

Engaged in payroll outsourcing service for large companies

This report is an English translation of part of the report issued on June 25, 2021.
For inquiries concerning the report, please contact info@stock-r.org

[4489 Payroll Sector : Information & Communication]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2020	7,252	9.4	1,151	0.1	1,069	14.5	727	12.1	41.7	562.4	0.0
Mar. 2021	7,484	3.2	1,224	6.4	1,152	7.8	758	4.2	43.4	605.8	0.0
Mar. 2022 f	8,569	14.5	1,502	22.7	1,418	23.1	1,088	43.6	61.1	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending March 2022 are the company's forecasts.
It conducted 1-to-100 stock split on December 3, 2019. Per share indices are adjusted retroactively.

Provider of Cord Blood Separation and Storage Service

Engaged in Business Process Outsourcing of Payroll Operations

Payroll group's main business is the business process outsourcing (BPO) of payroll operations.

The group's outsourcing service of payroll operations features "full-scope type outsourcing" that supports various peripheral work concerning payroll operations, including year-end tax adjustment assistance operations, assisting special collection of local tax and other seasonal operations, handling the change in personal information and other human affairs-related operations, direct response to employees and each base, in addition to payroll operations. The group provides a combination of two services, "managed service" and "cloud service," to customer companies.

In the "managed service," the group establishes standard flows for respective operations as well as IT systems, and sets up a dedicated center (BPO center) to handle operations of multiple customers in a collective manner, and effectively handles wide-ranging operations by utilizing the BPO center.

In general, when executing payroll operations in house, the "risk of excessive dependence on personal skills" and "risk of mistakes" increase with the retirement of people in charge, increase in operational burden due to seasonality as well as the increase in personnel in charge together with company growth. The group avoids operations to be dependent on the people in charge and also conducts a large number of operations precisely by having the BPO center handle subdivided operations.

The BPO center contributes to the streamlining of the operations of customer companies by establishing a structure in which it can directly respond to inquiries by phone and mail from employees of customer companies as well as various operation requests.

In the "cloud service," the group reduces the system burden of customer companies by providing a web service (e-pay service) that can be immediately introduced if there is a personnel computer and an internet environment. The e-pay service is provided in a manner that enables easy use of services related to payroll operations, including the delivery of various calculation results and the management of human affairs-related information.

Payroll (4489 TSE Mothers) - - - - - July 05,2021**Financial Statements**

Statement of income	Fiscal Year	Mar. 2019		Mar. 2020		Mar.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		6,629	100.0	7,252	100.0	7,484	100.0
Cost of sales		4,552	68.7	5,162	71.2	5,364	71.7
Gross profit		2,076	31.3	2,087	28.8	2,120	28.3
Selling, general and administrative expenses		909	13.7	951	13.1	965	12.9
Other income		11	-	15	-	70	-
Other expenses		28	-	0	-	0	-
Operating profit		1,150	17.4	1,151	15.9	1,224	16.4
Financial rprofit		3	-	3	-	5	-
Financial expences		219	3.3	85	1.2	77	1.0
Profit before income taxes		934	14.1	1,069	14.7	1,152	15.4
Profit attributable to owners of parent		649	9.8	727	10.0	758	10.1

Balance sheet	Fiscal Year	Mar. 2019		Mar. 2020		Mar.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,951	9.7	1,998	9.9	2,605	12.6
Cash and cash equivalents		686	3.4	747	3.7	1,079	5.2
Accounts receivable-trade		533	2.6	526	2.6	522	2.5
Contract costs		569	2.8	578	2.9	774	3.7
Non-current assets		18,243	90.3	18,269	90.1	18,125	87.4
Property, plant and equipment		192	1.0	168	0.8	164	0.8
Right of use assets		1,402	6.9	1,378	6.8	1,208	5.8
Goodwill		11,015	54.5	11,015	54.3	11,015	53.1
Intangible assets		5,370	26.6	5,431	26.8	5,455	26.3
Total assets		20,195	100.0	20,267	100.0	20,731	100.0
Current liabilities		2,600	12.9	2,595	12.8	3,167	15.3
Borrowings		337	1.7	588	2.9	690	3.3
Lease obligations		302	1.5	369	1.8	327	1.6
Trade and other payables		532	2.6	340	1.7	452	2.2
Non-current liabilities		8,497	42.1	7,842	38.7	6,975	33.6
Borrowings		6,313	31.3	5,724	28.2	5,033	24.3
Lease obligations		1,122	5.6	1,044	5.2	923	4.5
Net assets		9,097	45.0	9,829	48.5	10,587	51.1
Equity attributable to owners of parent		9,097	45.0	9,829	48.5	10,587	51.1

Statement of cash flows	Fiscal Year	Mar. 2019	Mar. 2020	Mar.2021
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		1,785	1,450	2,025
Depreciation		680	924	1,019
Cash flows from investing activities		-919	-649	-671
Cash flows from financing activities		-1,050	-741	-1,021
Dividends paid		-	-	-
Net increase in cash and cash equivalents		-184	60	331
Cash and cash equivalents		686	747	1,079

Note: Consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

About Stock Research Center

Stock Research Center is engaged in the preparation of analyst reports, mainly on companies that are not sufficiently covered by analysts, based on a neutral perspective, and broadly disclose the reports to the public with an aim to revitalize the stock market.

Note: Reports prepared by Stock Research Center are created in reference to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.



■ Supporting Members

Tokyo Stock Exchange, Inc.
Nomura Securities Co., Ltd.
Ernst & Young ShinNihon LLC
Deloitte Touche Tohmatsu LLC
SBI SECURITIES Co., Ltd.
Association of Japan
TAKARA PRINTING CO., LTD.

SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.
ICMG Co., Ltd.
BDO Sanyu
Japan Securities Dealers Association
Ichiyoshi Securities Co., Ltd.
PRONEXUS INC.

Daiwa Securities Co. Ltd.
KPMG AZSA LLC
Grant Thornton Taiyo LLC
The Securities Analysts
A&A Partners

Certification by Analysts

Analysts indicated in the reports certify that the content indicated in the report precisely reflects the personal opinions of the analysts on all securities and issuer companies discussed in the report. In addition, it is ensured that the opinions directly or indirectly indicated in the report will have no influence on the analyst's compensation in the past, present, and future upon writing the report.

Disclaimer

- The report is prepared by stock analysts affiliated with the Stock Research Center for the purpose of disclosure to a wide range of investors as reference information and not to recommend or solicit to buy or to sell any particular securities or financial instrument.
- The content and indication of the report is based on disclosed information available publicly and is prepared by adding necessary supplementary information gained through interviews by analysts. The writer of the report is, without exception, prohibited to use insider information, or to acquire such information. The information included in the report is believed to be precise and reliable, but its preciseness is not verified objectively. In addition, the report is not intended to comprehensively include all information required by investors.
- The information included in the report may become outdated due to changes in the financial market, economic environment, etc. There are risks that the prices of stocks featured directly or indirectly in the report will fall below the par value due to fluctuations in stock prices, changes in management/financial conditions of the issuers, fluctuations in exchange rates or interest rates, etc. Past performance does not imply or guarantee future performance.
- The opinions indicated in the report are subject to change without notice and the Stock Research Center has no obligation to update the information or opinions included in the report.
- The Stock Research Center does not bear any responsibility for any results, including direct losses, indirect losses, losses of profit and damages, suffered by investors due to using the report or relying on the report. Final investment decisions shall be made by investors themselves and the sole responsibility concerning the investment lies with the investors that viewed the report.
- The copyright of the report belongs to the Stock Research Center and it may not be copied, reproduced, quoted, etc. in any form without prior consent.