35,860,737	16,353,639	52,214,377	290,904	-	52,505,282
Intersegment revenue	-	410	410	71,460	-71,870	-
Total	35,860,737	16,354,049	52,214,787	362,364	-71,870	52,505,282
Segment profit (loss)	5,826,564	62,838	5,889,402	-417,630	-1,580,584	3,891,187
Finance income						60,461
Finance cost						81,681
Profit (loss) before tax						<u>3,869,967</u>
Other items						
Depreciation and amortization	447,352	159,602	606,955	13,330	-	620,286
Impairment loss	-	227,686	227,686	43,767	-	271,454

(Note)1. The "Others" segment is a business segment that is not included in the reportable segments. It includes the Recruitment Consulting Services, Education Services, and Consulting Services.

2. The segment profit adjustment amount of -1,580,584 thousand yen includes the elimination of inter-segment transactions of 54,609 thousand yen and company-wide expenses of -1,635,194 thousand yen. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

3. Information on segment assets and segment liabilities is not provided because it does not handle information that is central to management resource allocation and performance evaluation.

4. Segment income or loss is adjusted with operating income in the consolidated financial statements.

Current Fiscal Year (October 1, 2019 - September 30, 2020)

	Reportable Segments			Other (Note1)	Adjusted amount (Note2)	Consolidated
	Construction Engineer Temporary Staffing and Incidental Business	Engineer Temporary Staffing and Incidental Business	Total			
	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)	(Thousand yen)
Revenue						
Revenue from external customers	37,921,160	19,848,270	57,769,430	899,776	-	58,669,207
Intersegment revenue	-	27,488	27,488	81,968	-109,457	-
Total	37,921,160	19,875,759	57,796,919	981,745	-109,457	58,669,207
Segment profit (loss)	6,585,728	653,654	7,239,383	-241,300	-1,691,771	5,306,311
Finance income						293,565
Finance cost						523,506
Profit (loss) before tax						<u>5,076,370</u>
Other items						
Depreciation and amortization	473,383	377,821	851,205	35,195	41,639	928,040
Impairment loss	-	506,681	506,681	267,525	-	774,206

- (Note)1. The "Others" segment is a business segment that is not included in the reportable segments. It includes the Recruitment Consulting Services, Education Services, and Consulting Services.
2. The adjustment amount of segment profit of -1,691,771 thousand yen includes the elimination of inter-segment transactions of 16,761 thousand yen and company-wide expenses of -1,708,532 thousand yen. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.
 3. Information on segment assets and segment liabilities is not provided because it does not handle information that is central to management resource allocation and performance evaluation.
 4. Segment income or loss is adjusted with operating income in the consolidated financial statements.

(Per-stock Information)

1. Basis for calculating profit per share

Profit and the basis for the calculation are as follows.

	(Thousand yen)	
	Previous Fiscal Year (October 1, 2018 - September 30, 2019)	Current Fiscal Year (October 1, 2019 - September 30, 2020)
Profit attributable to ordinary shareholders of parent		
Profit attributable to owners of parent	2,949,217	3,557,174
Profit used to calculate profit per share	-	-
Profit used to calculate profit per share (thousand yen)	2,949,217	3,557,174
Continuing operations	2,949,217	3,557,174
Average number of shares of common stock outstanding during the period	76,498,603 shares	75,805,669 shares
Profit per share		
Continuing operations	38.55 yen	46.92 yen

2. Basis for calculating diluted earnings per share

Diluted earnings per share and the basis for calculation are as follows.

	(Thousand yen)	
	Previous Fiscal Year (October 1, 2018 - September 30, 2019)	Current Fiscal Year (October 1, 2019 - September 30, 2020)
Diluted profits attributable to ordinary shareholders		
Profit used to calculate profit per share	2,949,217	3,557,174
Adjusted profit for the period	-	-
Profit used to calculate diluted earnings per share (thousand yen)	2,949,217	3,557,174
Continuing operations	2,949,217	3,557,174
Average number of shares of common stock outstanding during the period	76,498,603 shares	75,805,669 shares
Impact of dilution effect	789,006 shares	496,224 shares
After adjusting for the dilution effect	77,287,609 shares	76,301,893 shares
Diluted earnings per share		
Continuing operations	38.16 yen	46.62 yen

(First-time adoption)

We have been disclosing consolidated financial statements in accordance with IFRS since the fiscal year under review. The most recent consolidated financial statements prepared in accordance with Japanese GAAP is for the fiscal year ended September 2019, and the date of transition to IFRS is October 1, 2018.

(1) Exemption under IFRS 1

A first-time adopter of IFRSs is, in principle, required to retrospectively apply each IFRS standard effective at the end of its first IFRS reporting period. However, IFRS 1, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") provides certain standards required by IFRS that are subject to mandatory application of exemptions and voluntary application of exemptions. The effects of applying these exemptions are adjusted to retained earnings or other components of equity on the date of transition. The following exemptions were adopted by the Company when it transitioned from Japanese GAAP to IFRS.

- Business combinations

Under IFRS 1, an entity may elect not to apply IFRS No.3 "Business Combinations" ("IFRS No. 3") retrospectively to business combinations that occurred before the date of transition. Our Group has elected not to apply IFRS 3 retrospectively to the business combinations that occurred prior to the date of transition. Therefore, the amount of goodwill associated with the business combinations that occurred prior to the date of transition was recognized at the carrying amount based on JGAAP. Such goodwill was tested for impairment on the date of transition, regardless of whether there was any indication of impairment.

- Deemed cost

IFRS 1 permits the use of fair value as of the date of transition to IFRS for property, plant and equipment, invested property and intangibles as deemed cost as of such date. We use the fair value of certain property, plant and equipment as of the date of transition as deemed cost for IFRS at that date.

- Exchange differences on translating foreign operations

In IFRS 1, an entity may elect to reset cumulative exchange differences on translation of foreign operations to zero as of the date of transition. Our Group has reset its cumulative exchange differences on translation of foreign operations to zero as of the transition date.

- Stock-Based Compensation

IFRS 1 encourages, but does not require, the application of IFRS 2 "Stock-based Compensation" ("IFRS 2") to share-based payments granted after November 7, 2002 and vested prior to the date of transition to IFRS. We have elected not to apply IFRS 2 to share-based payment awards that vested prior to the transition date.

- Leases

Under IFRS 1, first-time adopters are permitted to assess whether a contract contains a lease as of IFRS transition date. Our Group applies this exemption and determines whether a lease is included in the contract based on the facts and circumstances existing at the transition date.

- Designation of financial instruments recognized before the transition date

Under IFRS 1, the Company is permitted to determine the classification under IFRS No. 9, "Financial Instruments," based on facts and circumstances existing at the transition date. The Group has made judgments based on the facts and circumstances existing at the transition date.

(2) Mandatory exceptions to the retrospective application under IFRS 1

IFRS 1 prohibits retrospective applications of IFRSs to some items including "estimates," "derecognition of financial assets and financial liabilities," "hedge accounting," "non-controlling interests" and "classification and measurement of financial instruments." We adopted these items prospectively from the date of transition.

(3) Reconciliations

Reconciliations based on IFRS 1 are as follows.

In these reconciliations, the amounts under "Reclassification" include adjustments that affect neither retained earnings nor comprehensive income, whereas the amounts under "Difference in recognition and measurement" include adjustments that affect retained earnings and comprehensive income.

Reconciliation to equity as of October 1, 2018 (date of transition to IFRS)

Items under Japanese GAAP	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Items under IFRS
	Thousand yen	Thousand yen	Thousand yen	Thousand yen		
Assets						Assets
Current assets						Current assets
Cash and deposits	11,300,821	399,578	-	11,700,399	②	Cash and cash equivalents
Notes and accounts receivable	5,973,462	1,195	-	5,974,657	②	Trade and other receivables
Electronically recorded monetary claims	9,529	-9,529	-	-	②	
Inventories	887	-	-	887		Inventories
Other	1,255,817	-1,081,703	-	174,113	②	Other financial assets
	-	672,624	-22,094	650,529	②	Other current assets
Allowance for doubtful accounts	-17,834	17,834	-	-	②	
Total current assets	18,522,683	-	-22,094	18,500,588		Total current assets
Fixed assets						Noncurrent assets
Property, plant and equipment	938,286	-	316,058	1,254,344	③	Property, plant and equipment
		234,633	-	234,633	②	Investment property
Intangible fixed assets						
Goodwill	610,028	-	-	610,028		Goodwill
Other	134,241	-	-1,334	132,907		Intangible assets
Investments and other assets						
Investment securities	2,052,529	588,905	-581,450	2,059,984	②	Other financial assets
Long-term loans receivable	101,243	-101,243	-	-	②	
Deferred tax assets	445,500	-	307,718	753,219		Deferred tax assets
Other	798,457	-761,167	-	37,289	②	Other noncurrent assets
Allowance for doubtful accounts	-38,872	38,872	-	-	②	
Total noncurrent assets	5,041,416	-	40,991	5,082,408		Total noncurrent assets
Deferred assets						
Stock issuance	7,334	-	-7,334	-		
Total deferred assets	7,334	-	-7,334	-		
Total assets	23,571,433	-	11,562	23,582,996		Total assets

Accounts stated in Japanese GAAP	Japanese standard	Reclassifications	Differences in recognition and measurement	IFRS	Notes	IFRS account titles
	Thousand yen	Thousand yen	Thousand yen	Thousand yen		
Liabilities						Liabilities and assets
Current liabilities						Liabilities
Notes and accounts payable	9,175	367,740	-80,000	296,916	②	Current liabilities
Short-term borrowings	100,000	1,208,850	-	1,308,850	②	Trade and other payables
Current portion of long-term loans payable	1,208,850	-1,208,850	-	-	②	Bonds and borrowings
Lease obligations	4,725	171,875	248,043	424,644	②③⑤	Other financial liabilities
Accrued expenses	2,025,934	-2,025,934	-	-	②	Income taxes payable
Income taxes payable	1,082,346	-	15	1,082,361		Provisions
Provision for bonuses	634,663	-634,663	-	-	②	
Allowance for shareholder benefit program	74,294	-	-	74,294		
Other	1,506,575	2,120,980	988,216	4,615,772	②⑥	Other noncurrent liabilities
Total current liabilities	6,646,564	-	1,156,274	7,802,838		Total current liabilities
Fixed liabilities						Noncurrent liabilities
Long-term debt	2,538,000	-	-	2,538,000		Bonds and borrowings
Lease obligations	10,238	31,098	47,608	88,946	②③⑤	Other financial liabilities
Obligations for retirement pay	306,790	-	7,020	313,810	⑦	Obligations for retirement pay
Asset retirement obligations	66,183	-	-	66,183		Provisions
Other	31,098	-31,098	-	-	②	Other noncurrent liabilities
Total fixed liabilities	2,952,310	-	54,629	3,006,939		Total noncurrent liabilities
Total liabilities	9,598,874	-	1,210,903	10,809,778		Total liabilities
Net assets						Capital
Capital stock	805,147	-	-	805,147		Capital stock
Capital surplus	9,717,657	-	-	9,717,657		Capital surplus
Retained earnings	2,266,936	-	-984,734	1,282,202	⑧	Retained earnings
Treasury stock	-9	-	-	-9		Treasury stock
Total other accumulated comprehensive income	82,711	72,142		70,970		Other components of equity
Share subscription rights	72,142			-	②	
Non-controlling shareholders' equity	1,027,973	-		897,250		Non-controlling interests
Total net assets	13,972,559	-		12,773,218		Total capital
Total liabilities and net assets	23,571,433	-	11,562	23,582,996		Total liabilities and equity

	IFRS					
	Thousand yen	Thousand yen	Thousand yen	Thousand yen		
Assets						Assets
Current assets						Current assets
Cash and deposits	9,607,651	501,641	-	10,109,292	②	Cash and cash equivalents
Notes and accounts receivable	7,650,054	-36,720	-	7,613,334	②	Trade and other receivables
Electronically recorded monetary claims	3,734	-3,734	-	-	②	
Inventories	57,187	-	-	57,187		Inventories
Other	1,615,683	-1,428,007	-	187,676	②	Other financial assets
		895,489	-37,681	857,807	②	Other current assets
Allowance for doubtful accounts	-71,332	71,332	-	-	②	
Total current assets	18,862,979	-	-37,681	18,825,297		Total current assets
Fixed assets						Noncurrent assets
Property, plant and equipment	1,261,240	-	1,043,675	2,304,915	③	Property, plant and equipment
		229,718	-	229,718	②	Investment property
Intangible fixed assets						
Goodwill	3,615,198	-	61,120	3,676,319	④	Goodwill
Other	903,524	-	140,519	1,044,044		Intangible assets
Investments and other assets						
Investment securities	1,856,158	1,294,760	-121,885	3,029,033	②	Other financial assets
Long-term loans receivable	157,020	-157,020	-	-	②	
Deferred tax assets	805,774	-	397,715	1,203,489		Deferred tax assets
Other	1,467,431	-1,433,276	-	34,155	②	Other noncurrent assets
Allowance for doubtful accounts	-65,817	65,817	-	-	②	
Total fixed assets	10,000,530	-	1,521,144	11,521,675		Total noncurrent assets
Total assets	28,863,510	-	1,483,463	30,346,973		Total assets

Items under	Japanese GAAP	Reclassifications	Differences in recognition and measurement	IFRS	Notes	Items under IFRS
	Thousand yen	Thousand yen	Thousand yen	Thousand yen		
Liabilities						Liabilities and assets
Current liabilities						Liabilities
Notes and accounts payable	129,954	558,478	-	688,433	②	Current liabilities
Short-term borrowings	2,417,548	2,041,378	-	4,458,927	②	Trade and other payables
Current portion of long-term loans payable	2,041,378	-2,041,378	-	-	②	Bonds and borrowings
Lease obligations	4,975	258,751	382,810	646,537	②③⑤	Other financial liabilities
Accrued expenses	2,546,260	-2,546,260	-	-	②	Income taxes payable
Income taxes payable	724,855	-	-	724,855		Provisions
Provision for bonuses	834,432	-834,432	-	-	②	Other current liabilities
Allowance for shareholder benefit program	207,779	-	-	207,779		Total current liabilities
Other	2,069,891	2,563,462	1,271,841	5,905,195	②⑥	Noncurrent liabilities
Total current liabilities	10,977,076	-	1,654,652	12,631,728		Bonds and borrowings
Fixed liabilities						Other financial liabilities
Corporate bonds	49,872	5,169,978		5,219,850	②	Deferred tax liabilities
Long-term debt	5,169,978	-5,169,978	-	-	②	Obligations for retirement pay
Lease obligations	5,848	26,606	639,101	671,556	②③⑤	Provisions
Deferred tax liabilities	198,484	-	43,470	241,955		Other noncurrent liabilities
Obligations for retirement pay	323,034	-	12,246	335,280	⑦	Total noncurrent liabilities
Asset retirement obligations	191,929	-	-	191,929		Total liabilities
Other	26,606	-26,606	-	-	②	Capital
Total fixed liabilities	5,965,754	-	694,818	6,660,572		Capital stock
Total liabilities	16,942,831	-	2,349,470	19,292,301		Capital surplus
Net assets						Retained earnings
Capital stock	822,964	-	-	822,964		Treasury stock
Capital surplus	10,769,452	-	8,381	10,777,833		Other components of equity
Retained earnings	2,105,613	-	-543,228	1,562,384	⑧	
Treasury stock	-2,001,463	-	-	-2,001,463		
Total other accumulated comprehensive income	169,890	36,470	-180,160	26,200	②⑨	
Share subscription rights	36,470	-36,470	-	-	②	
				11,187,920		Total equity attributable to owners of parent
Non-controlling shareholders' equity	17,751	-	-151,000	-133,248		Non-controlling interests
Total net assets	11,920,679	-	-866,007	11,054,671		Total capital
Total liabilities and net assets	28,863,510	-	1,483,463	30,346,973		Total liabilities and equity