

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.



August 7, 2020

Consolidated Financial Results Announcement for the First Half of the Fiscal Year Ending December 2020 [Japanese Standards] (Consolidated)

Company name: Fullcast Holdings Co., Ltd.
 Stock exchange listing: First Section of the Tokyo Stock Exchange
 Stock code: 4848
 URL: <https://www.fullcastholdings.co.jp>
 Representative: Kazuki Sakamaki, President, Representative Director and CEO
 Contact: Yasuomi Tomotake, General Manager of the Finance and IR Department
 Telephone: +81-3-4530-4830
 Date of submission of quarterly report (Planned): August 13, 2020
 Date of commencements of dividend payments (Planned): September 1, 2020
 Preparation of supplementary references regarding financial results: Yes (shown on our website)
 Briefing for quarterly results: Yes (for institutional investors and analysts)

(Figures are rounded to the nearest million yen)

1. Consolidated Financial Results for the First Half of the Fiscal Year Ending December 31, 2020 (January 1 to June 30, 2020)

(1) Consolidated Business Results

(% = year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1H FY12/20 (June 30, 2020)	21,435	1.1	3,281	(5.0)	3,303	(5.6)	2,256	(2.9)
1H FY12/19 (June 30, 2019)	21,203	15.5	3,453	25.6	3,498	25.6	2,323	24.3

(Note) Comprehensive income: 1,908 million yen ((29.0%) as of June 30, 2020 2,686 million yen (40.3%) as of June 30, 2019

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
1H FY12/20 (June 30, 2020)	61.07		60.74	
1H FY12/19 (June 30, 2019)	62.12		61.81	

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
1H FY12/20 End (June 30, 2020)	21,976	16,433	70.2
FY12/19 End	23,464	16,213	65.8

(Reference) Equity: 15,434 million yen as of June 30, 2020 15,447 million yen as of December 31, 2019

2. Dividend Status

	Dividend per share (Yen)				
	1Q End	1H End	3Q End	FY End	Annual
FY12/19	-	19.00	-	21.00	40.00
FY12/20	-	19.00	-	-	-
FY12/20 Forecast	-	-	-	22.00	41.00

(Note) Revision of dividends forecast during the current first half: Yes

3. Consolidated Business Forecasts for the Fiscal Year Ending December 31, 2020 (January 1 to December 31, 2020)

(% = year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	41,600	(6.5)	5,700	(21.1)	5,680	(19.6)	3,845	(17.2)	104.42

(Note) Revision of consolidated business forecasts in the current first half: Yes

For details of revisions to the consolidated business forecasts, see “Announcement Concerning Revisions to Consolidated Business Forecast for the Fiscal Year Ending December 2020, Dividend of Surplus (Interim Dividend), and Revisions to Year-End Dividend Forecast” released on August 7, 2020.

* Notes

(1) Important changes of subsidiaries during the current first half: None

(Changes in specific subsidiaries involving changes in the scope of consolidation)

(2) Application of special accounting treatment in the production of quarterly consolidated financial statements: None

(3) Changes in accounting principles, accounting estimates, and re-presentation of changes

1) Changes in accounting policies associated with revisions of accounting principles and others: None

2) Changes in accounting policies other than those mentioned in 1) above: None

3) Changes in accounting estimates: None

4) Re-presentation of changes: None

(4) Number of issued shares (Ordinary shares)

1) Number of issued shares at the term end (Including treasury shares)

2Q FY12/20	38,486,400	FY12/19	38,486,400
2Q FY12/20	1,777,852	FY12/19	1,328,352
2Q FY12/20	36,935,768	2Q FY12/19	37,391,079

2) Number of treasury shares at the term end

3) Average number of shares outstanding during the current term

* Quarterly financial results are not subject to quarterly review by a certified public accountant or auditing corporation.

* Explanations of the proper use of financial business forecasts and other important notes

Of all plans, business forecasts, strategies and other information provided within this document, those which are not historical facts are future outlooks based upon certain conditions and our management’s judgments based upon currently available data. Therefore, we warn against relying solely upon these outlooks in assessing our business results, corporate value and other factors. Please also be informed that actual financial results may vary widely from our business forecasts due to various factors. Important factors that may have an impact upon our actual financial results include: (1) economic and financial conditions surrounding our Company and changes in the employment situation, (2) damages to infrastructure arising from disasters including earthquakes, and (3) changes in relevant laws, including the Labor Standards Act and the Worker Dispatching Act, and in interpretations of these Acts. However, factors that affect our financial results are not limited to only these. Furthermore, please note that we may choose not to reexamine our business forecasts in response to new data, future events or other factors. For assumptions underlying our business forecasts and related issues, please refer to page 5 “1-(3) Explanation of Consolidated Business Forecasts” of the “Appendix”.

<Table of Contents of Appendix>

1. Qualitative Information Concerning Performance for the Current Quarter	2
(1) Explanation of Consolidated Operating Results	2
(2) Explanation of Consolidated Financial Position	4
(3) Explanation of Consolidated Business Forecasts.....	5
2. Quarterly Consolidated Financial Statements and Primary Notes.....	6
(1) Quarterly Consolidated Balance Sheet.....	6
(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	8
(3) Quarterly Consolidated Statement of Cash Flows	10
(4) Notes on Quarterly Consolidated Financial Statements	11
(Notes on Going Concern Assumption)	11
(Notes on Significant Change of Shareholders' Equity)	11
(Segment Information and Others)	11
(Additional Information)	12

1. Qualitative Information Concerning Performance for the Current Quarter

(1) Explanation of Consolidated Operating Results

During the first half of the current fiscal year, Japan's economy faced an extremely severe situation, including a sharp decline in corporate earnings caused by the impacts of the COVID-19 pandemic and stay-at-home requests from the state of emergency declared in response to the spread of the COVID-19 pandemic infection. However, following the lifting of the state of emergency, a recovery has been seen in individual consumption as of late, and while severity remains in corporate business sentiment, there are signs of improvement, indicating the economic decline is bottoming out. Economic conditions are expected to continue heading the direction of recovery from an extremely severe situation, given the effects of various government policies, as the level of socioeconomic activities are increased in stages, while steps are taken to prevent the spread of the disease. However, since the impacts from developments in the pandemic inside and outside Japan, and volatility of financial and capital markets require close monitoring, the economic horizon remains somewhat unclear.

With regard to the operating environment surrounding the staffing service industry, the impacts from the pandemic are evident, including declining number of effective job offers and new job offers, declining job offers-to-applicants ratio, and rising number of unemployed and unemployment rate. The future outlook requires that careful attention be paid to the impacts.

Against this backdrop, the Fullcast Group implemented group management activities to achieve our goal of "Achieving the targets of the final fiscal year of the Medium-Term Management Plan by expanding the "Short-Term Operational Support Business" and promoting to gain new business opportunities in neighboring business fields" during the first half. In particular, marketing activities were implemented with an emphasis on boosting overall profitability of the Fullcast Group and focused upon the mainstay "Placement" (Note 1) and "BPO" (Note 2) services. In addition, efforts are being made to create a structure that can realize higher profits by increasing productivity and promoting operational efficiencies across the entire Fullcast Group.

Consolidated net sales inched up by 1.1% year-on-year to 21,435 million yen, due to the impacts from the contraction in overall demand among client companies in our mainstay "Short-Term Operational Support Business" caused by the voluntary restraint or cessation of corporate activities following requests from local governments to voluntarily refrain from going out and Japan's state of emergency declaration as a result of the spread of COVID-19.

In terms of profits, SG&A expenses rose by 2.3% year-on-year to 5,781 million yen, mainly following the inclusion of the business performance of NIHON DENKI SERVICE Co., Ltd. and HR Management Co., Ltd. after the two companies became consolidated subsidiaries from this fiscal year. Consolidated operating profit declined by 5.0% year-on-year to 3,281 million yen and consolidated ordinary profit decreased by 5.6% year-on-year to 3,303 million yen due to the drop in revenue from the mainstay "Short-Term Operational Support Business".

Profit attributable to owners of parent declined by 2.9% year-on-year to 2,256 million yen, because loss on COVID-19 of 17 million yen was booked as an extraordinary loss, and in spite of gain on sales of investment securities of 250 million yen was booked as an extraordinary income following the partial sale of investment securities, among other factors.

Furthermore, the Group acquired shares of HR Management Co., Ltd. on January 1, 2020, making it a consolidated subsidiary. In addition, the Group has included NIHON DENKI SERVICE Co., Ltd., which was an unconsolidated subsidiary equity method affiliate up to the previous fiscal year, in the scope of consolidation from the first quarter of the fiscal year ending December 2020.

Of the Company's consolidated subsidiaries, HR Management Co., Ltd. and NIHON DENKI SERVICE Co., Ltd. end their fiscal years on March 31. Consequently, consolidated financial statements were prepared based on provisional settlements conducted as of the fiscal year end for consolidated accounts. All other consolidated subsidiaries fiscal year match that of the Company's fiscal year.

- Notes:
1. The mainstay "Part-Time Worker Placement" service is referred to as "Placement".
 2. The mainstay "Part-Time Work Payroll Management" services, as well as other personnel and labor-related business process outsourcing (BPO) services such as the "My Number Management" service, and the back office BPO services of BOD Co., Ltd. are referred to as "BPO".

The results for each of our business segments are as follows.

1) Short-Term Operational Support Business

Net sales of the “Short-Term Operational Support Business” inched down by only 1.5% year-on-year to 17,969 million yen, similar to last year’s level, despite the impacts from the contraction in overall demand among client companies in event- and service-related sectors (restaurants, retail, accommodations) caused by the COVID-19 pandemic.

Segment profit (Operating profit) decreased by 11.7% year-on-year to 3,254 million yen, due mainly to the decline in gross profit from the drop in net sales.

2) Sales Support Business

Net sales of the “Sales Support Business” increased by 33.6% year-on-year to 2,418 million yen, driven mainly by the inclusion of the earnings of NIHON DENKI SERVICE Co., Ltd., a newly consolidated subsidiary from this fiscal year, and the acquisition of telework demand under Japan’s state of emergency as special demand in the sale of Internet access, which is its mainstay business.

Segment profit (Operating profit) increased by 302.9% year-on-year to 338 million yen, due to the increase in net sales.

3) Security, Other Businesses

Net sales of the “Security, Other Businesses” declined by 8.9% year-on-year to 1,048 million yen, due mainly to a decrease in temporary security projects caused by the impacts of the COVID-19 pandemic.

Segment profit (operating profit) remained largely unchanged year-on-year, up 5.6% to 119 million yen, due to an increase in operating profit ratio of 1.6 points through curtailing SG&A expenses, mainly recruitment expenses and personnel costs, despite the drop in net sales.

(Risk information concerning the COVID-19 pandemic)

In the first half of the current fiscal year, the following matter has occurred that should be added to risks associated with our businesses noted in the securities report for the previous fiscal year.

Furthermore, forward-looking statements were determined as of the final day of the second quarter of the current fiscal year.

Note that the item number for the following heading corresponds to those of “Section 1 Corporate Information, Part 2 State of Business, 2. Risks Associated with Our Businesses” in the Securities Report for the previous fiscal year.

(9) Large-scale Natural Disasters and Pandemics

Our Group has implemented countermeasures after working to put into place a crisis management system for contingencies. However, if natural disasters, such as typhoons, earthquakes or tsunamis, were to occur that exceeded the Group’s expectations or a pandemic occurs and spreads far beyond our Group’s expectations, these events could impact the business activities of our Group or our Group’s business partners, and have a negative effect on our Group’s business results and financial position.

The following presents the impacts that the COVID-19 pandemic is having on the Group:

- Current situation and response of the Group

With employee safety a top priority, the Group has organized a business continuity system focused on the new normal following the end of Japan’s state of emergency. The Group is carrying out the following infection preventive measures:

- Avoid the three C's (confined spaces, crowded places, and close-contact settings) by working from home

and utilizing staggered working hours.

- Utilize online communication, such as telephone meetings and teleconferences.
- If an employee or any of their family members were to test positive, ensure they do not come into work (standby at home).

- Impacts on the Group's businesses

In the Group's mainstay "Short-Term Operational Support Business", we do business with customers in a multitude of different industries and sectors. As a result, the Group is being affected by fluctuating demand from individual client companies caused by the COVID-19 pandemic, beyond a particular industry and sector.

- There has been a contraction in overall demand among client companies caused by the voluntary restraint or cessation of corporate activities following Japan's state of emergency declaration announced on April 7, 2020 which was later expanded nationwide. Amidst these conditions, consolidated operating profit fell year-over-year in the second quarter of the fiscal year ending December 2020 due to the impacts of COVID-19 on the "Short-Term Operational Support Business", but since June, following the lifting of the state of emergency declaration, the "Short-Term Operational Support Business" has been recovering.
- "Outsourcing" in the "Short-Term Operational Support Business" along with the "Security, Other Businesses" are being affected due to the postponement and cancellation of various events.
- Meanwhile, we have determined that the impacts on business performance from COVID-19 were mitigated to some extent because the "Short-Term Operational Support Business" is moving from the domain of providing necessary human resources in response to the gaps in the conventional busy period and off-period of clients, driven by the declining labor force population in Japan, to business domains for part-time workers directly hired by companies to maintain the minimum necessary workforce.
- The "Sales Support Business" acquired a telework demand under Japan's state of emergency as special demand in the sale of Internet access, which is its mainstay business.
- The Group's cash situation

The Group's cash and deposits as of June 30, 2020 totaled 11,294 million yen, equivalent to 3.2 months of average sales during the first half of the fiscal year ending December 2020. At the same point in time, the current ratio stood at 365%, which ensures the Company has ample liquidity.

(2) Explanation of Consolidated Financial Position

1) Assets, Liabilities and Net Assets

At the end of the first half, total assets decreased by 1,488 million yen from the end of the previous fiscal year to 21,976 million yen. Equity decreased by 13 to 15,434 million yen (Equity ratio of 70.2%), and net assets increased by 221 to 16,433 million yen.

Details of major changes in assets and liabilities are described as follows.

With regards to assets, current assets decreased by 750 million yen from the end of the previous fiscal year to 17,218 million yen. This decrease is attributed mainly to declines in cash and deposits of 517 to 11,294 million yen and in notes and accounts receivable-trade of 308 to 5,468 million yen, which offset an increase in other under current assets of 70 to 416 million yen caused mainly by an increase in accounts receivable-other of 68 to 109 million yen.

Non-current assets decreased by 737 million yen from the end of the previous fiscal year to 4,758 million yen. This decrease is attributed mainly to a decrease in investment securities of 904 to 1,894 million yen, which offset an increase in other under investments and other assets of 161 to 974 million yen caused mainly by increases in deferred tax assets of 126 to 276 million yen, leasehold deposits of 27 to 544 million yen, and in guarantee deposits of 13 to 35 million yen.

With regard to liabilities, current liabilities decreased by 1,711 million yen from the end of the previous fiscal year to 4,716 million yen. This decrease is attributed mainly to declines in income taxes payable of 791 to 437 million yen, accrued consumption taxes of 484 to 722 million yen, accrued expenses of 199 to 1,021 million yen and in accounts payable-other of 137 to 1,130 million yen, and in other under current liabilities of 113 to 248 million yen due primarily to a decline in social insurance deposits of 168 to 54 million yen while withholding income tax deposits increased by 46 to 118 million yen.

Non-current liabilities rose by 3 million yen from the end of the previous fiscal year to 827 million yen. This increase is mainly attributed to increases in retirement benefit liability of 36 to 665 million yen and in long-term borrowings of 20 to 20 million yen, which covered a decrease in other under non-current liabilities of 53 to 142 million yen due mainly to a decrease in deferred tax liabilities of 59 to 0 million yen.

2) Cash flows

Outstanding cash and cash equivalents (Hereinafter referred to as “funds”) at the end of the first half decreased by 597 million yen from the end of the previous fiscal year to 11,294 million yen, after including the 80 million yen in cash and cash equivalents following the new consolidation of NIHON DENKI SERVICE Co., Ltd.

(Cash Flows from Operating Activities)

Funds provided by operating activities were 947 million yen (Compared with 1,721 million yen provided in the first half of the previous fiscal year) due to profit before income taxes of 3,523 million yen, the decline in trade receivables of 388 million yen, which covered income taxes paid of 1,818 million yen, decline in accrued consumption taxes of 499 million yen, gain on the sale of investment securities of 250 million yen, decline in accrued expenses of 219 million yen, and decline in other under cash flows from operating activities of 205 million yen.

(Cash Flows from Investing Activities)

Funds provided in investing activities were 230 million yen (Compared with 277 million yen used in the first half of the previous fiscal year) due mainly to purchase of intangible assets of 65 million yen, purchase of property, plant and equipment of 110 million yen versus income from the sale of investment securities of 416 million yen.

(Cash Flows from Financing Activities)

Funds used in financing activities were 1,774 million yen (Compared with 1,530 million yen used in the first half of the previous fiscal year) due to purchase of treasury shares of 994 million yen and dividends paid of 779 million yen.

(3) Explanation of Consolidated Business Forecasts

As indicated in the “Announcement Concerning Revisions to Consolidated Business Forecast for the Fiscal Year Ending December 2020, Dividend of Surplus (Interim Dividend), and Revisions to Year-End Dividend Forecast” released on August 7, 2020, the Company withdrew guidance on May 15, 2020, but will now release a full-year consolidated business forecast for the fiscal year ending December 2020.

The business forecasts for the fiscal year ending December 2020 assume that the Group will see a moderate recovery in the second half heading into the final month of the fiscal year, after bottoming out in the third quarter. This is based on the results from the first half of the fiscal year ending December 2020 and expectations that demand will recover in the second half among client companies in the logistics and manufacturing industries, both mainstay industries of the Company services, following the lifting of the state of emergency. However, there are concerns about a second wave of the virus and nearly no sales can be expected from stadium-, event- and tourism-related sources, which typically see peak demand in the third quarter.

The Company assumes that Japan will not re-issue a state of emergency. Note that actual earnings could differ largely from forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY12/19 End (December 31, 2019)	2Q FY12/20 End (June 30, 2020)
ASSETS		
Current assets		
Cash and deposits	11,811	11,294
Notes and accounts receivable-trade	5,777	5,468
Merchandise	26	28
Supplies	32	33
Other	346	416
Allowance for doubtful accounts	(23)	(20)
Total current assets	17,969	17,218
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	279	295
Tools, furniture and fixtures, net	189	235
Land	184	184
Other, net	1	2
Total property, plant and equipment	653	716
Intangible assets		
Goodwill	943	875
Other	342	344
Total intangible assets	1,285	1,219
Investments and other assets		
Investment securities	2,798	1,894
Other	814	974
Allowance for doubtful accounts	(55)	(46)
Total investments and other assets	3,557	2,823
Total non-current assets	5,495	4,758
Total assets	23,464	21,976

(Million yen)

	FY12/19 End (December 31, 2019)	2Q FY12/20 End (June 30, 2020)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	24	20
Short-term borrowings	1,000	1,000
Accounts payable - other	1,267	1,130
Accrued expenses	1,221	1,021
Income taxes payable	1,229	437
Accrued consumption taxes	1,206	722
Provision for bonuses	71	81
Allowance for subscription cancellations	48	56
Other	360	248
Total current liabilities	6,427	4,716
Non-current liabilities		
Long-term borrowings	-	20
Retirement benefit liability	629	665
Other	195	142
Total non-current liabilities	824	827
Total liabilities	7,251	5,543
NET ASSETS		
Shareholders' equity		
Share capital	2,780	2,780
Capital surplus	2,006	2,006
Retained earnings	12,119	13,595
Treasury shares	(2,107)	(3,099)
Total shareholders' equity	14,798	15,282
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	649	191
Foreign currency translation adjustment	-	(40)
Total accumulated other comprehensive income	649	152
Share acquisition rights	119	141
Non-controlling interests	646	859
Total net assets	16,213	16,433
Total liabilities and net assets	23,464	21,976

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

Quarterly Consolidated Statement of Income

[First Half of the Current Fiscal Year]

(Million yen)

	1H FY12/19 (January 1 to June 30, 2019)	1H FY12/20 (January 1 to June 30, 2020)
Net sales	21,203	21,435
Cost of sales	12,096	12,373
Gross profit	9,107	9,062
Selling, general and administrative expenses	5,654	5,781
Operating profit	3,453	3,281
Non-operating income		
Dividend income	1	2
Share of profit of entities accounted for using equity method	44	43
Gain on adjustment of account payable	-	19
Other	43	20
Total non-operating income	89	84
Non-operating expenses		
Interest expenses	5	3
Settlement package	7	19
Commission for purchase of treasury shares	20	25
Other	13	15
Total non-operating expenses	44	62
Ordinary profit	3,498	3,303
Extraordinary income		
Gain on sales of investment securities	-	250
Total extraordinary income	-	250
Extraordinary losses		
Loss on valuation of investment securities	-	10
Loss on retirement of non-current assets	9	3
Loss on disaster	6	-
Loss on COVID-19	-	17
Total extraordinary losses	15	30
Profit before income taxes	3,483	3,523
Income taxes - current	1,125	1,045
Income taxes - deferred	(11)	45
Total income taxes	1,114	1,090
Profit	2,368	2,433
Profit attributable to non-controlling interests	46	177
Profit attributable to owners of parent	2,323	2,256

Quarterly Consolidated Statement of Comprehensive Income
 [First Half of the Current Fiscal Year]

	(Million yen)	
	1H FY12/19 (January 1 to June 30, 2019)	1H FY12/20 (January 1 to June 30, 2020)
Profit	2,368	2,433
Other comprehensive income		
Valuation difference on available-for-sale securities	317	(486)
Foreign currency translation adjustment	-	(40)
Total other comprehensive income	317	(525)
Comprehensive income	2,686	1,908
(Comprehensive income attributable to)		
Owners of parent	2,631	1,759
Non-controlling interests	55	149

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	1H FY12/19 (January 1 to June 30, 2019)	1H FY12/20 (January 1 to June 30, 2020)
Cash flows from operating activities		
Profit before income taxes	3,483	3,523
Depreciation	125	134
Amortization of goodwill	103	100
Increase (decrease) in allowance for doubtful accounts	(26)	(11)
Increase (decrease) in provision for bonuses	32	2
Increase (decrease) in allowance for subscription cancellations	2	8
Interest and dividend income	(2)	(2)
Interest expenses	5	3
Share of loss (profit) of entities accounted for using equity method	(44)	(43)
Loss (gain) on sales of investment securities	-	(250)
Loss (gain) on valuation of investment securities	-	10
Loss on COVID-19	-	17
Decrease (increase) in trade receivables	(225)	388
Decrease (increase) in inventories	(13)	(2)
Decrease (increase) in accounts receivable - other	10	(4)
Increase (decrease) in trade payables	(114)	(204)
Increase (decrease) in accrued expenses	27	(219)
Increase (decrease) in accrued consumption taxes	(162)	(499)
Increase (decrease) in retirement benefit liability	18	36
Other, net	(10)	(205)
Subtotal	3,210	2,782
Interest and dividends received	10	2
Interest paid	(5)	(3)
Payment of loss on COVID-19	-	(17)
Income taxes paid	(1,494)	(1,818)
Income taxes refund	1	1
Net cash provided by (used in) operating activities	1,721	947
Cash flows from investing activities		
Purchase of property, plant and equipment	(101)	(110)
Purchase of intangible assets	(152)	(65)
Purchase of investment securities	(43)	(0)
Proceeds from sales of investment securities	-	416
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(18)
Collection of loans receivable	24	9
Other, net	(5)	(1)
Net cash provided by (used in) investing activities	(277)	230
Cash flows from financing activities		
Repayments of long-term borrowings	(8)	-
Purchase of treasury shares	(847)	(994)
Dividends paid	(676)	(779)
Other, net	-	(1)
Net cash provided by (used in) financing activities	(1,530)	(1,774)
Net increase (decrease) in cash and cash equivalents	(87)	(597)
Cash and cash equivalents at beginning of period	8,467	11,811
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	80
Cash and cash equivalents at end of period	8,380	11,294

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There are no relevant matters.

(Notes on Significant Change of Shareholders' Equity)

There are no relevant matters.

(Segment Information and Others)

[Segment information]

First Half of the Previous Fiscal Year (January 1 to June 30, 2019)

Information Concerning Sales, Profits and Losses for Each Reporting Segment

(Million yen)

	Reporting segment			Total	Adjustment amount (Note 1)	Quarterly consolidated statement of income amount (Note 2)
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	18,243	1,810	1,150	21,203	-	21,203
Inter-segment sales or transfers	0	-	0	0	(0)	-
Total	18,244	1,810	1,150	21,203	(0)	21,203
Segment profit	3,685	84	113	3,882	(429)	3,453

- Notes: 1. (4) million yen in inter-segment eliminations and (425) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (429) million yen segment profit adjustment amount. Company-wide expenses are mainly general and administrative expenses that do not belong to any specific reporting segments.
2. Segment profit is adjusted with operating profit as listed in quarterly consolidated statement of income.

First Half of the Current Fiscal Year (January 1 to June 30, 2020)

Information Concerning Sales, Profits and Losses for Each Reporting Segment

(Million yen)

	Reporting segment			Total	Adjustment amount (Note 1)	Quarterly consolidated statement of income amount (Note 2)
	Short-Term Operational Support Business	Sales Support Business	Security, Other Businesses			
Net sales						
Sales to external customers	17,969	2,418	1,048	21,435	-	21,435
Inter-segment sales or transfers	6	-	5	11	(11)	-
Total	17,975	2,418	1,053	21,446	(11)	21,435
Segment profit	3,254	338	119	3,712	(431)	3,281

- Notes: 1. (0) million yen in inter-segment eliminations and (431) million yen in company-wide expenses not allocated to any specific reporting segment are included in the (431) million yen segment profit adjustment amount. Company-wide expenses are mainly general and administrative expenses that do not belong to any specific reporting segments.
2. Segment profit is adjusted with operating profit as listed in quarterly consolidated statement of income.

(Additional Information)

The Company believes there will be no major impacts on the Group's management results and financial condition, based on the results of an accounting estimate of impairment of non-current assets, others, assuming the impacts of the COVID-19 end in the second half of 2020 and economic conditions move toward improvement in 2021.